

**INDEPENDENT AUDITORS' REPORT  
AND  
SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**OCALA DOWNTOWN DEVELOPMENT  
DISTRICT  
OCALA, FLORIDA**

**SEPTEMBER 30, 2014**

**INDEPENDENT AUDITORS' REPORT  
AND  
SPECIAL PURPOSE  
FINANCIAL STATEMENTS**

**OCALA DOWNTOWN DEVELOPMENT  
DISTRICT  
OCALA, FLORIDA**

**SEPTEMBER 30, 2014**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council  
City of Ocala  
Ocala, Florida

### Report on the Financial Statements

We have audited the special purpose financial statements of the Ocala Downtown Development District (the District), as of and for the year ended September 30, 2014, and the related notes to the special purpose financial statements, which collectively comprises the District's special purpose financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2014, and its changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Mayor and City Council  
City of Ocala  
Ocala, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Emphasis of a Matter - Basis of Accounting**

As discussed in Note 1 to the special purpose financial statements, the special purpose financial statements referred to above have been prepared solely for the purpose of complying with the *Rules of the Auditor General* (the Rules), State of Florida. In conformity with the Rules, the accompanying special purpose financial statements are intended to present the financial position and changes in financial position of the District of the City of Ocala, Florida, that is attributable to the District. They do not purport to, and do not, present fairly the financial position of the City of Ocala as of September 30, 2014, and the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 MD&A and the budgetary comparison information, 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 MD&A and the budgetary comparison information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated April 15, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the City Council, City Management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



April 15, 2015  
Ocala, Florida

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OCALA DOWNTOWN DEVELOPMENT DISTRICT  
CITY OF OCALA, FLORIDA  
SEPTEMBER 30, 2014**

This supplement to the Independent Auditors' Report and Special Purpose Financial Statements has been developed in accordance with the Government Accounting Standards Board (GASB) Statement No. 34. It is intended to provide the readers of this report with a general overview of the financial activities of the Ocala Downtown Development District (the District). The District provides the following discussion and analysis of the District's financial activities for the fiscal year ended September 30, 2014. Management's Discussion and Analysis is designed to: (a) assist the reader to focus on significant financial issues; (b) provide an overview of the District's financial activities; (c) identify changes in the District's financial position; (d) identify material deviations from the financial plan; and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

**THE DOWNTOWN DEVELOPMENT DISTRICT**

The District was created under the laws of Florida, Chapter 67-1782, and Ordinance No. 266 of the City of Ocala (the City). The Governing Board of the District (the Board) is appointed by the Ocala City Council and, therefore, the City exercises significant influence over its operations and fiscal management. The District is considered a component unit for financial reporting purposes and is included as a blended special revenue fund within the City's overall basic financial statements. The District has been determined by the State of Florida to be an Independent District pursuant to the provisions of Florida Statutes, Section 200.001(8)(e) because it was established before the effective date of the 1968 Constitution and levy's taxes.

These special purpose financial statements are presented for the purpose of complying with state law, specifically Florida Statute, Section 218.39(h), which requires separate audited financial statements for Independent Special Districts that have revenues and expenditures between \$50,000 and \$100,000 and have not had a financial audit during the preceding two years.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$222,822.
- The District's fund balance decreased by \$31,137 as a result of 2014 operations.
- Revenues for fiscal year 2014 were \$81,683 while expenditures totaled \$102,820. In lieu of operating payments, transfers to the City's General Fund totaled \$10,000.
- For the period ended September 30, 2014, actual revenues exceeded budgeted revenues by \$16,728 while actual expenditures were \$18,231 less than budgeted expenditures.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OCALA DOWNTOWN DEVELOPMENT DISTRICT  
CITY OF OCALA, FLORIDA  
SEPTEMBER 30, 2014  
(Continued)**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**Governmental Funds**—*Governmental funds* are typically used to account for tax-supported (governmental) activities. 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 the District's financial strength. The District's expendable financial resources and the related liabilities are accounted for through a special revenue fund.

**Special Revenue Funds**—*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Restricted Fund Balance**—*Fund Balance* should be reported as Restricted when constraints placed on the use of resources such and enabling legislative, which authorizes the government to access, levy charge, or otherwise mandate payment of resources. All of the District's fund balance is considered Restricted.

The District requires an audit every three years. During the period from fiscal year 2011 through fiscal year 2014, fund balance has decreased from \$249,043 to \$222,821, a decrease of approximately 11%.

**DOWNTOWN DEVELOPMENT DISTRICT**

	<b>2011</b>	<b>2014</b>
<b>Revenues</b>		
Property Taxes	\$ 63,924	\$ 78,960
Investment Income	3,396	2,723
Miscellaneous	28,094	0
<b>Total Revenues</b>	95,414	81,683
<b>Expenditures</b>		
Current:		
Economic Environment	72,838	102,820
<b>Total Expenditures</b>	72,838	102,820
<b>Excess of Revenues Over Expenditures</b>	22,576	(21,137)
<b>Other Financing Sources (Uses)</b>		
Transfers to the City of Ocala - General Fund	(10,000)	(10,000)
<b>Net Changes in Fund Balances</b>	12,576	(31,137)
<b>Fund Balances, Beginning of Year</b>	236,467	253,959
<b>Fund Balances, End of Year</b>	\$ 249,043	\$ 222,822

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OCALA DOWNTOWN DEVELOPMENT DISTRICT  
CITY OF OCALA, FLORIDA  
SEPTEMBER 30, 2014  
(Continued)**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At the end of the current fiscal year, the District reported an ending fund balance of \$222,821, and a decrease of \$31,137 in comparison with the prior year. Other key financial elements include the following:

- Property taxes totaling \$78,960 represented approximately 97% of all revenues.
- The District's fund balance of \$222,821 is restricted for specific purposes and can only be expended in the Downtown Development District.
- The Ocala City Council determines and adopts the millage rate for the District and the property tax revenue is used specifically for promotion and enhancement of the downtown area. For fiscal year 2014, the millage rates have been set at the rolled-back rates listed below:

**FISCAL YEAR 2014 MILLAGES RATES**

District A	1.4966
District B	1.6332
District C	1.2825

An annual budget is prepared for the District. The budget amounts presented below are the originally adopted and the legally amended final budget for the year ended September 30, 2014. During 2014, City Council approved various supplemental budget appropriations to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of the fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles.

**DOWNTOWN DEVELOPMENT DISTRICT**

	<b>Original Budget</b>	<b>Final Budget</b>
<b>Revenue</b>		
Property Taxes	\$ 78,960	\$ 61,455
Investment Income	2,723	3,500
Miscellaneous	0	0
<b>Total Revenue</b>	81,683	64,955
<b>Expenditures</b>		
Current:		
Economic Environment	68,600	82,727
Capital Outlay	34,220	38,324
<b>Total Expenditures</b>	102,820	121,051
<b>Excess of Revenues Over Expenditures</b>	(21,137)	(56,096)
<b>Other Financing (Uses)</b>		
Transfers to the City of Ocala - General Fund	(10,000)	(10,000)
<b>Total Other Financing (Uses)</b>	(10,000)	(10,000)
<b>Net Change in Fund Balance</b>	(31,137)	(66,096)
<b>Fund Balance, Beginning of Year</b>	253,959	253,959
<b>Fund Balance, End of Year</b>	\$ 222,822	\$ 187,863

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
 Ocala Downtown Development District  
 City of Ocala, Florida  
 September 30, 2014  
 (Concluded)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The District’s capital assets, net of depreciation, totaled \$12,137. Capital assets include Land and Buildings, and Improvements.

The District had no major capital asset additions in fiscal year 2014.

At September 30, 2014, the District had no long-term debt.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

- The fiscal year 2014 budget has been prepared as the District continues on its prescribed path of embracing change, reform and a culture of discipline intended to achieve new elevations and heights in organizational effectiveness and fiscal reform.
- The fiscal year 2014 budget is balanced with no tax increases.
- The District’s \$40.6 million property value for fiscal year 2014 reflects a decrease of 1% from fiscal year 2013. In fiscal year 2014, the total ad valorem revenue anticipated for these three Districts is \$58,351 based on the following rolled-back millage rates:

**DOWNTOWN DEVELOPMENT DISTRICT  
 MILEAGE RATES**

	<b>2013</b>	<b>2014</b>	<b>% Change</b>
District A	1.5967	1.4966	-6.27%
District B	1.7013	1.6332	-4.00%
District C	1.2810	1.2825	0.12%

**REQUEST FOR INFORMATION**

This financial information is designed to present users with a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Office of Budget and Finance, Ocala City Hall, 110 SE Watula Avenue, Ocala, Florida 34471.



**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**BALANCE SHEET**  
**SEPTEMBER 31, 2014**  
**OCALA DOWNTOWN DEVELOPMENT DISTRICT - OCALA, FLORIDA**

	<u>2014</u>
<b>Assets</b>	
Equity in Pooled Cash and Investment Fund	\$ 227,484
Accrued Interest Receivable	465
Due from Other Governments	<u>747</u>
<b>Total Assets</b>	<u>228,696</u>
<b>Liabilities</b>	
Accounts Payable	<u>5,874</u>
<b>Fund Balances</b>	
Restricted for Downtown Development	<u>222,822</u>
<b>Total Fund Balances</b>	<u>222,822</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 228,696</u>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014,  
OCALA DOWNTOWN DEVELOPMENT DISTRICT - OCALA FLORIDA**

	<b>2014</b>
<b>Revenues</b>	
Property Taxes	\$ 78,960
Investment Income	2,723
<b>Total Revenues</b>	81,683
<b>Expenditures</b>	
Current:	
Economic Environment	102,820
<b>Total Expenditures</b>	102,820
<b>Excess of Revenues Over Expenditures</b>	(21,137)
<b>Other Financing Sources (Uses)</b>	
Transfers to the City of Ocala - General Fund	(10,000)
<b>Net Change in Fund Balance</b>	(31,137)
<b>Fund Balances, Beginning Year</b>	253,959
<b>Fund Balances, End of Year</b>	\$ 222,822

See accompanying notes.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
OCALA DOWNTOWN DEVELOPMENT DISTRICT  
OCALA, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the City of Ocala, Florida (the City) conform to generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies:

**Reporting Entity**

The Ocala Downtown Development District (the District) was created under the Laws of Florida, Chapter 67-1782, and Ordinance No. 266 of the City. The Governing Board of the District (the Board) is appointed by the Ocala City Council (the Council) and, therefore, the City exercises significant influence over its operations and fiscal management. The District is considered a component unit for financial reporting purposes and is included as a blended special revenue fund within the City's overall basic financial statements. The District has been determined by the State of Florida to be an Independent District pursuant to the provisions of Florida Statutes Section 200.001(8)(e) because it was established before the effective date of the 1968 State Constitution and levy's taxes.

**Special Purpose Financial Statements**

These special purpose financial statements are presented for the purpose of complying with state law, specifically Florida Statutes Section 218.39(h), which requires separate audited financial statements for Independent Special Districts that have revenues or expenditures between \$50,000 and \$100,000 and have not had a financial audit during the preceding two years. Because this is a special report prepared for regulatory purposes, it does not present entity-wide financial statements and management's discussion and analysis in accordance with Governmental Accounting Standards Board (GASB) Statements. All other relevant aspects of GASB Statements have been incorporated into this report.

Entity-wide financial statements are prepared at the City-wide level by the City and include the District. Copies of that report can be obtained from the City's Office of Budget and Finance.

**Basis of Presentation**

The financial transactions of the District are recorded in an individual special revenue fund.

■ **Description of Funds and Account Groups**

- **Governmental Fund Type**—Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through a special revenue fund. The measurement focus is upon determination of changes in financial position rather than upon net income determination.
- **Special Revenue Funds**—Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than the debt service or capital projects.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**OCALA DOWNTOWN DEVELOPMENT DISTRICT**  
**OCALA, FLORIDA**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Concluded)**

Governmental fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified below in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances.

*Nonspendable fund balance*—include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. Nonspendable in governmental fund types are for inventories and prepaid items.

*Restricted fund balance*—include amounts that can be spent only for the specific purposes stipulated by external resources providers either constitutionally or through enabling legislation. Examples include grants and impact fees.

*Committed fund balance*—include amounts that can be only used for the specific purpose determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

*Assigned fund balance*—comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that the resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned fund balance*—is the residual classification of the general fund only and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

**Measurement Focus**

Governmental fund types are accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. Reported fund balance (net current assets) is considered a measure of "available, spendable, or appropriable resources." Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**Basis of Accounting**

Governmental fund type revenues and expenditures are recognized on the modified accrual basis. This method recognizes revenues in the accounting period in which they become available and measurable. Expenditures are recognized in the period in which the fund liability is incurred (except unmatured interest on general long-term debt, which is recognized when due). Property taxes levied for the 2014 calendar year are not considered available at September 30, 2014, since a legally enforceable claim did not exist as of that date and those revenues are not collected in sufficient time thereafter to be used for fiscal 2014 expenditures.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**OCALA DOWNTOWN DEVELOPMENT DISTRICT**  
**OCALA, FLORIDA**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Budgetary Requirements**

An annual budget is prepared for all funds of the City, including the District. The budget amounts presented in the accompanying financial statements are as originally adopted, or as legally amended, by the City Council during the year ended September 30, 2014. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any budget amendments that alter the total expenditures of any fund must be approved by the City Council. During 2014, the City Council approved various supplemental budget appropriations to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles.

**Property Taxes**

Under Florida law, the assessment of all properties and the collection of all property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State of Florida regulating tax assessment are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit Independent Special Districts to levy property taxes at a rate of up to 10 mills.

The tax levy of the District is established by the City Council prior to October 1 of each year. The Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, independent districts, county, and school board tax requirements. The District is divided into three districts for tax levies. The fiscal year 2014 assessed tax rates for Districts A, B, and C were 1.4966, 1.6332, and 1.2825, respectively.

All property is reassessed according to fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State of Florida, Department of Revenue for review to determine if the rolls meet the requirements of Florida Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. 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.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Delinquent taxes on real property bear interest at 18% per year or as bid in a public sale of tax certificates. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property, or by the five-year statute of limitations.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
OCALA DOWNTOWN DEVELOPMENT DISTRICT  
OCALA, FLORIDA  
(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Property Taxes (Concluded)**

The Board does not accrue its portion of the County held tax sale certificates or personal property tax warrants because such amounts are not measurable and available as of the balance sheet date.

Key dates in the property tax cycle for the fiscal year ended September 30, 2014, are as follows:

Lien Date	January, 2013
Certification of Taxable Value	July 1, 2013
Final Public Hearing to Adopt Proposed Millage	September 17, 2013
Certification of Final Taxable Value	October 9, 2013
Beginning of Fiscal Year for Tax Assessment	October, 2013
Tax Bills Rendered	November 1, 2013
Property Taxes Due by:	
Maximum Discount	November 30, 2013
Due Date	March 31, 2014
Delinquent After	April 1, 2014
Tax Certificates for Delinquent Taxes by	May 31, 2014

**Equity in Pooled Cash and Investments**

The City maintains a pooled cash fund, which allows the various funds, including the District, to pool monies for investment purposes. The City maintains records to identify the equity of each fund investing in the pool as well as amounts borrowed from the pool. Investments earnings of the pool are recorded as earned and are allocated to the participating funds based on the respective funds average daily balance. The equity in pooled cash consists of cash, U.S. treasuries, federal instrumentalities, commercial paper, and money market funds.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the statement of net assets of the City - capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The District capitalizes major expenditures for additions and improvements. Expenditures for maintenance and repairs are charged to operating expenses.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land	0
Buildings and Improvements	30

**Transfers**

The District makes monthly transfers to the general fund to help augment the additional maintenance from public works above the normal performance provided for the City.

**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**OCALA DOWNTOWN DEVELOPMENT DISTRICT**  
**OCALA, FLORIDA**  
*(Concluded)*

**Note 2 - Cash and Equity in Pooled Cash and Investments**

**Cash and Cash Equivalents**

At September 30, 2014, the carrying amount of the District's cash deposits was \$227,484. These funds are part of the City's pooled cash funds. The pooled cash and investments of the City consist of cash, U.S. treasuries, federal instrumentalities, commercial paper, and money market funds. The City's cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes. The City maintains an investment policy managing pooled cash and investments. Further information on the City's pooled cash and investments can be found in the notes to the annual financial statements of the City.

**Note 3 - Capital Assets**

Land, buildings, improvements, and tangible personal property of the District are reported as capital assets in the statement of net assets as part of the basic financial statements of the City. Upon acquisition, such assets are recorded as expenditures in the special revenue fund of the District and capitalized at cost in the capital asset accounts of the City.

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
<b>Capital Asset, Not Being Depreciated</b>				
Land	\$ 43,712	\$ 0	\$ 31,575	\$ 12,137
<b>Capital Assets, Being Depreciated</b>				
Buildings and Improvements	6,588	0	0	6,588
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	(6,588)	0	0	(6,588)
<b>Total Capital Assets Being Depreciated, Net</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Capital Assets, Net</b>	<u>\$ 43,712</u>	<u>\$ 0</u>	<u>\$ 31,575</u>	<u>\$ 12,137</u>



**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
OCALA DOWNTOWN DEVELOPMENT DISTRICT - OCALA, FLORIDA**

	<b>Original and Final and Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Property Taxes	\$ 61,455	\$ 78,960	\$ 17,505
Investment Income	3,500	2,723	(777)
<b>Total Revenues</b>	<u>64,955</u>	<u>81,683</u>	<u>16,728</u>
<b>Expenditures</b>			
Current:			
Economic Environment	82,727	68,600	14,127
Capital Outlay	38,324	34,220	4,104
<b>Total Expenditures</b>	<u>121,051</u>	<u>102,820</u>	<u>18,231</u>
<b>Excess of Revenues Over Expenditures</b>	(56,096)	(21,137)	34,959
<b>Other Financing Sources (Uses)</b>			
Transfers to the City of Ocala - General Fund	(10,000)	(10,000)	0
<b>Net Change in Fund Balance</b>	(66,096)	(31,137)	34,959
<b>Fund Balances, Beginning of Year</b>	<u>253,958</u>	<u>253,958</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 187,862</u>	<u>\$222,821</u>	<u>\$ 34,959</u>

## **OTHER REPORTS**

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

The Honorable Mayor and City Council  
City of Ocala  
Ocala, Florida

We have audited, 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, the special purpose financial statements of the Ocala Downtown Development District (the District), as of and for the year ended September 30, 2014, and the related notes to the special purpose financial statements, which collectively comprise the District's special purpose financial statements and have issued our report thereon dated April 15, 2015, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness on the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 on the District's special purpose 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we would consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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The Honorable Mayor and City Council  
City of Ocala  
Ocala, Florida

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with such 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 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 City'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Purvis, Gray and Company, LLP*

April 15, 2015  
Ocala, Florida

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## MANAGEMENT LETTER

The Honorable Members of the City Council  
City of Ocala  
Ocala, Florida

### Report on the Financial Statements

We have audited, 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, the special purpose financial statements of the Ocala Downtown Development District (the District) as of and for the year ended September 30, 2014, and the related notes to the special purpose financial statements, which collectively comprise the District's special purpose financial statements and have issued our report thereon dated April 15, 2015, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

### Auditors' Responsibility

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

### Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditors' Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports, which are dated April 15, 2015, should be considered in conjunction with this Management Letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government be disclosed in the Management Letter, unless disclosed in the notes to the financial statements (see Note 1 of the District's special purpose financial statements as of and for the year ended September 30, 2014, for this information).

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The Honorable Members of the City Council  
City of Ocala  
Ocala, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Financial Condition**

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

**Annual Financial Report**

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the City of Ocala, which includes the District, for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

**Other Matters**

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the Management Letter any recommendations to improve financial management. In connection with our audit, we had no such recommendations.

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

**Purpose of this Letter**

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, accompanying reports, or other matters.



April 15, 2015  
Ocala, Florida

**INDEPENDENT ACCOUNTANTS' REPORT**

The Honorable Members of the City Council  
City of Ocala  
Ocala, Florida

**Report on Compliance**

We have examined the Ocala Downtown Development District (the District)'s compliance with requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*.

**Management's Responsibility**

Management is responsible for the District's compliance with those requirements.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the District's compliance based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, including examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specific requirements.

**Opinion**

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

**Restriction on Use**

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the City Council Members and applicable management, and is not intended to be and should not be used by anyone other than those specified parties.

*Purvis, Gray and Company, LLP*

April 15, 2015  
Ocala, Florida

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