

**BRADENTON DOWNTOWN
DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES**

COMBINED FINANCIAL STATEMENTS

Year Ended September 30, 2008

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bradenton Downtown Development Authority/
Community Redevelopment Agencies
Bradenton, Florida

We have audited the accompanying combined financial statements of the governmental activities and each major fund (the general fund) of the Bradenton Downtown Development Authority/Community Redevelopment Agencies as of and for the year ended September 30, 2008, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bradenton Downtown Development Authority/Community Redevelopment Agencies' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund (the general fund) as of September 30, 2008, and the respective changes in financial position and budgetary comparison information thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2009, on our consideration of the Bradenton Downtown Development Authority/Community Redevelopment Agencies' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

The management's discussion and analysis beginning on page 3 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bradenton Downtown Development Authority/Community Redevelopment Agencies' basic financial statements. The combining balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. These combining statements have been subjected to the auditing procedures and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

CPA Associates

Bradenton, Florida
March 17, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2008

(Unaudited)

The following pages represent the Management's Discussion and Analysis (MD&A) for the combined financial statements of the Bradenton Downtown Development Authorities/Community Redevelopment Agencies (DDA/CRA). It depicts and reviews the financial picture and activities as of September 30, 2008.

The intent of this MD&A is to present a picture and assessment of the special district's financial performance in an effort to more clearly demonstrate to readers the results of this year's financial operation. Readers should review this MD&A along with the basic financial statements and notes also enclosed.

Using the Financial Statements

This financial report includes a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand the Bradenton Downtown Development Authority/Community Redevelopment Agencies as a financial whole, or as an entire operating entity.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the DDA/CRA as a whole, presenting both an aggregate view of the Authority's finances and a longer-term view of those finances. The General Fund statements provide more detail. These statements show how services were financed in the short-term as well as what financial resources remain for future spending. The additional combining statements present information between the Bradenton and the 14th Street Agencies.

Financial Highlights

- **Net Assets** increased by \$983,309 from \$3,763,931 at the beginning of the year to \$4,747,240 for the year ended September 30, 2008. This net change relates to the following items:

	Increase (Decrease)
Cash	\$ 360,747
Issuance costs	10,877
Capital assets (net)	7,430
Accounts and commitments payable	516,391
Noncurrent liabilities	87,864

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2008

(Unaudited)

-
- **Total Assets** increased at the end of the reporting year by \$379,054. Total assets recorded at the end of last year were \$6,535,493 and this reporting period ended with \$6,914,547. This change is attributed to the following elements:

	Increase (Decrease)
Cash	\$ 360,747
Issuance costs	10,877
Capital assets (net)	7,430

The increase in cash is due to tax increment revenues and investment earnings being greater than General Fund expenditures and payments on accounts and commitment payable. The increase in capital assets resulted from the acquisition of office furniture, less depreciation of \$1,874.

- **Total Liabilities** decreased by \$604,255 from \$2,771,562 to \$2,167,307 due to the following items:

	Increase (Decrease)
Non-current liability principal payments	\$ (87,864)
Accounts and commitments payable	(516,391)

Existing non-current liabilities decreased with the repayment of scheduled principal repayments associated with the loans. Accounts and commitments payable have decreased due to increases in project activity payments.

- **Total Revenues** Decreased by \$211,215, from \$3,562,062 to \$3,350,847. The decrease is attributed to the following:

	Increase (Decrease)
Tax increment revenues	\$ (142,955)
Investment earnings	(68,260)

The tax increment revenues decreased due to a decrease in the tax base for the Authority's respective target areas. Investment income decreased due to lower interest rates received on various money market accounts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2008

(Unaudited)

- **Total General Fund Expenditures** increased by \$1,097,649 from \$3,440,360 to \$4,538,009 primarily due to the following:

	Increase (Decrease)
Administrative costs	\$ (19,514)
Accounting and legal fees	5,408
Debt service	952,109
Project costs	156,343
Payroll costs	300
Capital outlay	3,003

General Fund Budget Comparison: During the fiscal year the Authority's Board of Directors prepared an original budget that was approved at the August 28, 2007, monthly board meeting. A statement showing the Authority's original and final budgets are presented in the financial statements.

Capital Asset and Long Term Debt Administration

- **Capital Assets**

At September 30, 2008, the Bradenton Downtown Development Authority/Community Redevelopment Agencies primarily invested in real property acquired for resale at a cost of \$2,325,694, with some office equipment at a cost of \$20,244. Total capital assets of \$2,332,112 are net of accumulated depreciation of \$13,826.

Current depreciation expense of \$1,874 was recognized in 2008.

- **Long-Term Debt**

At September 30, 2008, the Bradenton Downtown Development Authority/Community Redevelopment Agencies had two outstanding loans totaling \$2,033,942. The Promissory Note, 2008, with a balance of \$333,942, is being repaid in monthly installments, with interest at the rate of 4.70%, and the balance due on May 6, 2009. A Promissory Note for \$1,700,000 is due on May 6, 2009, with monthly interest rate of 4.70%. The Promissory Note series 2004 and the Promissory Note 2005 were both repaid during 2008. All debt issues are secured by the Tax Increment Revenues of the Authority.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2008

(Unaudited)

Economic Factors and Next Year's Budget:

Bradenton CRA:

The Authority elected to focus its capital resources within the Bradenton CRA, specifically on the implementation of the Realize Bradenton-Cultural Master plan implementation as well as the Downtown Mobility Study implementation. Both of these plans are in draft form and will soon be coming up for approval. There are many components to these plans that will be implemented during this fiscal year.

Plans include public space and parks improvements, streetscape and events management.

14th Street CRA:

The Authority elected to focus its capital resources within the 14th Street CRA, specifically in the Tamiami Trail Corridor or the Urban Core District. Intersection improvements along the corridor including traffic calming imprint pavers with new curbing. It is the desire of the Authority to continue with the implementation of the Tamiami Trail Revitalization Strategy Plan improvements to this area including gateways for the Village of the Arts as well as the next phase of the Ballard Park streetscape project. The Authority will be involved with developers/investors for properties purchased for resale and development along the Tamiami Trail.

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
COMBINED STATEMENT OF NET ASSETS
September 30, 2008

ASSETS

Cash	\$ 4,571,558
Issuance costs (net of accumulated amortization)	10,877
Capital assets (net of accumulated depreciation)	
Property and equipment	<u>2,332,112</u>
Total assets	6,914,547

LIABILITIES

Accounts and commitments payable	133,366
Noncurrent liabilities	
Due within one year	2,033,942
Due in more than one year	<u>--</u>
Total noncurrent liabilities	<u>2,033,942</u>
Total liabilities	<u>2,167,308</u>
Net assets	
Invested in capital assets, net of related debt	632,112
Unrestricted	<u>4,115,127</u>
Total net assets	<u><u>\$ 4,747,239</u></u>

See notes to financial statements.

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
COMBINED STATEMENT OF ACTIVITIES
Year Ended September 30, 2008

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Assets of the Primary Government</u>
Function/programs of primary government					
Governmental activities					
Bradenton Community Redevelopment Agency	\$ 2,052,637	--	--	--	(2,052,637)
14th Street Community Redevelopment Agency	277,766	--	--	--	(277,766)
Interest on long-term debt	37,136	--	--	--	(37,136)
Total governmental activities of the primary government	<u>\$ 2,367,539</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(2,367,539)</u>
General revenues					
Tax increment revenues - Bradenton Community Redevelopment Agency					2,282,671
Tax increment revenues - 14th Street Community Redevelopment Agency					877,764
Investment earnings					<u>190,412</u>
Total general revenues					<u>3,350,847</u>
Change in net assets					983,308
Net assets - beginning					<u>3,763,931</u>
Net assets - ending					<u>\$ 4,747,239</u>

See notes to financial statements.

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS - GENERAL FUND
(With comparative totals for 2007)

	September 30,	
	2008	2007
ASSETS		
Cash	\$ 4,571,558	4,210,811
Total assets	\$ 4,571,558	4,210,811
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts and commitments payable	\$ 133,366	649,757
Fund balance		
Fund balance, Unreserved	4,438,192	3,561,054
Total liabilities and fund balance	\$ 4,571,558	4,210,811
Fund balance, above	\$ 4,438,192	
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.	2,332,112	
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	10,877	
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,033,942)	
Net assets of governmental activities, page 7	\$ 4,747,239	

See notes to financial statements.

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
GOVERNMENTAL FUNDS - GENERAL FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended September 30, 2008
(With comparative totals for 2007)

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2007 Actual
Revenues					
Tax increment revenues	\$ 3,218,545	3,218,545	3,160,435	(58,110)	3,303,391
Interest	100,000	100,000	190,412	90,412	258,671
Other	3,741,107	1,431,757	--	(1,431,757)	--
Total revenues	7,059,652	4,750,302	3,350,847	(1,399,455)	3,562,062
Expenditures					
Accounting and legal fees	21,000	21,000	25,554	(4,554)	20,146
Administrative costs	133,508	133,508	37,751	95,757	57,265
Capital outlay	50,000	50,000	10,000	40,000	6,997
Debt service	950,000	825,000	2,314,811	(1,489,811)	1,362,702
Project costs	5,745,464	5,625,414	1,990,095	3,635,319	1,833,752
Payroll costs	159,680	159,680	159,798	(118)	159,498
Total expenditures	7,059,652	6,814,602	4,538,009	2,276,593	3,440,360
Excess of revenues over (under) expenditures	--	(2,064,300)	(1,187,162)	877,138	121,702
Other financing sources					
14th Street CRA debt proceeds	--	2,064,300	2,064,300	--	--
Excess of revenues and other sources over expenditures	--	--	877,138	877,138	121,702
Fund balance - October 1	3,561,054	3,561,054	3,561,054	--	3,439,352
Fund balance - September 30	<u>\$ 3,561,054</u>	<u>3,561,054</u>	<u>4,438,192</u>	<u>877,138</u>	<u>3,561,054</u>

Excess of revenues over (under) expenditures - above \$ 877,138
Amounts reported for governmental activities in the statement of activities (Page 7) are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$10,000) exceeded depreciation (\$1,874) and the loss on asset disposition (\$696) in the current period. 7,430

The issuance of long-term debt (e.g. notes) provides current financial resources to governmental funds (\$2,064,300), while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any net effect on net assets. Also, governmental funds report the effect of issuance costs (\$18,646), premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized (\$7,769) in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt, with \$2,152,164 of principal repayments. 98,740

Change in net assets of governmental activities (Page 8) \$ 983,308

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements of the Bradenton Downtown Development Authority/Community Redevelopment Agencies (DDA/CRA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity: There are three separate entities included in this financial report, as follows:

1. Bradenton Downtown Development Authority (DDA) is a dependent special district created by Special Legislative Act 74-245 in 1974. The Authority will sunset in 45 years from the date it was created. City Ordinance No. 2219, May 29, 1980, designated the DDA to serve as the Bradenton Community Redevelopment Agency (CRA) for the City of Bradenton. City Ordinance No. 2504, November 24, 1993, designated the DDA to serve as the 14th Street Community Redevelopment Authority (14th Street CRA). It was found and declared that there exists a state of slum and blighted areas in some areas of the City. It further found that certain slum or blighted areas, or portions thereof, may require acquisition, clearance, and disposition subject to use restrictions. The DDA has taxing authority to tax or appropriate funds to a redevelopment trust fund in order to preserve and enhance the tax base of the authority and to promote economic redevelopment of a targeted area. The taxing authority of the DDA via establishment of a "Special Taxing District" has not been created.
2. City Resolution 79-55 dated November 1979, pursuant to Florida Statute 163.367, created the Bradenton Community Redevelopment Agency (CRA), a dependent special district, with a Base Year established as 1980, with an original sunset date of December 31, 2010 that has been extended with Resolution 08-39 through June 2038. The purpose of the Bradenton CRA is to encourage, support, and provide economic redevelopment of designated areas in the downtown section of the City. Promoting new development, new business, and adding to the employee base are several areas of concentration for the CRA efforts.
3. The 14th Street CRA is a dependent special district created by City Resolution 93-62 on October 27, 1993. The 14th Street CRA was originally scheduled to sunset in 2013, however, Resolution 08-38 has extended the term through June 2038. It was also created to eliminate slum and blight in the 14th Street West corridor and surrounding neighborhoods. The Village of the Arts has developed into one of the most recognized concentrations of art galleries and studios artist neighbors in the state. Its formation is now copied by several other cities in the state and other areas.

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Bradenton City Council, thru Ordinance 2468 passed in September 1991, has appointed the Bradenton Downtown Development Authority as the respective Community Redevelopment Agencies of the City. Therefore, all three entities have the same Board of Directors. The City of Bradenton Council places the following restrictions on the three dependent special districts:

1. Any agreement to fund a grant or request for funds or approval of any projects by the DDA acting as the DDA/CRA may be rescinded within thirty (30) days by a four/fifths (4/5) vote of the City Council. The Mayor may veto any rescinding action by the City Council. This veto, however, may be overridden by a four/fifths (4/5) vote of the City Council.
2. No formal action taken by the DDA/CRA Board shall be considered final nor shall any party have any right to rely on such act or acts or grants until the period of time for the rescinding action by the City Council has passed (30 days) or until the City Council has firmly expressed its approval of the action of the DDA/CRA.
3. The annual budget of the DDA/CRA shall be considered final after approval by the City Council or after thirty (30) days has elapsed from the period of time said budget is passed by the DDA/CRA Board.

In addition to the above, the Mayor appoints members to the DDA/CRA, ratified by the City Council, and the City provides funding via ad valorem tax related to the 1980 base year (Bradenton) and the 1993 base year (14th Street), on an annual basis to the DDA/CRA.

Based on the above factors, the City of Bradenton exercises financial accountability over the DDA/CRA and therefore it is considered a component unit of the City as defined by GAAP. The financial statements of the DDA/CRA are also included as a part of the City's Comprehensive Annual Financial Report.

The Bradenton Downtown Development Authority is an administrative unit only, with no assets, liabilities, equity, revenues or expenses/expenditures as of and for the year ended September 30, 2008.

The DDA/CRA is currently occupying office space at Bradenton City Hall.

As the DDA/CRA is an instrumentality of the State of Florida, it is exempt from federal income tax.

There is no component units for which the DDA/CRA is financially accountable.

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. The DDA/CRA has only governmental activities, which are supported by taxes and intergovernmental revenues, and are reported in the general fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The DDA/CRA has only governmental activities, which are reported in the entity's general fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government reports the following major (and only) governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services or privileges provided. (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Budgets and Budgetary Accounting: Preliminary budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America and are presented to the DDA/CRA's Board of Directors. Public hearings are conducted by the DDA/CRA to obtain taxpayer comments. The DDA/CRA Board of Directors approves the budget in September followed by approval from the Bradenton City Council.

No expenditures in excess of total fund appropriations are allowable without Board of Director approval. The Board may legally amend the budget. Budget appropriations lapse at year end. Commitments that are authorized and approved by the Board are included as liabilities and project expenditures in the period committed.

Cash: Cash includes amounts on deposit in various checking and money market accounts. Funds on deposit are insured by the Federal Deposit Insurance Corporation or are fully collateralized as required by Chapter 280 of the Florida Statutes.

Capital Assets: Capital assets of the DDA/CRA include property and equipment, and are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment is being depreciated using the straight line method over the estimated useful lives, currently ranging from three to seven years for equipment. Property (land) is not depreciated.

Long-Term Obligations: In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net assets. Future bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds and notes using the effective interest method. Bonds and notes payable will be reported net of the applicable bond and note premium or discount. Future bond and note issuance costs will be reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond and note premiums and discounts, as well as bond and note issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications: Comparative total data for the prior year have been presented only for the general fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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

NOTE B – COMMITMENTS

Manatee County Administrative Complex: The minimum funding commitment by the DDA/CRA for the Manatee County Administrative Complex is \$400,000 annually. As the percent of the tax increment returned to the County has reached 100%, and there are no longer any "prior obligations," the amount to be paid to the County is equal to the amount remitted by the County to the DDA as the tax increment payment. This tax increment payment will continue to be paid to the County for as long as the Manatee County, Florida Community Redevelopment Revenue Bonds, Series 1987, remain outstanding.

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balances</u>
Property purchased for resale	\$ 2,316,169	10,000	(475)	2,325,694
Office equipment	13,307	--	(5,024)	8,283
Furniture	13,291	--	(1,330)	11,961
	<u>2,342,767</u>	<u>10,000</u>	<u>(6,829)</u>	<u>2,345,938</u>
Less accumulated depreciation				
Office equipment	(10,345)	(610)	4,803	(6,152)
Furniture	(7,740)	(1,264)	1,330	(7,674)
	<u>(18,085)</u>	<u>(1,874)</u>	<u>6,133</u>	<u>(13,826)</u>
Net capital assets	<u>\$ 2,324,682</u>	<u>8,126</u>	<u>(696)</u>	<u>2,332,112</u>

NOTE D – TAX INCREMENT REVENUES

In accordance with Florida Statutes Chapter 163 and various adopted special legislative acts, Redevelopment Trust Funds have been established by the Bradenton City Council to fund the activities of the DDA/CRA within each redevelopment area. These trust funds receive tax increment revenues (defined as 95% of the difference between the current ad valorem millage rate applied to the real base year property assessed values within the redevelopment area and the current rate applied to the "frozen" level of aggregate property assessments, established at the adoption of the authorizing ordinance of the trust fund) from both the City of Bradenton and Manatee County, Florida. Trust fund money may only be used in the redevelopment area that produced the tax increment revenues.

For the fiscal year ended September 30, 2008, the DDA/CRA received \$1,248,488 from the City of Bradenton and \$1,911,947 from Manatee County.

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE E – PROJECT COSTS

The following schedule shows the project costs of the DDA/CRA incurred during the year ended September 30, 2008, reflecting budgeted amounts, actual expenditures, and the variance:

	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
Manatee County Building	\$ 1,415,941	1,415,941	--
Ballard Neighborhood	75,000	40,116	34,884
Intersection improvement	75,000	40,867	34,133
Streetscape and landscape	717,500	471,403	246,097
Other CRA projects	<u>3,341,973</u>	<u>21,768</u>	<u>3,320,205</u>
Total project costs	<u>\$ 5,625,414</u>	<u>1,990,095</u>	<u>3,635,319</u>

NOTE F – GENERAL LONG-TERM DEBT

Following is a summary of the activity and terms of the DDA/CRA's long-term debt as of and for the year ended September 30, 2008:

	Promissory Note Series 2004	Promissory Note 2005	Promissory Note 2008	Promissory Note 2008	<u>Totals</u>
Balance 10-1-07	\$ 421,806	1,700,000	--	--	2,121,806
Additional borrowings	--	--	364,300	1,700,000	2,064,300
Principal repayments	<u>(421,806)</u>	<u>(1,700,000)</u>	<u>(30,358)</u>	<u>--</u>	<u>(2,152,164)</u>
Balance 9-30-08	<u>\$ --</u>	<u>--</u>	<u>333,942</u>	<u>1,700,000</u>	<u>2,033,942</u>

LONG-TERM BONDS AND NOTES

\$750,000 14th Street Community Redevelopment Agency of the City of Bradenton, Florida, Acting as the City of Bradenton, Florida Community Redevelopment Agency Promissory Note, Series 2004, due in monthly principal installments of \$10,246 beginning March 29, 2004 through February 29, 2011; interest accrued at the rate of 3.95%. The note and interest are payable from and secured by a pledge of and lien upon the tax increment revenues derived from taxing authorities from taxable property within the Redevelopment Area. These amounts were refinanced through Whitney Bank on May 6, 2008.

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE F – GENERAL LONG-TERM DEBT (CONTINUED)

\$364,300 14th Street Community Redevelopment Agency of the City of Bradenton, Florida, Acting as the City of Bradenton, Florida Community Redevelopment Agency Promissory Note 2008, due in monthly principal installments of \$7,590 beginning June 6, 2008 through May 6, 2009; interest accrued at the current rate of 4.70%. The note and interest are payable from and secured by a pledge of and lien upon the tax increment revenues derived from taxing authorities from taxable property within the Redevelopment Area.

\$1,700,000 14th Street Community Redevelopment Agency Promissory Note 2005, due on December 29, 2007, with quarterly interest payments due in March, June, September and December at the prime rate, currently at 7.75%. The note is secured by property purchased with the proceeds. These amounts were refinanced through Whitney Bank on May 6, 2008.

\$1,700,000 14th Street Community Redevelopment Agency Promissory Note 2008, due on May 6, 2009, with monthly interest payments beginning June 6, 2008, due at the current prime rate of 4.70%. The note is secured by real property owned by the DDA/CRA and lien upon the tax increment revenues derived from taxing authorities from taxable property within the Redevelopment Area.

\$3,000,000 14th Street Community Redevelopment Agency Line of Credit, due May 6, 2009, with monthly interest payable at the current rate of 4.70%, secured by real property owned by the DDA/CRA and lien upon the tax increment revenues derived from taxing authorities from taxable property within the Redevelopment Area. No funds were drawn from this line of credit during the 2008 fiscal year.

\$2,000,000 14th Street Community Redevelopment Agency Line of Credit, due May 6, 2009, with monthly interest payable at the current rate of 4.70%, secured by real property owned by the DDA/CRA and lien upon the tax increment revenues derived from taxing authorities from taxable property within the Redevelopment Area. No funds were drawn from this line of credit during the 2008 fiscal year.

The following schedule shows the annual requirements for general long-term debt of DDA/CRA funds as of September 30, 2008:

<u>Fiscal Year</u>	<u>Total Repayment</u>	<u>Total Principal</u>	<u>Total Interest</u>
9/30/2009	\$ <u>2,090,445</u>	<u>2,033,942</u>	<u>56,503</u>
Totals	\$ <u><u>2,090,445</u></u>	<u><u>2,033,942</u></u>	<u><u>56,503</u></u>

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE G – FLORIDA RETIREMENT SYSTEM

The executive director of the DDA/CRA and his assistant are participants in the Florida Retirement System, "The System," a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 650,000 full-time employees of various governmental units within the State of Florida.

The System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to this retirement system. There is a Deferred Retirement Option Program available to certain members.

The DDA/CRA has no responsibility to the System other than to make the periodic payments required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates are applied to regular employee salaries at a rate of 9.85%. The DDA/CRA's contributions made during the years ended September 30, 2008, 2007 and 2006, were \$12,055, \$11,919 and \$8,021, respectively, equal to the actuarially determined contribution requirements for each year. The DDA/CRA has determined, in accordance with GASB Statement No. 27, that there was no pension liability before or at transition.

COMBINING FINANCIAL STATEMENTS
FOR THE GENERAL FUND

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
COMBINING BALANCE SHEET
GENERAL FUND
September 30, 2008

	Bradenton Community Redevelopment Agency	14th Street Community Redevelopment Agency	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 3,047,499	1,524,059	4,571,558
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 3,047,499	1,524,059	4,571,558
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts and commitments payable	\$ 104,648	28,718	133,366
Fund balance			
Unrestricted	2,942,851	1,495,341	4,438,192
	<u> </u>	<u> </u>	<u> </u>
Liabilities and fund balance	\$ 3,047,499	1,524,059	4,571,558
	<u> </u>	<u> </u>	<u> </u>

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY/
COMMUNITY REDEVELOPMENT AGENCIES
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Year Ended September 30, 2008

	Bradenton Community Redevelopment Agency	14th Street Community Redevelopment Agency	Totals
Revenues			
Tax increment revenues	\$ 2,282,671	877,764	3,160,435
Interest	134,490	55,922	190,412
Total revenues	2,417,161	933,686	3,350,847
Expenditures			
Accounting and legal fees	13,600	11,954	25,554
Administrative costs	19,330	18,421	37,751
Debt service	--	2,314,811	2,314,811
Project costs	1,915,605	74,490	1,990,095
Payroll costs	101,530	58,268	159,798
Capital outlay	--	10,000	10,000
Total expenditures	2,050,065	2,487,944	4,538,009
Excess of revenues over expenditures	367,096	(1,554,258)	(1,187,162)
Other financing sources			
Proceeds from long-term debt	--	2,064,300	2,064,300
Excess of revenues and other financing sources over expenditures	367,096	510,042	877,138
Fund balance - October 1, 2007	2,575,755	985,299	3,561,054
Fund balance - September 30, 2008	\$ 2,942,851	1,495,341	4,438,192

OTHER REPORTS



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

Board of Directors
Bradenton Downtown Development Authority/
Community Redevelopment Agencies
Bradenton, Florida

We have audited the financial statements of the governmental activities and each major fund of Bradenton Downtown Development Authority/Community Redevelopment Agencies ("DDA/CCRA") as of and for the year ended September 30, 2008, and issued our report thereon dated March 17, 2009. These financial statements were prepared in accordance with Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits*. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the DDA/CCRA's internal control over financial reporting as a basis for designing our auditing procedures 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 DDA/CCRA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the DDA/CCRA's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DDA/CCRA's 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 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*.

Other matters were reported to management of the DDA/CCRA in a separate letter dated March 17, 2009.

This report is intended solely for the information and use of management and applicable state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

CPA Associates

Bradenton, Florida
March 17, 2009



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Directors
Bradenton Downtown Development Authority/Community Redevelopment Agencies
Bradenton, Florida

We have audited the financial statements of the Bradenton Downtown Development Authority/Community Redevelopment Agencies, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated March 17, 2009.

We conducted our audit in accordance with United States Generally Accepted Auditing Standards and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Compliance and Internal Control over financial reporting. Disclosures in that report, which is dated March 17, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the state of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(i)1.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations in the preceding annual financial audit.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.), the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Bradenton Downtown Development Authority/Community Redevelopment Agencies complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3.) require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

The Rules of the Auditor General (Section 10.554(1) (i)4.) requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(i)5.) provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e. g. the omission of required disclosures from the annual statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(i)6.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Bradenton Downtown Development Authority/Community Redevelopment Agencies disclosed the required information in the footnotes to the financial statements.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.a.), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes and identification of the specific condition met. In connection with our audit, we determined that the Bradenton Downtown Development Authority/Community Redevelopment Agencies did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b.), we determined that the annual financial report for the Bradenton Downtown Development Authority/Community Redevelopment Agencies for the fiscal year ended September 30, 2008, 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, 2008.

As required by the Rules of the Auditor General (Sections 10.554(i)7.c. and 10.556(7)), we applied financial assessment procedures as of and for the year ended September 30, 2008. It is management's responsibility to monitor the entity'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. No findings were noted in this regard.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information of the Bradenton Downtown Development Authority/Community Redevelopment Agencies and management, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

CPA Associates

Bradenton, Florida
March 17, 2009