

**WEST PALM BEACH
DOWNTOWN DEVELOPMENT AUTHORITY**

**FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORT THEREON**

FISCAL YEAR ENDED SEPTEMBER 30, 2024



WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Palm Beach Downtown Development Authority
West Palm Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the West Palm Beach Downtown Development Authority, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the West Palm Beach Downtown Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the 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 West Palm Beach Downtown Development Authority, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the West Palm Beach Downtown Development Authority 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 West Palm Beach Downtown Development Authority'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.

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Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 West Palm Beach Downtown Development Authority'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 West Palm Beach Downtown Development Authority'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 8, the budgetary comparison information on pages 29 through 31, and the other postemployment benefit information on page 32 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 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the other information section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2025, on our consideration of the West Palm 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 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 West Palm Beach Downtown Development Authority'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 West Palm Beach Downtown Development Authority's internal control over financial reporting and compliance.

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
April 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Acting in our capacity as the management of the West Palm 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.

The information contained within this Management's Discussion and Analysis (MD&A) is only one component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and the other Required Supplementary Information that is provided in addition to this MD&A.

Financial Highlights

- The assets plus deferred outflows of resources of the DDA exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$3,228,184 (*net position*). Of this amount, \$841,537 (*unrestricted net position*) may be used to meet the DDA's ongoing obligations.
- As of the close of the current fiscal year, the General Fund reported ending fund balance of \$3,206,790, a decrease of \$135,925 for the year. Approximately 71% of this fund balance is restricted and is to be used for specific projects pursuant to grant agreements and an Interlocal Agreement with West Palm Beach and its Community Redevelopment Agency (the "CRA"). Of the remaining amount, 1% is nonspendable, 2% is assigned for subsequent year's expenditures, and 26% 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 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 9) presents information on all of the DDA's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the DDA is improving or deteriorating.

The *statement of activities* (page 10) 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 and operating grants and contributions revenue. The governmental activities of the DDA include general government and various downtown improvement projects. 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 one fund category: governmental funds.

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 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 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 DDA's only governmental fund is the General Fund.

The basic General Fund financial statements can be found on pages 11 and 13 of this report. The reconciliations between the General Fund financial statements and the government-wide financial statements can be found on pages 12 and 14.

Notes to the financial statements: The notes begin on page 15 and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain other *required supplementary information*. This includes the budget to actual results for the General Fund for the current year and a schedule of other postemployment benefits information which is presented immediately after the basic financial statements on pages 29 through 32.

Government-Wide Financial Analysis

Net position: The table below is a summary of the Statement of Net Position at September 30, 2024 and 2023.

West Palm Beach Downtown Development Authority Summary of Net Position – Governmental Activities September 30, 2024 and 2023

	2024	2023
ASSETS		
Current and other assets	\$ 3,858,558	\$ 3,718,324
Capital assets, net	870,843	1,014,375
Total assets	4,729,401	4,732,699
DEFERRED OUTFLOWS OF RESOURCES	18,655	17,701
LIABILITIES		
Current liabilities	651,768	375,609
Noncurrent liabilities	844,049	846,734
Total liabilities	1,495,817	1,222,343
DEFERRED INFLOWS OF RESOURCES	24,055	26,467
NET POSITION		
Investment in capital assets	123,403	206,586
Restricted	2,263,244	2,293,006
Unrestricted	841,537	1,001,998
Total net position	\$ 3,228,184	\$ 3,501,590

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 plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by 3,228,184 at the close of the most recent fiscal year. As of September 30, 2024, approximately 26% of the DDA's net position is unrestricted and may be used to meet the DDA's ongoing obligations to the business community and creditors. An additional 70% of net position is restricted for projects and programs outlined in the City/CRA/DDA interlocal agreement and grant agreements. The remaining 4% reflects the DDA's investment in capital assets.

Change in Net Position: The table below is a comparative summary of the changes in net position for the fiscal years ended September 30, 2024 and 2023:

**West Palm Beach Downtown Development Authority
Summary of Changes in Net Position – Governmental Activities
For the Fiscal Years Ended September 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
REVENUES		
Program revenues:		
Charges for services	\$ 2,920	\$ 5,437
Operating grants and contributions	6,731,024	6,042,046
General revenues		
Property taxes	3,385,851	2,993,756
Investment income	186,033	155,797
Total revenues	<u>10,305,828</u>	<u>9,197,036</u>
EXPENSES		
Economic environment		
Administrative	5,216,096	4,368,197
Marketing and public relations	912,466	952,766
Business development	293,054	319,484
Public realm maintenance	2,099,297	1,840,143
Neighborhood services	2,027,095	2,011,951
Interest on long-term liabilities	31,226	33,516
Total expenses	<u>10,579,234</u>	<u>9,526,057</u>
Change in net position	(273,406)	(329,021)
Net position, beginning of year	<u>3,501,590</u>	<u>3,830,611</u>
Net position, end of year	<u>\$ 3,228,184</u>	<u>\$ 3,501,590</u>

The DDA's net position decreased \$273,406 in 2024. Total revenues increased approximately \$1,109,000 in 2024. This was primarily the result of an increase in operating grants and contributions of approximately \$689,000 due to an increase in operating revenue from the CRA and an increase in tax revenues of approximately \$392,000 due to increased property valuations and related interest earned. Total expenses increased by approximately \$1,053,000 or 11%. This is primarily the result of an increase in administrative expenses by approximately \$848,000 which is primarily due to the increase in the CRA tax increment along with personnel expenditures and an increase in public realm maintenance by approximately \$259,000 due to the increase in level of service provided for maintenance.

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. As of September 30, 2024, the DDA's General Fund reported ending fund balance of \$3,206,790, a decrease of \$135,925 for 2024. Approximately 26% of this amount is unassigned fund balance, which is available for spending at the DDA's discretion. The remainder consists of 1% that is nonspendable for prepaid items and security deposits, 71% that is restricted for CRA and other projects, and 2% that is assigned for the 2024/2025 budget. 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 8% of total General Fund expenditures, while total fund balance represents approximately 31% of that same amount.

General Fund Budgetary Highlights

The annual General Fund budget is adopted after two public hearings and approval by the DDA's Board. 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. A budget increase in the amount of \$411,189 was approved during 2024, which is mainly a result of obtaining final figures from the CRA regarding the DDA's current year workplan.

Revenues for 2024 were under budget by approximately \$161,000, excluding the General Fund carryforward fund balance. This was primarily the result of positive variances in property taxes and investment earnings; and negative variances for intergovernmental and grant revenue. Expenditures were under budget by approximately \$3,123,000, of which the following are considered noteworthy: (1) Professional services expenditures were under budget by approximately \$156,000 due to projects waiting for City/CRA approval, (2) marketing and public relations expenditures were under budget by approximately \$338,000 due to delay in project funding, (3) business development was under budget by approximately \$377,000 due to delays in incentive funding, (4) public realm maintenance expenditures were under budget by approximately \$643,000 due to lower-than-expected costs for safety, cleaning, and holiday lights., (5) neighborhood services expenditures were under budget by approximately \$673,000 due mainly because of the cancellation of the trolley.

Capital Assets

The DDA's investment in capital assets as of September 30, 2024, amounts to \$870,843 (net of accumulated depreciation and amortization). This investment in capital assets includes lease asset – buildings, leasehold improvements, equipment, and furniture and fixtures. The net decrease in the DDA's investment in capital assets for the current fiscal year was \$143,532, which was mainly comprised of depreciation and amortization expense of \$148,448. The details of capital assets can be found in Note C to the financial statements.

Debt Administration

The DDA has no debt outstanding as of September 30, 2024 except for a lease liability incurred due to the implementation of GASB 87 – *Leases*. The lease liability had a balance of \$747,440 as of September 30, 2024. The details of long-term liabilities can be found in Note D to the financial statements and the details for leases can be found in Note I to the financial statements.

Next Year's Budget

For fiscal year 2025, the DDA adopted a final General Fund budget of \$10,377,243 representing an increase of approximately 4% from the fiscal year 2024 final budget.

Economic Factors and Rates

The DDA has a stable property tax base. Property taxes represent approximately 32% of the 2024 budgeted revenues of the DDA (excluding carryforward fund balance), and CRA funding represents approximately 58% of budgeted revenues. The balance of the projected revenues comes from various miscellaneous sources.

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 107 S. Olive Avenue, Suite 200, West Palm Beach, FL 33401.

BASIC FINANCIAL STATEMENTS

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

September 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,331,868
Investments	1,475,612
Interest receivable	5,594
Prepaid expenses	22,484
Deposits	23,000
Capital assets	
Right to use lease asset, net of accumulated amortization	669,017
Capital assets being depreciated, net of accumulated depreciation	201,826
Total assets	<u>4,729,401</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to other postemployment benefits	<u>18,655</u>
LIABILITIES	
Accounts payable and accrued expenses	651,768
Noncurrent liabilities	
Due within one year	79,824
Due in more than one year	764,225
Total liabilities	<u>1,495,817</u>
DEFERRED INFOWS OF RESOURCES	
Deferred amounts related to other post employment benefits	<u>24,055</u>
NET POSITION	
Net investment in capital assets	123,403
Restricted for:	
Community Redevelopment Agency work plan	2,238,244
Dining on the spot program	25,000
Unrestricted	841,537
Total net position	<u>\$ 3,228,184</u>

See notes to the financial statements

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2024

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities				
Economic environment				
Administrative	\$ 5,216,096	\$ -	\$ 1,685,422	\$ (3,530,674)
Marketing and public relations	912,466	-	909,674	(2,792)
Business development	293,054	2,920	464,380	174,246
Public realm maintenance	2,099,297	-	1,857,906	(241,391)
Neighborhood services	2,027,095	-	1,813,642	(213,453)
Interest on long-term liabilities	31,226	-	-	(31,226)
Total governmental activities	<u>\$ 10,579,234</u>	<u>\$ 2,920</u>	<u>\$ 6,731,024</u>	(3,845,290)
General revenues				
Property taxes				3,385,851
Investment earnings - unrestricted				186,033
Total general revenues				<u>3,571,884</u>
Change in net position				(273,406)
Net position, beginning of year				<u>3,501,590</u>
Net position, end of year				<u>\$ 3,228,184</u>

See notes to the financial statements

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEET - GENERAL FUND

September 30, 2024

ASSETS

Cash and cash equivalents	\$ 2,331,868
Investments	1,475,612
Interest receivable	5,594
Prepaid items	22,484
Deposits	23,000
Total assets	<u>\$ 3,858,558</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable and accrued expenses	\$ 651,768
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FUND BALANCE

Nonspendable:	
Prepaid items	22,484
Security deposits	23,000
Restricted for:	
Community Redevelopment Agency work plan	2,238,244
Dining on the spot program	25,000
Assigned to:	
Subsequent year's expenditures	56,000
Unassigned	842,062
Total fund balance	<u>3,206,790</u>
Total liabilities and fund balance	<u>\$ 3,858,558</u>

See notes to the financial statements

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

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

September 30, 2024

Fund balance - General Fund	\$ 3,206,790
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	1,528,257
Less accumulated depreciation and amortization	(657,414)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Compensated absences	(67,907)
Total other postemployment benefits liability	(28,702)
Lease liability	(747,440)

Deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans and other postemployment benefits are applicable to future periods and are not reported in the governmental funds.

Deferred outflows related to other postemployment benefits	18,655
Deferred inflows related to other postemployment benefits	(24,055)

Net position of governmental activities	<u>\$ 3,228,184</u>
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See notes to the financial statements

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND

For the Fiscal Year Ended September 30, 2024

REVENUE

Property taxes	\$ 3,385,851
Intergovernmental	6,558,713
Investment earnings	186,033
Charges for services	2,920
Reimbursements	536
Project funding	<u>171,775</u>
Total revenues	<u>10,305,828</u>

EXPENDITURES

Current	
Economic environment	
Administrative	5,013,350
Marketing and public relations	912,466
Business development	293,054
Public realm maintenance	2,099,297
Neighborhood services	2,027,095
Capital outlay	4,916
Debt service:	
Principal	60,349
Interest	<u>31,226</u>
Total expenditures	<u>10,441,753</u>
Change in fund balance	(135,925)
Fund balances, beginning of year	<u>3,342,715</u>
Fund balances, end of year	<u><u>\$ 3,206,790</u></u>

See notes to the financial statements

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

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

For the Fiscal Year Ended September 30, 2024

Net change in fund balance - General Fund	\$ (135,925)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Expenditures for capital assets	4,916
Less: current year depreciation and amortization	(148,448)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Principal payments on long-term lease liabilities	60,349
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the General Fund.

Change in compensated absences payable	(52,983)
Change in total other postemployment benefits liability and related deferred amounts	(1,315)

Change in net position of governmental activities	<u>\$ (273,406)</u>
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See notes to the financial statements

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: The West Palm Beach Downtown Development Authority (the “DDA”) was established by a special act of the Florida Legislature in House Bill 1029, regular session 1967, effective June 8, 1967. The purpose of the DDA is to develop and revitalize the downtown area of the City of West Palm Beach, Florida (the “City”). 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 returning improved property to the City’s tax rolls, enhancing the business and cultural environment of the downtown area and providing employment to its citizens.

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 Board of Directors of the DDA is appointed by the City’s mayor, but there is no significant continuing relationship between the City and the DDA for carrying out day-to-day functions of the DDA. The management of the DDA is selected by its Board of Directors and the operation of the DDA is the exclusive responsibility of such management. Moreover, the City is under no obligation to fund operating deficits of the DDA, has not guaranteed and has no moral responsibility for any debt of the DDA, does not provide financial resources, or otherwise exercise significant influence over the DDA’s operations.

As required by generally accepted accounting principles, these financial statements include the DDA (the primary government) and its component units. Component units are legally separate entities for which the DDA is financially accountable. The DDA is financially accountable if:

- a) the DDA appoints a voting majority of the organization’s governing board and (1) the DDA is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the DDA, or
- b) the organization is fiscally dependent on the DDA and (1) there is a potential for the organization to provide specific financial benefits to the DDA or (2) impose specific financial burdens on the DDA.

Organizations for which the DDA is not financially accountable are also included when doing so is necessary in order to prevent the DDA’s financial statements from being misleading.

Based upon application of the above criteria, management of the DDA has determined that no component units exist which would require inclusion in this report. Further, the DDA is not aware of any entity that would consider the DDA to be a component unit.

Government-wide Financial Statements: The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities and report information on all governmental 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 and 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 customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; (2) operating grants and contributions; and (3) capital grants and contributions. Ad valorem property tax

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements (Continued)

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 separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund used by the DDA is classified into one category: *governmental*.

Governmental Fund Financial Statements – Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenue, Expenditures and Changes in Fund Balance for the General Fund, the DDA's only governmental fund. An accompanying schedule is presented to reconcile and explain the differences in fund balance and changes in fund balance as presented in these statements, to the net position and changes in net position presented in the government-wide financial statements. The DDA's major governmental fund is as follows:

General Fund – This fund is used to account for all operations of the DDA. Revenue is derived primarily from property taxes and intergovernmental revenue received from the West Palm Beach Community Redevelopment Agency (the "CRA").

Measurement Focus and Basis of Accounting: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. 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, intergovernmental 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 and Cash Equivalents: The DDA considers highly liquid investments maturing in three months or less when purchased to be cash equivalents, unless intended to be held as investments.

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The DDA categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental funds, prepaid items are recorded using the consumption method and are offset by the nonspendable fund balance component which indicates they do not constitute available spendable resources, even though they are a component of current assets.

Capital Assets: The DDA has reported all capital assets in the government-wide Statement of Net Position. Capital assets are defined by the DDA as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. Capital assets are recorded at cost or, if donated, acquisition value at the date of donation. Expenditures 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 have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position. Depreciation is computed on capital assets using the straight-line method over the assets' estimated useful lives. The estimated useful life of equipment, furniture and fixtures is three to ten years. Leasehold improvements are being amortized over the ten-year life of the corresponding lease.

Leases: Lease contracts that provide the DDA with control of a non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as an intangible right to use lease asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible right to use leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Lease contracts that provide an external entity with control of the DDA's non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as a leased receivable with a related lease deferred inflow of resources. The lease receivable is recorded at the present value of future lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. The lease deferred inflow of resources is recorded for the same amount as the related lease receivable less any lease incentives. Leased deferred inflow of resources are amortized over the lease term. The lease receivable is reduced for lease payments made, less the interest portion of the lease payment.

Compensated Absences: The DDA allows employees to accrue sick leave and carry over unused time to future years. Unused sick leave is not paid out upon termination and, accordingly, no liability is accrued for sick leave except for exceptions per employee agreement. Vacation time is earned on a calendar year basis, but must be used by January 31st of the following year or it is lost. Accrued vacation at September 30, 2024, represents the amount of vacation that has been earned, but not used, as of that date.

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources: In addition to assets and liabilities, the government-wide Statement of Net Position reports a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The deferred outflows of resources related to OPEB results from changes in assumptions and other inputs and are deferred and amortized to OPEB expense in a systematic and rational manner over a period equal to the average expected remaining service lives of employees that are provided with benefits through the plan.

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's deferred inflows reported on the government-wide Statement of Net Position relate to its other postemployment benefits (OPEB) liability. The deferred inflows of resources related to OPEB results from differences between expected and actual experience and changes in assumptions and are deferred and amortized to OPEB expense in a systematic and rational manner over a period equal to the average expected remaining service lives of employees that are provided with benefits through the plan.

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 two mills (\$2.00 per \$1,000 of taxable value) for operating purposes. Actual collections may differ from property taxes levied due to discounts, tax assessment appeals and corrections made subsequent to July 1.

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 1 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.

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. 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 reduced by accumulated depreciation and by any outstanding liabilities incurred to acquire, construct, or improve those assets, excluding unexpended proceeds.

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

Committed – Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Directors through an ordinance or resolution.

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 balance are made by DDA management based upon direction by the Board of Directors or through the annual budget.

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

The fund balance policy also establishes a spending order when a qualifying expenditure is incurred for which those funds are available, of restricted fund balances first, followed by committed, then assigned, and finally unassigned fund balances.

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 or natural disaster.

Implementation of GASB Statements: The following GASB Statements were effective for the DDA for the fiscal year ended September 30, 2024:

GASB Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of GASB Statements (Continued)

consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements related to leases, public-private and public-public partnerships, and subscription-based information technology arrangements were implemented during the current fiscal year. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the Scope of Statement 53 were implemented in the current year.

GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Recent GASB Pronouncements: The GASB has issued the following Statements effective in future years that may apply to the DDA. Management has not completed its analysis of the effects, if any, of these GASB Statements on the financial statements of the DDA:

GASB issued Statement No. 101, *Compensated Absences*. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The requirements of this Statement are effective for fiscal years ending September 30, 2025.

GASB issued Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for fiscal years ending September 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement is effective for the fiscal year ending September 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. This Statement is effective for the fiscal year ending September 30, 2026.

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

NOTE B – DEPOSITS AND INVESTMENTS

Deposits: The deposits with financial institutions were entirely covered by a combination of federal deposit insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions, which comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Accordingly, all deposits with financial institutions are considered fully insured in accordance with the provisions of Governmental Accounting Standards Board Statements. As of September 30, 2024, deposits with financial institutions had a bank balance of \$2,362,835 and a carrying amount of \$2,331,818. The DDA also had \$50 in petty cash for a total carrying amount of \$2,331,868.

Investments: 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 investments, which limits investments to (1) the Local Government Surplus Funds Trust Fund (Florida Prime), 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.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs. The hierarchy is based on valuation inputs used to measure the fair value as follows:

Level 1: Inputs are directly observable, quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.

Level 3: Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2024, the DDA reported the following investments:

<u>Investments by Level</u>	<u>Fair Value</u>	<u>Fair Value Measurement Level 2</u>	<u>Weighted Average Maturity</u>	<u>Fitch Rating</u>
U.S. Treasury Notes	\$ 1,475,612	\$ 1,475,612	27 days	AAA

NOTE C – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance at Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at End of Year</u>
Capital assets being depreciated and amortized				
Lease asset - buildings	\$ 907,478	\$ -	\$ -	\$ 907,478
Leasehold improvements	362,786	-	-	362,786
Equipment and fixtures	253,077	4,916	-	257,993
Total capital assets being depreciated and amortized	1,523,341	4,916	-	1,528,257
Less accumulated depreciation and amortization for				
Lease asset - buildings	(158,974)	(79,487)	-	(238,461)
Leasehold improvements	(204,932)	(38,094)	-	(243,026)
Equipment and fixtures	(145,060)	(30,867)	-	(175,927)
Total accumulated depreciation and amortization	(508,966)	(148,448)	-	(657,414)
Governmental activities capital assets, net	<u>\$ 1,014,375</u>	<u>\$ (143,532)</u>	<u>\$ -</u>	<u>\$ 870,843</u>

Depreciation and amortization expense was charged to functions/programs as follows:

<u>Governmental Activities</u>	
Economic environment	
Administrative – depreciation	\$ 68,961
Administrative – amortization	79,487
	<u>\$ 148,448</u>

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE D – NONCURRENT LIABILITIES

The following is a summary of changes in the DDA’s noncurrent liabilities for the year ended September 30, 2024:

<i>Governmental Activities</i>	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year	Amounts Due Within One Year
Compensated absences	\$ 14,924	\$ 100,634	\$ (47,651)	\$ 67,907	\$ 14,219
Other postemployment benefits liability	24,021	4,705	(24)	28,702	-
Lease liability	807,789	-	(60,349)	747,440	65,605
	<u>\$ 846,734</u>	<u>\$ 105,339</u>	<u>\$ (108,024)</u>	<u>\$ 844,049</u>	<u>\$ 79,824</u>

NOTE E – WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY

The City established the West Palm Beach Community Redevelopment Agency (the “CRA”) pursuant to Florida Statutes. Under the terms of the enabling statute, each taxing authority not exempted by statute, which levies ad valorem taxes within the boundaries of the community redevelopment area established by the CRA, must allocate to the CRA a certain portion of tax revenue received from that area. The amount is determined by levying the millage rate established by the DDA against the increment between the assessed value of the community redevelopment area in the year established and the current tax year. Pursuant to an Interlocal Agreement between the DDA and CRA, the DDA is exempt from the requirement to pay the CRA the increment generated by the second mill of DDA ad valorem taxation. For the year ended September 30, 2024, the DDA paid \$3,207,458 to the CRA.

In addition, the CRA provided funding to the DDA pursuant to a workplan developed by the DDA. The workplan provided for CRA funding of various projects through fiscal year 2024. In connection with the workplan, the CRA paid \$6,558,713 to the DDA during the year ended September 30, 2024, representing approximately 64% of the DDA’s total revenues for the year. Without the future funding provided by the CRA, the DDA continuing operations could be significantly impacted.

In October 2024, the DDA entered into a new workplan agreement with the CRA. The workplan will provide for CRA funding of various projects through fiscal year 2029.

NOTE F – COMMITMENTS AND CONTINGENCY

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 for which the DDA carries commercial insurance. Retention of risks is limited to those risks that are uninsurable and deductibles. The DDA has not significantly reduced insurance coverage from the prior year, and there were no settled claims which exceeded insurance coverage during the past three fiscal years.

Florida Statutes limit the DDA’s maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts.

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE G – PENSION PLAN

The DDA has a defined contribution money purchase pension plan (the “Plan”) that covers all employees. The Plan was established and may be amended by a majority vote of the Board of Directors of the DDA and is administered by certain members of the Board of Directors and management. Employees are eligible to participate in the Plan upon being hired, and full vesting is immediate. The DDA contributes 10% of each employee’s gross compensation, and employees are required to contribute a minimum of 5% to the Plan. Actual contributions by the DDA and employees totaled \$90,914 and \$75,699, respectively, for the year ended September 30, 2024. There were 8 plan members participating in the Plan as of September 30, 2024.

NOTE H – OTHER POSTEMPLOYMENT BENEFITS

General Information about the Other Postemployment Benefits (OPEB) Plan

Plan Description: The DDA provides a single employer defined benefit health care plan to all of its employees. The plan allows its employees and their beneficiaries to continue to obtain health benefits upon retirement. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan. A trust has not been established to fund the plan. The plan has no assets and does not issue a separate financial report.

Contributions: The DDA does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the DDA for active employees by its healthcare provider. However, the DDA’s actuaries in their actuarial valuation calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the DDA or its active employees for coverage of the retirees and their dependents for the year net of the retiree’s own payments for the year.

Plan Membership: The following table provides a summary of the participants in the plan as of October 1, 2022, the latest valuation date:

Active employees	7
Retirees and beneficiaries receiving benefits	-
Inactive employees not yet receiving benefits	-
Total	<u>7</u>

Total OPEB Liability

As of September 30, 2024, The DDA’s Total OPEB Liability of \$28,702 was measured as of September 30, 2024 and was determined by the actuarial valuation as of October 1, 2022.

Actuarial Methods and Significant Assumptions: The actuarial methods and significant assumptions used to determine the DDA’s total OPEB liability for the current year are summarized as follows:

Valuation Date	October 1, 2022
Measurement Date	September 30, 2024
Discount rate:	4.06% per annum; this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Salary increase:	3.00% per annum

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability (Continued)

Actuarial Methods and Significant Assumptions (Continued)

Cost-of-living increases:	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates:	Increases in healthcare costs are assumed to be 8.00% for the 2021/22 fiscal year graded down by 0.50% per year to 5.00% for the 2027/28 and later fiscal years.
Age-related morbidity:	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.
Implied subsidy:	An implied monthly subsidy of \$600.00 has been assumed at age 62 for the 2022/23 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.
Mortality basis:	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2020.
Retirement:	Retirement is assumed to occur at the earlier of age 62 with six years of service or any age with 30 years of service.
Other decrements:	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1).
Coverage elections:	25% of eligible employees are assumed to continue retiree-only medical coverage upon retirement or disability; coverage is assumed to end at age 65.
COBRA:	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

Discount Rate: The DDA does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As of September 30, 2024, the calculation used a rate of 4.06%.

Changes in the Total OPEB Liability

The changes in the Total OPEB Liability were as follows for the year ended September 30, 2024:

Balance as of September 30, 2023	\$ 24,021
Changes for the Year:	
Service cost	860
Interest	1,010
Differences between expected and actual experience	-
Changes in assumptions and other inputs	2,835
Benefit payments and refunds	(24)
Net changes	<u>4,681</u>
Balance as of September 30, 2024	<u>\$ 28,702</u>

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability (Continued)

Changes in Assumptions: All assumptions, methods, and results are based on the fiscal year 2023 GASB 75 actuarial report dated February 10, 2024. Since the prior measurement date of September 30, 2023, the discount rate was decreased from 4.91% per annum to 4.06% per annum.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability of the DDA calculated using the current discount rate of 4.06%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.06%) or one percentage point higher (5.06%) than the current rate:

	1% Decrease (3.06%)	Current Discount Rate (4.06%)	1% Increase (5.06%)
Total OPEB Liability	\$ 32,525	\$ 28,702	\$ 25,531

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following table presents the total OPEB liability of the DDA calculated using the assumed healthcare cost trend rates (8.0% decreasing to 5.0%), as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (7.0% decreasing to 4.0%) or one percentage point higher (9.0% decreasing to 6.0%) than the assumed healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Healthcare cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB Liability	\$ 24,482	\$ 28,702	\$ 33,755

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the DDA recognized OPEB expense of \$1,315. As of September 30, 2024, the DDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,249	\$ 3,498
Changes of assumptions	11,406	20,557
Total	\$ 18,655	\$ 24,055

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB
(Continued)

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

Fiscal Year Ending September 30,	Amount
2025	\$ (531)
2026	(531)
2027	(531)
2028	(531)
2029	(531)
Thereafter	(2,745)
	<u>\$ (5,400)</u>

NOTE I – LEASES

Lessee Lease – Office Space

300 Clematis: The DDA leases office space under a non-cancellable lease agreement. The DDA entered into an initial 10-year lease for new office space in May 2017 with lease payments commencing in March 2018 paid on a monthly basis. The lease is set to expire in February 2028 and may be renewed for three additional five-year terms. The first additional five-year term lease payments are based on a 3% increase from the previous year. The second and third additional five-year term lease payments are based on the current fair market rental for similar premises in similar vicinities at the commencement of the applicable renewal term. Since the rent amounts for the second and third renewal options cannot be reasonably determined at this time, these renewal periods are excluded from the lease term. The discount rate was 4% using the DDA's estimated incremental borrowing rate. As of September 30, 2024, the Authority reported a lease liability of \$747,440. The amortization of the lease liability is as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2025	\$ 65,605	\$ 28,717	\$ 94,322
2026	71,160	25,992	97,152
2027	77,027	23,039	100,066
2028	83,222	19,846	103,068
2029	89,762	16,398	106,160
2030-2033	360,664	26,241	386,905
	<u>\$ 747,440</u>	<u>\$ 140,233</u>	<u>\$ 887,673</u>

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 10, 2025 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Fiscal Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 3,351,255	\$ 3,351,255	\$ 3,385,851	\$ 34,596
Intergovernmental	6,808,713	6,808,713	6,558,713	(250,000)
Investment earnings	22,000	22,000	186,033	164,033
Charges for services	200	200	2,920	2,720
Reimbursements	-	-	536	536
Project funding	285,000	285,000	171,775	(113,225)
	<u>10,467,168</u>	<u>10,467,168</u>	<u>10,305,828</u>	<u>(161,340)</u>
General Fund carryforward fund balance	2,686,198	3,097,387	-	(3,097,387)
Total revenues	<u>13,153,366</u>	<u>13,564,555</u>	<u>10,305,828</u>	<u>(3,258,727)</u>
Expenditures				
Administrative				
CRA tax increment	3,207,458	3,207,458	3,207,458	-
Personnel and employee benefits	1,100,000	1,500,000	1,219,438	280,562
General office	84,350	89,350	66,441	22,909
Operations	30,242	36,742	32,032	4,710
Professional services	464,582	444,582	288,853	155,729
Insurance	51,209	51,209	51,209	-
Rent	208,500	208,500	190,774	17,726
Tax collection	20,000	20,000	17,905	2,095
Travel and training	18,000	44,500	35,731	8,769
Reserves	790,146	599,146	-	599,146
	<u>5,974,487</u>	<u>6,201,487</u>	<u>5,109,841</u>	<u>1,091,646</u>
Marketing and public relations				
Advertising	450,000	400,000	412,615	(12,615)
Public relations / marketing	225,000	225,000	176,328	48,672
Retail promotions	60,000	50,000	6,655	43,345
Community and cultural promotions	265,000	215,000	98,524	116,476
Value added events	150,000	130,000	56,041	73,959
Collateral programs	130,902	105,902	90,159	15,743
Marketing programs	150,000	125,000	72,144	52,856
	<u>1,430,902</u>	<u>1,250,902</u>	<u>912,466</u>	<u>338,436</u>

(Continued)

See notes to budgetary comparison schedule

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

For the Fiscal Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued)				
Business development				
Grand openings / new business training	\$ 20,000	\$ 15,000	\$ 2,599	\$ 12,401
Leasing / brokers meetings	30,000	15,000	6,893	8,107
Business training and support	140,000	90,000	16,035	73,965
Façade improvement programs	150,000	75,000	150	74,850
Property and business incentives	375,000	375,000	163,000	212,000
Business partnerships	100,000	100,000	104,377	(4,377)
	<u>815,000</u>	<u>670,000</u>	<u>293,054</u>	<u>376,946</u>
Public realm maintenance				
Holiday lights	235,000	235,000	166,522	68,478
Pressure washing, cleaning and maintenance	760,000	760,000	618,692	141,308
Signage and pedestrian wayfinding	85,000	85,000	82,059	2,941
Landscape maintenance	742,748	742,748	444,004	298,744
Graffiti removal	17,500	17,500	8,955	8,545
Capital projects	75,000	75,000	8,372	66,628
Clean team	535,000	826,826	770,693	56,133
	<u>2,450,248</u>	<u>2,742,074</u>	<u>2,099,297</u>	<u>642,777</u>
Neighborhood services				
Residential programming	362,729	282,729	168,713	114,016
Transportation (Trolley)	975,000	975,000	510,380	464,620
Security and policing	1,045,000	1,342,363	1,348,002	(5,639)
Homeless outreach	100,000	100,000	-	100,000
	<u>2,482,729</u>	<u>2,700,092</u>	<u>2,027,095</u>	<u>672,997</u>
Total expenditures	<u>13,153,366</u>	<u>13,564,555</u>	<u>10,441,753</u>	<u>3,122,802</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(135,925)</u>	<u>\$ (135,925)</u>
Fund balances, beginning of year			<u>3,342,715</u>	
Fund balances, end of year			<u>\$ 3,206,790</u>	

See notes to budgetary comparison schedule

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2024

NOTE A - BUDGETARY ACCOUNTING

Budget: The General Fund budget is prepared on the modified accrual basis of accounting, except that the DDA does not budget leases as other financing sources and the corresponding asset as a capital outlay. 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 passed resolutions that increased the total budgeted revenues and expenditures by \$411,189. 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 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.

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY
Required Supplementary Information (RSI)
Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability
Last Ten Fiscal Years

	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service cost	\$ 752	\$ 1,243	\$ 1,511	\$ 1,106	\$ 799	\$ 757	\$ 860
Interest	828	815	573	875	1,520	1,162	1,010
Differences between expected and actual experience	-	(2,380)	-	10,109	-	(2,434)	-
Changes in assumptions and other inputs	(2,040)	4,079	7,575	(15,929)	(10,457)	1,626	2,835
Benefit payments and refunds	(22)	(6)	(17)	(8)	(22)	(9)	(24)
Net change in total OPEB liability	(482)	3,751	9,642	(3,847)	(8,160)	1,102	4,681
Total OPEB liability, beginning of year	22,015	21,533	25,284	34,926	31,079	22,919	24,021
Total OPEB liability, end of year	<u>\$ 21,533</u>	<u>\$ 25,284</u>	<u>\$ 34,926</u>	<u>\$ 31,079</u>	<u>\$ 22,919</u>	<u>\$ 24,021</u>	<u>\$ 28,702</u>
Covered-employee payroll	\$ 392,805	\$ 605,198	\$ 605,198	\$ 654,279	\$ 654,279	\$ 684,754	\$ 684,754
Total OPEB liability as a percentage of covered-employee payroll	5.48%	4.18%	5.77%	4.75%	3.50%	3.51%	4.19%

Changes in Assumptions

The discount rate changed as follows:

September 30, 2018 measurement date	3.64%
September 30, 2019 measurement date	3.58%
September 30, 2020 measurement date	2.14%
September 30, 2021 measurement date	2.43%
September 30, 2022 measurement date	4.77%
September 30, 2023 measurement date	4.91%
September 30, 2024 measurement date	4.06%

The monthly implied subsidy at age 62 increased from \$580.50 for 2018 to \$675.00 for 2019 and 2020 and the mortality basis was changed from the RP-2000 Mortality Table with generational improvements using Scale BB for 2018 to the PUB-2010 Mortality Table with generational improvements using Scale MP-2017 for 2019 and 2020. The monthly implied subsidy at age 62 decreased from \$675 for 2019 and 2020 to \$525.00 for 2021 and the mortality basis was changed from the PUB-2010 Mortality Table with generational improvements using Scale MP-2017 for 2019 and 2020 to the PUB-2010 Mortality Table with generational improvements using Scale MP-2020 for 2021. The healthcare cost trend rates were increased from 6.50% for the 2022/23 fiscal year graded down to 5.00% to 8.00% for the 2022/23 fiscal year graded down to 5.00%, and the implied subsidy at age 62 for the 2022/23 fiscal year was increased from \$525.00 to \$600.00.

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

OTHER INFORMATION

WEST PALM BEACH DOWNTOWN DEVELOPMENT AUTHORITY
Other Information - Information Required by Section 218.39(3)(c), Florida Statutes
For the Fiscal Year Ended September 30, 2024
Unaudited

As required by Section 218.39(3)(c), Florida Statutes, the DDA reported:

Required Information	Reported
The total number of DDA employees compensated in the last pay period of the DDA's fiscal year 2024:	8
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the DDA's fiscal year 2024:	12
All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency for fiscal year 2024:	\$ 973,092
All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for fiscal year 2024:	\$ 650,358
Each construction project with a total cost of at least \$65,000 approved by the DDA that was scheduled to begin on or after October 1 of the fiscal year 2024, together with the total expenditures for such project:	Not Applicable
A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year 2024 being reported if the DDA amends a final adopted budget under Section 189.016(6), Florida Statutes:	See Pages 29-30
The millage rate or rates imposed by the DDA for fiscal year 2024:	0.97 mill
The total amount of ad valorem taxes collected by or on behalf of the DDA for fiscal year 2024:	\$ 3,385,851
The total amount of outstanding bonds issued by the DDA and the terms of such bonds:	Not Applicable

COMPLIANCE REPORTS AND MANAGEMENT LETTER



NOWLEN, HOLT & MINER, P.A.

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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

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To the Board of Directors
West Palm Beach Downtown Development Authority
West Palm Beach, Florida

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 and the major fund of the West Palm Beach Downtown Development Authority, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the West Palm Beach Downtown Development Authority's basic financial statements and have issued our report thereon dated April 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the West Palm Beach Downtown Development Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Palm Beach Downtown Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the West Palm 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Palm 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
April 10, 2025



NOWLEN, HOLT & MINER, P.A.

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MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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To the Board of Directors
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West Palm Beach, Florida

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Report on the Financial Statements

We have audited the financial statements of the West Palm Beach Downtown Development Authority, as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated April 10, 2025.

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 Auditor General.

Other Reporting Requirements

We have issued our 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* and Independent Accountant's 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 April 10, 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 or recommendations in the prior year that required corrective actions.

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 was disclosed in Note A to the financial statements. There were no component units included in the West Palm Beach Downtown Development Authority's financial statements.

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 West Palm Beach Downtown Development Authority 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 West Palm Beach Downtown Development Authority 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 West Palm Beach Downtown Development Authority. It is management's responsibility to monitor the West Palm Beach Downtown Development Authority'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. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

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

Property Assessed Clean Energy (PACE) Programs

A PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the West Palm Beach Downtown Development Authority's geographical boundaries during the fiscal year under audit.

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 West Palm Beach Downtown Development Authority reported the required information in the other information section on page 33.

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.

Single Audits

The West Palm Beach Downtown Development Authority expended less than \$750,000 of federal awards and less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2024, and was not required to have a federal single audit or a state single audit.

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.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
April 10, 2025



NOWLEN, HOLT & MINER, P.A.

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

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We have examined the West Palm Beach Downtown Development Authority's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2024. Management of the West Palm Beach Downtown Development Authority is responsible for the West Palm Beach Downtown Development Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the West Palm Beach Downtown Development Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the West Palm Beach Downtown Development Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the West Palm Beach Downtown Development Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination does not provide a legal determination on the West Palm Beach Downtown Development Authority's compliance with the specified requirements.

In our opinion, the West Palm Beach Downtown Development Authority complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2024.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, applicable management, and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
April 10, 2025