

**DELRAY BEACH
DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)**

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Directors and Executive Director
Delray Beach Downtown Development Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Delray Beach Downtown Development Authority (the "DDA"), a component unit of the City of Delray Beach, Florida, as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the DDA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the DDA, as of September 30, 2024, 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 DDA 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 DDA'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 DDA'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 DDA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the budgetary comparison information and the Schedule of OPEB Cost-Sharing Allocation on pages 32 through 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2025 on our consideration of the DDA'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 DDA'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 DDA's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

West Palm Beach, FL
February 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Acting in our capacity as the management of the Delray Beach Downtown Development Authority ("DDA"), we offer readers of the DDA's financial statements this narrative overview and analysis of the financial activities of the DDA for the fiscal year ended September 30, 2024.

Financial Highlights

- The assets and deferred outflows of resources of the DDA exceeded its liabilities at the close of the most recent fiscal year by \$661,034 (net position), an increase of \$70,889 for the year.
- As of the close of the current fiscal year, the General Fund reported ending fund balance of \$666,575, an increase of \$76,581 for the year. Approximately 3% of the ending fund balance is nonspendable and 97% is unassigned and available for spending.

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 of the DDA comprise of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

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

The statement of net position (page 10) presents information on all of the DDA's assets, deferred outflows of resources 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 (page 11) 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 flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation time).

The government-wide financial statements present functions of the DDA that are primarily supported by ad valorem property tax revenues. The governmental activities of the DDA include general government and various downtown marketing and economic development activities. The DDA has no business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

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 has only one governmental fund, the General Fund.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as 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.

Because the focus of the governmental fund 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 governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to the corresponding government-wide financial statement to facilitate this comparison between the two.

The basic General Fund financial statements can be found on pages 12 and 14 of this report. The reconciliations between the General Fund financial statements and the government-wide financial statements can be found on pages 13 and 15.

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 16 to 31 of this report.

Government-wide Financial Analysis

Net Position. Below is a condensed Statement of Net Position at September 30, 2024 and 2023:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the DDA, assets and deferred outflows of resources exceeded liabilities by \$661,034 at the close of the most recent fiscal year. Of this amount, \$643,562 (97.4%) is unrestricted and may be used to meet the DDA's ongoing obligations to the business community and creditors and \$17,472 (2.6%) is invested in capital assets.

SUMMARY OF NET POSITION SEPTEMBER 30, 2024 AND 2023

	2024	2023	(\$) Change	(%) Change
Assets				
Current and other assets	\$ 865,752	\$ 856,927	\$ 8,825	1.0%
Capital assets and right-to-use assets, net	<u>69,721</u>	<u>139,382</u>	(69,661)	-50.0%
Total Assets	<u>935,473</u>	<u>996,309</u>	(60,836)	-6.1%
Deferred Outflows of Resources	<u>23,186</u>	<u>20,674</u>	2,512	100.0%
Liabilities				
Other liabilities	199,177	266,933	(67,756)	-25.4%
Noncurrent liabilities	<u>98,448</u>	<u>159,905</u>	(61,457)	-38.4%
Total Liabilities	<u>297,625</u>	<u>426,838</u>	(129,213)	-30.3%
Net Position				
Net investment in capital assets	17,472	11,446	6,026	52.6%
Unrestricted	<u>643,562</u>	<u>578,699</u>	64,863	11.2%
Total Net Position	<u>\$ 661,034</u>	<u>\$ 590,145</u>	70,889	12.0%

The decrease in total assets of approximately \$61,000 (6.1%) was due to a decrease in receivables and due from the City of approximately \$12,000, prepaid expenses of \$33,000 and capital assets and right-to-use assets due of approximately \$89,000, which was offset by an increase in cash of approximately \$54,000.

Other liabilities decreased approximately \$68,000 (25.4%) due to a decrease in accounts payable of \$68,000 related to the timing of payments as compared to the prior year.

Noncurrent liabilities decreased approximately \$61,000 (38.4%) due to a reduction in the lease liability due to the current year payment.

Change in Net Position. Below is a condensed Statement of Activities that provides a comparative summary of the changes in net position for the fiscal years ended September 30, 2024 and 2023:

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

	2024	2023	(\$) Change	(%) Change
Revenues				
Charges for services	\$ 1,009,000	\$ 1,027,800	\$ (18,800)	-1.8%
Operating grants and contributions	309,870	159,269	150,601	94.6%
General revenues:				
Property taxes	1,723,874	1,490,253	233,621	15.7%
Interest income	<u>2,673</u>	<u>2,126</u>	547	25.7%
Total Revenues	<u>3,045,417</u>	<u>2,679,448</u>	365,969	13.7%
Expenses				
General government	777,460	626,819	150,641	24.0%
Marketing and economic development	933,640	906,976	26,664	2.9%
Old School Square Campus	1,261,859	858,020	403,839	100.0%
Interest	<u>1,569</u>	<u>2,900</u>	(1,331)	-45.9%
Total Expenses	<u>2,974,528</u>	<u>2,394,715</u>	579,813	24.2%
Change in Net Position	70,889	284,733	(213,844)	-75.1%
Net Position - Beginning	<u>590,145</u>	<u>305,412</u>	284,733	93.2%
Net Position - Ending	<u>\$ 661,034</u>	<u>\$ 590,145</u>	70,889	12.0%

The DDA's net position increased \$70,889 in fiscal year 2024. Total revenues increased approximately \$366,000 in fiscal year 2024. The increase in revenues was primarily attributable to revenues related to the Old School Square (OSS) Campus of approximately \$166,000 and an increase of approximately \$234,000 in property taxes due to increased property valuations of approximately 19% in the DDA designated property area. Total expenses increased approximately \$580,000 or 24%. The increase in expenses is primarily attributable to an increase of approximately \$404,000 in OSS Campus expenses which started in the prior year. There was also an increase in general government of approximately \$150,000 (24%) due to personnel increases and the increase in the operation and management of the OSS Campus.

Financial Analysis of the General Fund

General Fund. The purpose of the DDA's General Fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the DDA's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2024, the DDA's General Fund reported ending fund balance of \$666,575, an increase of \$76,581 for fiscal year 2024. Approximately 3% of the total fund balance is nonspendable for prepaid items, leaving the remaining balance of approximately 97% as unassigned and is available for spending at the DDA's discretion.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 22% of total General Fund expenditures, while total fund balance represents approximately 22% of that same amount.

General Fund Budgetary Highlights

The annual General Fund budget is adopted after two public hearings, approval by the DDA's Board and approval by the Delray Beach City Commission. Any amendments that would exceed the original budget at the fund level or would require funds to be transferred from reserves would require a formal budget amendment by the Board. During the year, the Board of Directors amended the budget to increase budgeted revenues by \$145,669 and increase budgeted expenditures by \$180,927. The DDA has complied with the Florida Statute requirement that budgets be in balance.

During fiscal year 2024, revenues were less than final budgetary estimates by \$137,336. Expenditures for the General Fund were \$2,968,836, which were \$235,558 below budget.

Capital Asset and Debt Administration

Capital assets. The DDA's investment in capital assets, net of accumulated depreciation and amortization was \$69,721 as of September 30, 2024. This investment in capital assets includes equipment and fixtures and a right-to-use asset. The decrease in the DDA's investment in capital assets for the current fiscal year was \$69,661, which was due to depreciation and amortization. The details of capital assets can be found in Note 3 to the financial statements.

Long-term debt. The DDA's long-term debt consists of a compensated absences liability for unused vacation time totaling \$13,720 and a lease liability of \$52,249 at September 30, 2024. Compensated absences increased by \$6,195 for the current year. The lease liability decreased by \$75,687 for the current year. The details of long-term debt can be found in Note 4 to the financial statements.

Economic Factors and Next Year's Budget and Rates

For fiscal year 2025, the DDA adopted a final General Fund expenditure budget of \$2,936,881, representing a decrease of approximately 3% from the fiscal year 2024 final budget. The millage rate was 1.000 for both 2024 and 2025.

The DDA has a stable property tax base. Property taxes represent approximately 62% of the 2024 budgeted revenues of the DDA and approximately 38% comes from revenues related to the Old School Square Campus. The revenue mix is expected to be similar in fiscal year 2025.

Requests for Information

This financial report is designed to provide a general overview of the DDA's finances for all those with an interest in the DDA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the DDA's Executive Director at 350 SE 1st Street, Suite 100, Delray Beach, FL 33483.

FINANCIAL STATEMENTS

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Governmental Activities
Assets	
Cash	\$ 821,045
Accounts receivable	5,000
Due from City of Delray Beach	9,714
Prepaid expenses	17,603
Deposits	12,390
Capital assets and right-to-use assets, net of accumulated depreciation and amortization	69,721
Total Assets	935,473
Deferred Outflows of Resources	
Deferred amounts related to OPEB	23,186
Liabilities	
Accounts payable	199,177
Noncurrent liabilities:	
Due within one year:	
Compensated absences	13,720
Lease liability	52,249
Due in more than one year:	
Total OPEB liability	32,479
Total Liabilities	297,625
Net Position	
Net investment in capital assets	17,472
Unrestricted	643,562
Total Net Position	\$ 661,034

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, Florida)

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2024

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General government	\$ 777,460	\$ --	\$ --	\$ --	\$ (777,460)
Marketing and economic development	933,640	9,000	53,979	--	(870,661)
Old School Square Campus	1,261,859	1,000,000	255,891	--	(5,968)
Interest	<u>1,569</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1,569)</u>
Total Governmental Activities	\$ 2,974,528	\$ 1,009,000	\$ 309,870	\$ --	(1,655,658)
			General Revenues		
			Property taxes		1,723,874
			Interest income		<u>2,673</u>
			Total General Revenues		<u>1,726,547</u>
			Change in Net Position		70,889
			Net Position - Beginning		<u>590,145</u>
			Net Position - Ending		<u>\$ 661,034</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, Florida)

BALANCE SHEET - GENERAL FUND

SEPTEMBER 30, 2024

Assets	
Cash	\$ 821,045
Accounts receivable	5,000
Due from City of Delray Beach	9,714
Prepaid items	17,603
Deposits	<u>12,390</u>
Total Assets	<u><u>\$ 865,752</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	<u>\$ 199,177</u>
Total Liabilities	<u>199,177</u>
Fund Balance	
Nonspendable	17,603
Unassigned	<u>648,972</u>
Total Fund Balance	<u>666,575</u>
Total Liabilities and Fund Balance	<u><u>\$ 865,752</u></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, Florida)

**RECONCILIATION OF THE GENERAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2024

Fund Balance - General Fund	\$ 666,575
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in the General Fund.

Governmental capital assets	\$ 67,060	
Right-to-use asset - building	268,696	
Less accumulated depreciation	(64,513)	
Less accumulated amortization	<u>(201,522)</u>	69,721

Deferred outflows of resources related to other post employment benefits (OPEB) are reported in the statement of net position, but not reported in the general fund.	23,186
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Noncurrent liabilities not due and payable in the current period and therefore are not reported in the General Fund.

Lease payable	\$ (52,249)	
Compensated absences	(13,720)	
Total OPEB Liability	<u>(32,479)</u>	<u>(98,448)</u>

Net Position of Governmental Activities	<u>\$ 661,034</u>
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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, Florida)

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Revenues

Property taxes	\$ 1,723,874
Old School Square Campus - Service Fee	1,000,000
Old School Square Campus - other revenues	255,891
Charges for services	9,000
Sponsorships	53,979
Interest income	<u>2,673</u>

Total Revenues 3,045,417

Expenditures

Current	
General government	773,337
Marketing and economic development	933,640
Old School Square Campus	<u>1,261,859</u>

Total Expenditures 2,968,836

Net Change in Fund Balances 76,581

Fund Balance - Beginning 589,994

Fund Balance - Ending \$ 666,575

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, Florida)

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Net Change in Fund Balance - General Fund \$ 76,581

Amounts reported for governmental activities in the statement of activities are different because:

The General Fund reports capital outlays as expenditures; however, in the statement of activities, the cost of those assets are depreciated or amortized over their estimated useful lives.

Depreciation expense	\$ (2,487)	
Amortization expense	<u>(67,174)</u>	(69,661)

Some expenses reported in the statement of activities do not required the use of current financial resources and therefore are not reported as expenditures in the General Fund.

Principal payments on lease liability	75,687	
Changes in compensated absences	(6,195)	
Changes in total OPEB Liability	<u>(5,523)</u>	<u>63,969</u>

Change in Net Position of Governmental Activities \$ 70,889

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

NOTES TO FINANCIAL STATEMENTS

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Delray Beach Downtown Development Authority (the "DDA") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the DDA's accounting policies are described below.

FINANCIAL REPORTING ENTITY

The DDA is a dependent special district of the City of Delray Beach, Florida (the "City"), established on May 22, 1971, by City Resolution 9-71. The DDA is responsible for the economic development and improvement of the downtown area of the City. The original boundary of the DDA was established by Section 3, Chapter 71-604 Laws of Florida, 1971. The expanded boundary was established by Chapter 94-476 Laws of Florida effective May 13, 1994. The DDA's services are rendered wholly within the boundaries of the DDA, and its activities and transactions are intended to benefit the DDA by improving property values of the City, enhancing the business and cultural environment of the downtown area and providing employment to the citizens of the City.

The DDA has the power to levy taxes on property owners within the designated downtown development area. The DDA's property tax levy and the levies of the City are independent of each other and are related only by the fact that they are levied against a common tax base within the DDA's geographic boundaries. The DDA tax levy is limited by law to one mill (\$1 per \$1,000 of taxable assessed value).

The DDA is governed by a seven member Board of Directors appointed by the City Commission. The management of the DDA is selected by the Board of Directors and the operation of the DDA is the responsibility of the DDA's management. The City is under no obligation to fund operating deficits of the DDA, has not guaranteed and has no responsibility for any debt of the DDA, and does not provide financial resources to the DDA. The City Commission has the authority to remove members of the Board of Directors at will. The City approves the DDA's annual budget and millage rate.

As defined by GAAP, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of these criteria, the DDA is considered to be a

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL REPORTING ENTITY (CONTINUED)

component unit of the City because the City appoints the members of the DDA's Board of Directors, has the ability to remove members of the DDA's Board of Directors at will and approves the DDA's annual budget and millage rate.

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 activities of the DDA. The DDA has no business-type activities. The Statement of Net Position presents the financial condition of the DDA, including all long-term assets, deferred outflows of resources, as well as all long-term liabilities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenue generally includes three categories of transactions: (1) charges to citizens 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. Ad valorem property tax revenue and other items not meeting the definition of program revenue are reported as general revenues. The DDA does not allocate indirect expenses.

FUND FINANCIAL STATEMENTS

The underlying accounting system of the DDA is organized and operated on the basis of a single General Fund. The operations of the General Fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Governmental resources are accounted for in the General Fund, the single fund used by the DDA and classified as a *governmental* fund.

The governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund. Accompanying schedules are presented to reconcile and explain the differences in fund balance and changes in fund balance as presented in these statements, to the statement of net position and statement of activities presented in the government-wide financial statements. Revenue is derived primarily from property taxes levied on property within the DDA's boundaries.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items 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 DDA considers revenues to be available if collected within 60 days after the end of the fiscal year. Expenditures are generally recognized in the accounting period in which the fund liability is incurred. Ad valorem property tax revenue and investment income are all considered susceptible to accrual and have been recognized as revenues in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the DDA.

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

CASH

Cash includes amounts on deposit with a financial institution in checking and money market accounts.

PREPAID ITEMS

Payments for insurance premiums extending over more than one accounting period are accounted for as prepaid items/expenses and allocated between accounting periods when consumed.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Capital assets are defined by the DDA 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 acquired by gift or contribution, at acquisition value, which is the price that would be paid to acquire an asset with similar service potential at the date of acquisition. Expenditures that materially extend the useful life of existing assets are capitalized.

Certain costs for professional services associated with the acquisition and construction of capital assets are 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. Asset impairments are written down if the impairment of the capital asset is considered permanent. Depreciation is computed on capital assets using the straight-line method over the assets' estimated useful lives. The estimated useful life of equipment, furniture and fixtures is two to three years.

LEASES

The DDA leases its office space. The DDA recognizes an intangible right-to-use asset ("lease asset") and lease liability under these agreements. At the commencement of the lease, the DDA initially measures the lease asset (right-to-use asset) and the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is amortized on a straight-line basis over the shorter of its estimated useful life or the lease term. Key estimates related to leases include the discount rate used to discount the expected lease payments to present value, lease term and lease payments. The DDA estimated the incremental borrowing rate as the discount rate. The DDA monitors changes in circumstances that would require a remeasurement of the lease and will remeasure a lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with capital assets on the accompanying Statement of Net Position.

COMPENSATED ABSENCES

Unpaid annual leave amounts and related employer payroll taxes are accrued when incurred. Unused sick leave is not paid out upon termination and, accordingly, no liability is accrued for sick leave. Vacation time is earned on a calendar year basis, but must be used by the end of the following calendar year or it is lost. Accrued vacation at September 30, 2024 represents the amount of vacation that was earned, but not used, as of that date.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the government-wide Statement of Net Position and the General Fund Balance Sheet may report a separate section for deferred outflows of resources and deferred inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until that time. The separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The DDA has deferred outflows of resources related to other postemployment benefits (“OPEB”) on the government-wide Statement of Net Position. The DDA does not report any deferred inflows of resources.

PROPERTY TAXES

Ad valorem property tax revenues are calculated at 95% of the taxable value of property within the DDA's taxing boundaries as certified by the Palm Beach County Property Appraiser. The DDA may levy ad valorem taxes on such property at a maximum rate of one mill (\$1.00 per \$1,000 of taxable value) for operating purposes. Actual collections may differ from property taxes levied due to early payment discounts, tax assessment appeals and corrections made subsequent to July 1st. All property is assessed at its fair market value on January 1st of each year by the Palm Beach County Property Appraiser. Taxes are levied on November 1st of each year and unpaid taxes become delinquent on April 1st following the year in which they are levied. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. Taxes paid in March are without discount. Taxes paid after April 1st are assessed penalties and interest.

BUDGET

The DDA's Board of Directors adopts the ensuing year's operating budget prior to September 30th each year. The budget includes proposed expenditures and the means of financing them. Budgets are adopted on a basis consistent with the modified accrual basis of accounting. The DDA's annual budget is approved by the City Commission.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RISK MANAGEMENT

The DDA 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 DDA 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. There were no changes in insurance coverage from the prior year and settlements have not exceeded insurance coverage for any of the prior three fiscal years.

NET POSITION/FUND BALANCES

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

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization.

NET POSITION/FUND BALANCES (CONTINUED)

Restricted - This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There was no restricted net position or fund balance at September 30, 2024.

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

The governmental fund financial statements report fund equity classifications that comprise a hierarchy based primarily on the extent to which the DDA 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 (a) not in spendable form, or (b) legally or contractually required to remain intact.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCES (CONTINUED)

Restricted - Restricted fund balance includes amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or through enabling legislation. There was no restricted fund balance at September 30, 2024.

Committed - Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Directors through a resolution. There was no committed fund balance at September 30, 2024.

Assigned - Assigned fund balance includes amounts that are constrained by the DDA's intent to be used for specific purposes, but are neither restricted nor committed. Assignments of fund balances are made by DDA management based upon direction by the Board of Directors. There was no assigned fund balance at September 30, 2024.

Unassigned - Unassigned fund balance includes amounts that have not been restricted, committed or assigned to specific purposes.

Fund Balance Flow Assumptions

Sometimes the DDA will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the DDA's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last, unless the DDA Board has provided otherwise in its commitment or assignment actions by either ordinance or resolution.

Net Position Flow Assumption

Sometimes the DDA will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the DDA's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCES (CONTINUED)

Minimum Fund Balance Policy

The DDA has not adopted a formal minimum fund balance policy. Generally, the DDA strives to maintain a sufficient General Fund fund balance to provide liquidity in the event of a budget shortfall.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/ expenditures during the reporting period. Actual results could differ from those estimates.

IMPLEMENTATION OF GASB STATEMENTS

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

NOTE 2 – CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

The DDA has not formally adopted deposit and investment policies that limit its allowable deposits or investments and address the specific types of risk to which it is exposed. In the absence of such policies, the DDA follows the provisions of Florida Statutes Section 218.415 with respect to public deposits, which requires such deposits to be invested in (1) the Florida Prime fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, (2) SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency, (3) interest-bearing time deposits or savings accounts in qualified public depositories, and (4) direct obligations of the U.S. Treasury. The DDA had no investments at September 30, 2024.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 2 – CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

Cash includes checking and money market accounts with a financial institution with a bank balance of \$843,858 at September 30, 2024. Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the DDA will not be able to recover its deposits. The Federal Deposit Insurance Corporation (“FDIC”) insures depositors up to \$250,000. At September 30, 2024, the DDA had deposits which exceeded the FDIC limits by approximately \$594,000. The DDA maintains these balances in what it believes to be high quality financial institutions which it believes limits its risk.

NOTE 3 – CAPITAL ASSETS

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

	Balance at October 1, 2023	Increases	Decreases	Balance at September 30, 2024
Capital Assets Being Depreciated/ Amortized				
Equipment and Fixtures	\$ 67,060	\$ --	\$ --	\$ 67,060
Right-to-use asset - office lease	<u>268,696</u>	<u>--</u>	<u>--</u>	<u>268,696</u>
Total capital assets being depreciated/amortized	335,756	--	--	335,756
Less Accumulated Depreciation/ Amortization				
Equipment and Fixtures	(62,026)	(2,487)	--	(64,513)
Right-to-use asset - office lease	<u>(134,348)</u>	<u>(67,174)</u>	<u>--</u>	<u>(201,522)</u>
Total accumulated depreciation/ amortization	<u>(196,374)</u>	<u>(69,661)</u>	<u>--</u>	<u>(266,035)</u>
Total Capital Assets and Right-to-Use Assets, net	<u>\$ 139,382</u>	<u>\$ (69,661)</u>	<u>\$ --</u>	<u>\$ 69,721</u>

Depreciation expense of \$2,487 and amortization expense of \$67,174 was charged to general government expenses in the accompanying Statement of Activities.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 4 –NONCURRENT LIABILITIES

The change in the DDA's noncurrent liabilities for the fiscal year ended September 30, 2024, is summarized as follows:

	Balance at October 1, 2023	Additions	Retirements	Balance at September 30, 2024	Amounts Due Within One year
Lease liability	\$ 127,936	\$ --	\$ (75,687)	\$ 52,249	\$ 52,249
Compensated Absences	<u>7,525</u>	<u>23,719</u>	<u>(17,524)</u>	<u>13,720</u>	<u>13,720</u>
Total Noncurrent Liabilities	<u>\$ 135,461</u>	<u>\$ 23,719</u>	<u>\$ (93,211)</u>	<u>\$ 65,969</u>	<u>\$ 65,969</u>

The compensated absences are paid by the General Fund.

NOTE 5 –LEASE LIABILITY

The DDA leases office space under a five-year lease agreement ending in May 2025. The lease term includes the noncancellable period of the lease and allows for three (3) five-year option renewal periods. The DDA does not expect to extend the lease for the additional option renewal periods and the lease term has been calculated based on the noncancellable period of the lease. The remaining obligation on the building lease at September 30, 2024, is as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2025	<u>\$ 52,249</u>	<u>\$ 275</u>	<u>\$ 52,524</u>

NOTE 6 – 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.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The DDA participates in the City’s OPEB Plan. The DDA has six (6) employees that participate and were included in the OPEB plan of the City. The City’s actuary records an allocation from the DDA’s portion of the total OPEB liability for the six (6) DDA employees.

PLAN MEMBERSHIP

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

Inactive employees or beneficiaries currently receiving benefit payments	--
Inactive employees entitled to but not yet receiving benefit payments	--
Active employees	<u>6</u>
Total	<u><u>6</u></u>

TOTAL OPEB LIABILITY

The DDA’s allocation of the total OPEB liability of \$32,479 was measured as of September 30, 2024 as determined by an actuarial valuation date of October 1, 2022.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. In addition, projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and accordingly, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

* Includes inflation rate

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following represents the total OPEB liability of the DDA calculated using the current discount rate of 3.97%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.97%) or one percentage-point higher (4.97%) than the current rate:

	Total OPEB Liability		
	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB Liability	\$ <u>39,766</u>	\$ <u>32,479</u>	\$ <u>27,088</u>

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following represents the total OPEB liability of the DDA calculated using the current healthcare cost trend rate of 7.00%, as well as what the total OPEB liability would be if it were calculated using the healthcare cost trend rates that are one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	Total OPEB Liability		
	1% Decrease (6.00%)	Current Medical Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB Liability	<u>\$ 26,331</u>	<u>\$ 32,479</u>	<u>\$ 40,978</u>

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

For the fiscal year ended September 30, 2024, based on a measurement date of September 30, 2024, the DDA recognized OPEB expense of \$9,293. This amount is included as an increase to general government expenses within the functional program activities.

At September 30, 2024, the DDA reports deferred outflows/inflows of resources related to the OPEB Plan as follows:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	<u>\$ 23,186</u>	<u>\$ --</u>

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 6 – 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 as follows:

Fiscal Year Ending September 30,	Net Deferred Outflows of Resources
2025	\$ 2,059
2026	2,059
2027	2,059
2028	2,059
2029	2,059
Thereafter	12,891
Total	\$ 23,186

The schedule of changes in the DDA’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.

NOTE 7 – RETIREMENT PLAN

The DDA sponsors a Simplified Employee Pension (SEP) defined contribution plan covering employees meeting certain eligibility requirements set forth in the plan documents. During the fiscal year ended September 30, 2024, the DDA elected to make a discretionary contribution (7% to 10%) to participating Plan members (based on years of service). The DDA’s contributions for the fiscal year ended September 30, 2024 totaled \$22,660. The SEP plan consist of participant directed accounts for which the DDA has no ability to access or control the plan assets and, accordingly, such amounts are not reported in the DDA’s financial statements.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 8 – CONCENTRATIONS

Revenues from property taxes and service fee from the City of Delray Beach represented approximately 56% and 33%, respectively, of the total DDA revenues for the fiscal year ended September 30, 2024.

NOTE 9 – COMMITMENTS

LICENSE AGREEMENT

On March 2, 2018, the DDA entered into a revocable license agreement with the City for the use of the City's Visitor Information Center for \$1 per year. Under the terms of the license agreement, the DDA agreed to manage and oversee the operations of the Visitors Information Center, including volunteer staffing and supplying brochures and magazines. Additionally, the DDA is solely responsible for certain expenses of the Visitors Information Center, including but not limited to, electricity, telephone, cable, television, communication, janitorial services, cleaning and maintenance. The initial term of the agreement expires on September 30, 2028 and may be extended for two additional five-year terms upon the mutual agreement of the City and the DDA, although the agreement may be terminated at any time by the City.

SECURITY SERVICES

On July 24, 2024, the DDA entered into a security agreement with a Company to provide security services for the downtown area security program. The agreement commenced on July 24, 2024 and shall terminate two years later on July 24, 2026. The agreement may be extended for two (2) successive one (1) year terms. The DDA agrees to pay the Company approximately \$337,000 annually pursuant to this agreement. The agreement may be terminated by either party during the term by providing forty-eight (48) hours advance written notice to the other party.

NOTE 10 – INTERLOCAL AGREEMENT – OLD SCHOOL SQUARE CAMPUS

In November 2022, the City and DDA entered into an interlocal agreement for the DDA to manage and operate the Old School Square Campus (OSS Campus). The DDA is the exclusive operator of the OSS Campus, which includes the Cornell Museum, the Crest Theater, the Concession Building, the Field House, the Loggia, the Pavilion, the East Lawn, the North Lawn and the Old School Square Perimeter (referred to as the Licensed Area). Amendment No. 2 of the agreement dated October 17, 2023 removed the Crest Theater from the Licensed Area.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 – INTERLOCAL AGREEMENT – OLD SCHOOL SQUARE CAMPUS (CONTINUED)

The initial term of the agreement expired September 30, 2024. The agreement automatically renews for two (2) additional five (5) year terms unless either Party provides written notice not to renew the agreement at least 180 days before the end of each term. The agreement was renewed through September 30, 2029.

During the Initial Term of this Agreement, all revenues generated by Special Events and other commercial activities managed by the DDA in connection with this Agreement shall be used to offset the costs and expenses of administration, setup, operation, maintenance, programming, of activities, exhibitions, and DDA Special Events on or at the OSS Campus. Thereafter, the DDA's annual budget/funding request for each fiscal year shall include a revenue-sharing plan for the upcoming fiscal year, in which the DDA shall agree to pay to the City a percentage of all profits derived from activities managed by DDA in connection with this Agreement during the upcoming fiscal year to be used for programming costs for the OSS Campus.

Commencing June 1, 2023, the DDA shall submit to the City a Quarterly Report which shall include the following: (a) a description of the principal activities, programs and services offered and provided by DDA at the OSS Campus during the preceding quarter; (b) the number of persons who participated in activities and programs held by DDA during the preceding quarter; (c) a written statement signed by DDA which sets forth its status on meeting the Operating Commitments and Operating Commitments were not met and (d) proof of revenues and expenses.

The City shall pay the DDA a management fee of \$800,000 for fiscal year 2025. Commencing October 1, 2024, the DDA's annual budget/funding request for each fiscal year shall include a revenue-sharing plan for the upcoming fiscal year, in which the DDA shall agree to pay to the City 10% of the net revenues derived from activities managed by DDA in connection with this Agreement during the upcoming fiscal year to be used for programming costs for the OSS Campus. The DDA shall provide proof of its revenues along with requisite documentation in support thereof in its quarterly reports to the City.

For the fiscal year ended September 30, 2024, the City paid the DDA \$1,000,000 under the agreement.

REQUIRED SUPPLEMENTARY INFORMATION

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of the City of Delray Beach, Florida)

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Property taxes	\$ 1,711,104	\$ 1,711,104	\$ 1,723,874	\$ 12,770
Old School Square Campus - Service Fee	1,000,000	1,000,000	1,000,000	--
Old School Square Campus - other revenues	325,000	418,482	255,891	(162,591)
Charges for services	--	--	9,000	9,000
Sponsorships	--	51,444	53,979	2,535
Interest income	980	1,723	2,673	950
Total Revenues	<u>3,037,084</u>	<u>3,182,753</u>	<u>3,045,417</u>	<u>(137,336)</u>
Expenditures				
<i>General government:</i>				
Payroll	\$ 380,000	\$ 380,000	\$ 415,190	\$ (35,190)
Payroll taxes	29,458	29,000	32,033	(3,033)
Health insurance	24,840	42,149	38,993	3,156
Workers compensation insurance	1,760	2,035	2,034	1
Retirement benefits	18,000	18,000	22,240	(4,240)
Car allowance	3,000	3,000	3,000	--
Telecommunications	5,560	36,610	37,053	(443)
Professional services	30,000	22,000	19,693	2,307
Bookkeeping and payroll services	9,710	9,690	8,992	698
Dues and subscriptions	9,300	10,000	10,673	(673)
Board liability and office contents	11,000	11,562	11,562	--
Property appraiser fee	9,533	8,871	9,199	(328)
Office supplies and expense	30,000	25,431	34,375	(8,944)
Postage and administrative printing	667	667	381	286
Conferences, travel and meetings	15,000	20,000	15,229	4,771
Legal fees	12,000	30,000	35,625	(5,625)
Rent	77,256	77,256	77,065	191
Total General Government	<u>\$ 667,084</u>	<u>\$ 726,271</u>	<u>\$ 773,337</u>	<u>\$ (47,066)</u>

See notes to required supplementary information.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of the City of Delray Beach, Florida)

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<i>Marketing and economic development</i>				
<i>Marketing:</i>				
Downtown guide book	\$ 10,000	\$ 12,000	\$ 17,309	\$ (5,309)
Website design and update	21,000	12,000	7,093	4,907
Public relations and communications	42,000	42,000	42,500	(500)
Digital signage and miscellaneous advertising	15,000	8,100	2,535	5,565
	<u>88,000</u>	<u>74,100</u>	<u>69,437</u>	<u>4,663</u>
<i>Advertising:</i>				
All Creative	48,000	48,000	48,455	(455)
Printing brochure	10,000	10,000	7,521	2,479
Newspaper advertising	8,000	6,000	2,750	3,250
Social media and online advertising	32,000	42,000	42,751	(751)
Television advertising	10,000	27,000	24,183	2,817
Video production	8,000	6,500	6,354	146
Delray Beach magazine	7,000	5,500	5,500	--
Boca magazine	5,500	5,500	5,500	--
Visit Florida Beach magazine	3,500	3,500	--	(3,500)
Other publications	5,000	2,000	1,650	350
	<u>137,000</u>	<u>156,000</u>	<u>144,664</u>	<u>4,336</u>
<i>Downtown programs and events</i>	<u>160,000</u>	<u>210,000</u>	<u>245,171</u>	<u>(35,171)</u>
<i>Economic vitality and development:</i>				
Annual report	3,500	3,500	2,621	879
Economic development brochure	8,000	8,000	3,934	4,066
Email messaging	3,500	6,500	5,940	560
Research and data development	15,000	12,500	500	12,000
Visitor information center	52,000	52,000	10,686	41,314
	<u>82,000</u>	<u>82,500</u>	<u>23,681</u>	<u>58,819</u>
Placemaking	<u>545,000</u>	<u>516,340</u>	<u>441,187</u>	<u>75,153</u>
DDA District Grant	<u>25,000</u>	<u>25,000</u>	<u>9,500</u>	<u>15,500</u>
Total Marketing and Economic Development	<u>\$ 1,037,000</u>	<u>\$ 1,063,940</u>	<u>\$ 933,640</u>	<u>\$ 123,300</u>

See notes to required supplementary information.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY

(A Component Unit of the City of Delray Beach, Florida)

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<i>Old School Square Campus</i>				
Payroll	\$ 258,383	\$ 261,383	\$ 229,867	\$ 31,516
Payroll taxes	--	--	5,802	(5,802)
Health insurance	--	--	9,001	(9,001)
Retirement	--	--	5,145	(5,145)
Administrative and Facility	95,000	110,000	121,240	(11,240)
Advertising	40,000	45,000	43,893	1,107
Concerts	200,000	310,000	317,387	(7,387)
Campus Security	150,000	22,000	14,207	7,793
Creative	35,000	45,000	45,984	(984)
CREOS	55,000	32,000	31,856	144
Team management	20,000	15,000	6,782	8,218
Equipment	30,000	18,000	6,570	11,430
Events, activations and festivals	237,000	388,000	312,213	75,787
Exhibitions	29,000	19,000	21,000	(2,000)
Web site	18,000	18,000	498	17,502
Contract staff	40,000	30,000	20,173	9,827
Printing	15,000	18,000	12,198	5,802
Professional	25,000	10,000	--	10,000
Public Relations	48,000	48,000	47,500	500
Other	23,000	23,800	10,543	13,257
Total Old School Square Campus	<u>1,318,383</u>	<u>1,413,183</u>	<u>1,261,859</u>	<u>151,324</u>
Capital Outlay	<u>8,000</u>	<u>8,000</u>	<u>--</u>	<u>8,000</u>
Total Expenditures	<u>3,030,467</u>	<u>3,211,394</u>	<u>2,968,836</u>	<u>235,558</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,617</u>	<u>(28,641)</u>	<u>76,581</u>	<u>105,222</u>
Revenues Over Expenditures	<u>\$ 6,617</u>	<u>\$ (28,641)</u>	<u>\$ 76,581</u>	<u>\$ 105,222</u>

See notes to required supplementary information.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

BUDGET

The General Fund budget is prepared on the modified accrual basis of accounting. The DDA Board of Directors must approve changes or amendments to the total budgeted expenditures of the DDA. In order to make the most effective use of the budgetary process, it is the policy of the DDA to make as few budget adjustments as possible. Expenditures may not legally exceed budgeted appropriations for the DDA in total.

During the year, the Board of Directors amended the budget to increase budgeted revenues by \$145,669 and increase budgeted expenditures by \$180,927. The DDA has complied with the Florida Statute requirement that budgets be in balance.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary control in the General Fund. Encumbrances outstanding at fiscal year end, if any, are reported as an assignment of fund balance for subsequent year expenditures. For budgetary purposes, current year encumbrances are treated as expenditures and any unencumbered balances lapse at year end. There were no encumbrances outstanding at September 30, 2024.

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY
(A Component Unit of the City of Delray Beach, Florida)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF OPEB COST-SHARING ALLOCATION

Measurement Date September 30,	2024
DDA's proportionate share of the total OPEB liability	0.24%
DDA's proportionate share of the total OPEB liability	\$ 32,479
DDA's covered employee payroll	\$ 489,439
DDA's proportionate share of the total OPEB liability as a percentage of its covered employee payroll	6.6%

Significant Assumptions:

Valuation Date	October 1, 2022
Actuarial Cost Method	Entry Age Normal as a Level Percentage of Payroll
Expected Return on Assets	Not applicable. Assets are zero.
Discount Rate	3.97% - End of Year Measurement Date

Note: The OPEB Plan is not accounted for as a trust fund since an irrevocable trust has not been established to fund the OPEB Plan. As such, the OPEB Plan has no assets and does not issue a separate financial report.

Note: This schedule is presented as required by accounting principles generally accepted in United States of America, however, until a full 10-year trend is compiled, information is for those years available.

REPORTING SECTION

**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors and Executive Director
Delray Beach Downtown Development Authority

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 and the major fund of the Delray Beach Downtown Development Authority (the "DDA"), a component unit of the City of Delray Beach, Florida, as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the DDA's basic financial statements, and have issued our report thereon dated February 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DDA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the DDA'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 DDA'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 DDA'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 which could have a direct and material effect on the determination of financial 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 result of that testing, and not to provide an opinion on the effectiveness of the DDA'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 DDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

West Palm Beach, FL

February 19, 2025

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

To the Board of Directors and Executive Director
Delray Beach Downtown Development Authority

Report on the Financial Statements

We have audited the financial statements of the Delray Beach Downtown Development Authority (the “DDA”), a component unit of the City of Delray Beach, Florida, as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated February 19, 2025.

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 19, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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 DDA 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 DDA 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 DDA. It is management's responsibility to monitor the DDA'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, did not have any such recommendations.

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 DDA's geographical boundaries during the fiscal year under audit. During the fiscal year ended September 30, 2024, the PACE program did not operate within the DDA's geographical boundaries.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

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

- a. The total number of DDA employees compensated in the last pay period of the DDA's fiscal year as seven (7).
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the DDA's fiscal year as six (6).
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$490,291.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$85,612.
- e. Each construction project with a total cost of at least \$65,000 approved by the DDA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project was \$0, as there were none.
- 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 32-34.

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 abuse, that have occurred, or are likely to have occurred, that have 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 Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

CBIZ CPAs P.C.

West Palm Beach, FL
February 19, 2025



CBIZ CPAs P.C.

525 Okeechobee Boulevard
Suite 750
West Palm Beach, FL 33401

P: 561.653.7300

Independent Accountants' Report on Compliance
Pursuant to Section 218.415, Florida Statutes

To the Board of Directors and Executive Director
Delray Beach Downtown Development Authority

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

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

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

In our opinion, the DDA complied, in all material respects, with Section 218.415, Florida Statutes, for the fiscal year ended September 30, 2024.

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

CBIZ CPAs P.C.

West Palm Beach, FL
February 19, 2025