

Downtown Development Authority of the
City of Fort Lauderdale, Florida

Basic Financial Statements
For the Year Ended September 30, 2020



Downtown Development Authority of the City of Fort Lauderdale, Florida

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Downtown Development Authority
of the City of Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Downtown Development Authority of the City of Fort Lauderdale, Florida (the "Authority"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

CPA's + Trusted Advisors

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of September 30, 2020, and the respective changes in financial position and respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2021, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 19, 2021

Our discussion and analysis of Downtown Development Authority of the City of Fort Lauderdale, Florida's (the "Authority") financial performance provides an overview of the Authority's financial activities for the year ended September 30, 2020 and 2019. Please read it in conjunction with the Authority's financial statements, which immediately follow this discussion.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2020:

- The Authority's total government-wide liabilities exceeded its assets at September 30, 2020 by \$ 1,952,069.
- The Authority's total government-wide revenues were \$ 2,514,750; \$ 1,680,023 from ad-valorem taxes, \$ 135,456 from charges for services, \$ 686,398 from grants and contributions, and \$ 12,873 from investment income. The Authority's government-wide expenses for the year were \$ 2,195,907. The net change (revenue after expense) was \$ 318,843.

Overview of the Financial Statements

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

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

The statement of net position presents information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority has only one fund type: governmental funds.

Downtown Development Authority of the City of Fort Lauderdale, Florida
Management's Discussion and Analysis
September 30, 2020

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 10 through 14 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 15 through 24 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net position as of September 30, 2020 and 2019.

Downtown Development Authority of the City of Fort Lauderdale, Florida
Statement of Net Position (Deficit)

	<u>2020</u>	<u>2019</u>
Assets:		
Current and other assets	\$ 894,258	\$ 874,955
Capital assets, net	<u>2,293,559</u>	<u>2,357,618</u>
Total assets	<u>3,187,817</u>	<u>3,232,573</u>
Liabilities:		
Other liabilities	609,299	644,511
Long-term liabilities	<u>4,530,587</u>	<u>4,858,974</u>
Total liabilities	<u>5,139,886</u>	<u>5,503,485</u>
Net Position:		
Net investment in capital assets	2,386,809	2,357,618
Restricted	95,661	108,185
Unrestricted (deficit)	<u>(4,434,539)</u>	<u>(4,736,715)</u>
Total net position (deficit)	<u>\$ (1,952,069)</u>	<u>\$ (2,270,912)</u>

Downtown Development Authority of the City of Fort Lauderdale, Florida
Management's Discussion and Analysis
September 30, 2020

Governmental Activities: Governmental activities for the year ended September 30, 2020 increased the Authority's net position by \$ 318,843, as reflected in the table below:

Downtown Development Authority of the City of Fort Lauderdale, Florida
Statement of Activities

	2020	2019
Revenues:		
General revenue:		
Ad-valorem taxes	\$ 1,680,023	\$ 1,599,312
Grants and contributions	686,398	196,949
Charges for services	135,456	295,978
Investment income	12,873	95,902
Miscellaneous	-	96
	<u>2,514,750</u>	<u>2,188,237</u>
Total revenues		
Expenses:		
Physical environment	880,374	300,862
General government	1,043,941	1,120,833
Interest and other debt service	271,592	284,596
	<u>2,195,907</u>	<u>1,706,291</u>
Total expenses		
Change in net position	318,843	481,946
Net Position (Deficit), Beginning of Year	<u>(2,270,912)</u>	<u>(2,752,858)</u>
Net Position (Deficit), End of Year	<u>\$ (1,952,069)</u>	<u>\$ (2,270,912)</u>

Analysis of the Governmental Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Authority's net resources available for spending at the end of the fiscal year. The General and Debt Service Funds comprise the total governmental funds.

As of the end of the most current fiscal year, the Authority's governmental funds reported a combined ending fund balance of \$ 749,656, an increase of \$ 70,393, as compared to the total balance on October 1, 2019. When other nonspendable, restricted, and assigned balances are deducted, the Authority's unassigned net resources available for general purposes is \$ 413,500.

Capital Assets and Debt Administration

The Authority's capital assets, less accumulated depreciation, for its governmental activities as of September 30, 2020, amount to \$ 2,293,559, and consist of land and improvements other than buildings.

At the end of the year, the Authority had total bonded debt outstanding of \$ 4,968,474. The Authority's debt represents bonds secured solely by proceeds derived from ad-valorem taxes.

Additional information on the Authority's long-term debt can be found in Note 6 of this report.

General Fund Budgetary Highlights

The amendments to the original budget of the General Fund were to increase revenue and expenditures by \$ 33,924 and \$ 16,355, respectively. Receipts from General Fund operating revenues were \$ 1,849,284. This was \$ 10,273 under the budget. Expenditures for the General Fund were \$ 1,873,974 which was \$ 4,262 over the budget. Due to the issuance of debt being unbudgeted, the Authority ended the year with a change in fund balance that is favorable to the budget by \$ 94,965.

Economic Factors and Next Year's Budget

Facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations of the Authority in fiscal year 2021 include the following:

- The adopted budget for FY 2021 was based on an operating millage rate of 0.5651. The adopted operating millage rate results in a 3.25% increase in operating tax revenue over prior year receipts. It is the "maximum millage rate" based on 2/3rds vote of the governing board permitted by Florida law. For FY 2021, recurring operating expenses budgeted at \$ 1,283,349 are over the estimated recurring operating revenues of \$ 1,237,558. However, when combined with estimated carryover from the prior year, it allows the Authority to carry out physical environmental improvements budgeted at \$ 60,000 and maintain a safe fund balance. At FY 2021 year end, the projected carryover fund balance in the General Fund leaves the Authority a projected fund balance of \$ 432,794. If the Authority maintains the practice of keeping recurring operating expenses within or under recurring operating revenues, then it will continue to have sufficient funding to carryout annual capital improvements for the benefit of the physical environment.
- The FY 2021 adopted millage rate for voter approved debt was 0.4998, with budgeted reserves sufficient to meet 2021 debt service requirements. When considering the projected 2021 fiscal year end fund balance, should the Authority see an increase in next year's taxable values, it may be possible to reduce this millage rate when preparing for adoption of the fiscal year 2022 budget for voted debt.
- Any negative impact to property values as a result of COVID-19 are not currently known at this time as valuations are done in arrears. However, it is anticipated that reductions in property values due to COVID-19 will be offset by new development being added to the tax rolls.

This financial report is designed to provide a general overview of Downtown Development Authority of the City of Fort Lauderdale, Florida's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Downtown Development Authority, 110 E. Broward Blvd. #1610, Ft. Lauderdale, Florida 33301.

BASIC FINANCIAL STATEMENTS

Downtown Development Authority of the City of Fort Lauderdale, Florida
Statement of Net Position (Deficit)
September 30, 2020

	Governmental Activities
Assets:	
Cash and investments	\$ 872,133
Due from other governments	1,114
Prepaid expenses	21,011
Capital assets:	
Nondepreciable	1,841,991
Depreciable, net	<u>451,568</u>
Total assets	<u>3,187,817</u>
Liabilities:	
Current liabilities:	
Accounts payable and other accrued liabilities	54,015
Due to other governments	5,287
Unearned revenue	91,666
Accrued interest payable	20,444
Noncurrent liabilities:	
Bonds payable, due within one year	437,887
Bonds payable, due in more than one year	<u>4,530,587</u>
Total liabilities	<u>5,139,886</u>
Net Position (Deficit):	
Net investment in capital assets	2,386,809
Restricted for debt service	95,661
Unrestricted (deficit)	<u>(4,434,539)</u>
Total net position (deficit)	<u>\$ (1,952,069)</u>

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

Downtown Development Authority of the City of Fort Lauderdale, Florida
Statement of Activities
For the Year Ended September 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenues (Expenses) and Change in Net Position</u>
Functions/Programs:					
Governmental:					
Physical environment	\$ 880,374	\$ 135,456	\$ -	\$ 686,398	\$ (58,520)
General government	1,043,941	-	-	-	(1,043,941)
Interest and other debt service	<u>271,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(271,592)</u>
Total governmental activities	<u>\$ 2,195,907</u>	<u>\$ 135,456</u>	<u>\$ -</u>	<u>\$ 686,398</u>	<u>(1,374,053)</u>
General revenues:					
Ad-valorem taxes					1,680,023
Investment income					<u>12,873</u>
Total general revenues					<u>1,692,896</u>
Change in net position					318,843
Net position (deficit), October 1, 2019					<u>(2,270,912)</u>
Net position (deficit), September 30, 2020					<u>\$ (1,952,069)</u>

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

Downtown Development Authority of the City of Fort Lauderdale, Florida
Balance Sheet - Governmental Funds
September 30, 2020

	<u>Major Governmental Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	
Assets:			
Cash and investments	\$ 756,028	\$ 116,105	\$ 872,133
Prepaid expenditures	21,011	-	21,011
	<u>777,039</u>	<u>116,105</u>	<u>893,144</u>
Total assets	\$ <u>777,039</u>	\$ <u>116,105</u>	\$ <u>893,144</u>
Liabilities:			
Accounts payable and other accrued liabilities	\$ 47,649	\$ -	\$ 47,649
Unearned revenue	91,666	-	91,666
Due to other governments	4,173	-	4,173
	<u>143,488</u>	<u>-</u>	<u>143,488</u>
Total liabilities	<u>143,488</u>	<u>-</u>	<u>143,488</u>
Fund Balances:			
Nonspendable:			
Prepaid expenditures	21,011	-	21,011
Restricted for:			
Debt service	-	116,105	116,105
Capital projects	93,250	-	93,250
Assigned for:			
Subsequent year's expenditures	105,790	-	105,790
Unassigned	413,500	-	413,500
	<u>633,551</u>	<u>116,105</u>	<u>749,656</u>
Total fund balance	<u>633,551</u>	<u>116,105</u>	<u>749,656</u>
Total liabilities and fund balances	\$ <u>777,039</u>	\$ <u>116,105</u>	\$ <u>893,144</u>

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

Downtown Development Authority of the City of Fort Lauderdale, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position (Deficit)
September 30, 2020

Total governmental fund balances	\$ 749,656
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	3,505,967
Less accumulated depreciation	(1,212,408)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued rent payable	(6,366)
Accrued interest payable	(20,444)
Governmental bonds payable	<u>(4,968,474)</u>
Net Position (Deficit) of Governmental Activities	\$ <u>(1,952,069)</u>

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

Downtown Development Authority of the City of Fort Lauderdale, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2020

	Major Governmental Funds		Total Governmental Funds
	General Fund	Debt Service Fund	
Revenues:			
Ad-valorem taxes	\$ 1,019,007	\$ 661,016	\$ 1,680,023
Intergovernmental	786,398	-	786,398
Charges for services	35,456	-	35,456
Investment income	8,423	4,450	12,873
	<u>1,849,284</u>	<u>665,466</u>	<u>2,514,750</u>
Total revenues			
Expenditures:			
Current:			
General government	1,048,159	-	1,048,159
Capital outlay	816,315	-	816,315
Debt service:			
Principal	-	415,898	415,898
Interest	-	263,985	263,985
Cost of issuance	9,500	-	9,500
	<u>1,873,974</u>	<u>679,883</u>	<u>2,553,857</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(24,690)</u>	<u>(14,417)</u>	<u>(39,107)</u>
Other Financing Sources:			
Bonds issued	<u>109,500</u>	<u>-</u>	<u>109,500</u>
Net change in fund balances	84,810	(14,417)	70,393
Fund Balances, October 1, 2019	<u>548,741</u>	<u>130,522</u>	<u>679,263</u>
Fund Balances, September 30, 2020	<u>\$ 633,551</u>	<u>\$ 116,105</u>	<u>\$ 749,656</u>

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

**Downtown Development Authority of the City of Fort Lauderdale, Florida
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2020**

Net Changes in Fund Balances - Total Governmental Funds	\$ 70,393
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Current year provision for depreciation	(64,059)
Issuance of debt is reported as revenue in the governmental funds, but the issuance is reported as a long-term liability in the statement of net position	
Bonds issued	(109,500)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	415,898
Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Change in accrued rent payable	4,218
Change in accrued interest payable	<u>1,893</u>
Change in the Net Position (Deficit) of Governmental Activities	\$ <u><u>318,843</u></u>

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

Downtown Development Authority of the City of Fort Lauderdale, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General government:				
Ad-valorem taxes	\$ 1,030,107	\$ 1,018,673	\$ 1,019,007	\$ 334
Intergovernmental	697,626	792,955	786,398	(6,557)
Charges for services	85,400	39,629	35,456	(4,173)
Investment income	12,500	8,300	8,423	123
	<u>1,825,633</u>	<u>1,859,557</u>	<u>1,849,284</u>	<u>(10,273)</u>
Total revenues				
Expenditures:				
General government:				
Personal services	534,196	545,633	537,199	8,434
Legal and professional services	326,635	388,044	315,205	72,839
Marketing and public relations	69,500	92,232	48,450	43,782
General operating	158,309	145,629	147,305	(1,676)
Capital outlay	764,717	698,174	816,315	(118,141)
Cost of issuance	-	-	9,500	(9,500)
	<u>1,853,357</u>	<u>1,869,712</u>	<u>1,873,974</u>	<u>(4,262)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(27,724)	(10,155)	(24,690)	(14,535)
Other Financing Sources:				
Bonds issued	-	-	109,500	109,500
	<u>-</u>	<u>-</u>	<u>109,500</u>	<u>109,500</u>
Net change in fund balance	(27,724)	(10,155)	84,810	94,965
Fund Balance, October 1, 2019	<u>548,741</u>	<u>548,741</u>	<u>548,741</u>	<u>-</u>
Fund Balance, September 30, 2020	<u>\$ 521,017</u>	<u>\$ 538,586</u>	<u>\$ 633,551</u>	<u>\$ 94,965</u>

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

Note 1 - Reporting Entity

The Downtown Development Authority of the City of Fort Lauderdale, Florida (the "Authority") was created under a special act adopted by the legislature of the State of Florida. The Authority's formation and purpose is to plan, promote, construct, and maintain public improvements and facilities within the central business district (Downtown) of the City of Fort Lauderdale, Florida (the City).

The Authority is empowered to authorize the levy and collection of ad valorem taxes within the limits of the designated development district. These property tax levies are the Authority's primary source of revenue.

The Board of Directors of the Authority consists of seven members appointed by the City Commission. During the ongoing existence of the Authority, the City does not have any right to any surpluses of the Authority and does not provide funding for any operating deficits or debt incurred by the Authority. However, upon the Authority's termination in the year 2030, total net position will revert to the City. The Authority is classified by the Office of the Comptroller of the State of Florida as an independent district.

For financial reporting purposes, the Authority includes those funds that it controls. There are no dependent agencies, boards, commissions, component units or other authorities which are controlled by or dependent upon the Authority.

Note 2 - Summary of Significant Accounting Policies

Financial Statements - Government-wide Statements: The Authority's basic financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting the Authority's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the Authority's activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations, when and if applicable. The effect of interfund activity has been eliminated from the government-wide financial statements.

The government-wide statement of activities reports both the gross and net cost of each of the Authority's functions. The net costs, by function, are also supported by general revenues (other revenue, etc.). The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

This government-wide focus is more on the ability to sustain the Authority as an entity and the change in the Authority's net position resulting from the current year's activities.

Note 2 - Summary of Significant Accounting Policies (continued)

Financial Statements - Fund Financial Statements: The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within ninety days of the end of the current fiscal year.

The Authority reports the following major governmental funds:

General Fund - This fund is the primary operating fund of the Authority. It accounts for all financial resources of the general government except those required to be accounted for in a separate fund.

Debt Service Fund - This fund is used to account for the accumulation of resources for and the payment of Series 2000 and Series 2020 debt principal, interest and related costs. Ad-valorem taxes designated to pay debt service are deposited in the Debt Service Fund along with earnings on investments.

Budgets and Budgetary Accounting: Florida Statutes require that all governmental units in the state establish budgetary systems and approve balanced annual operating budgets.

The Authority's budget must be approved by the Board after a public hearing is held prior to September 30 of each year. Any subsequent amendments or transfers also require Board approval.

The reported budgeted revenues and expenditures reflect the original budget appropriation, adjusted for approved budget revisions and supplemental appropriations. Budgets are adopted on a basis consistent with generally accepted accounting principles.

The level of budgetary control is established at the Fund total expenditure level. The General Fund reports operating expenditures that were greater than appropriations by \$ 4,262.

Encumbrances: Encumbrance accounting, under which purchase orders and other commitments for the expenditures of moneys are recorded in order to reserve that portion of the applicable appropriation, is not utilized.

Compensated absences: The Authority's policy allows certain employees to carryover a maximum of five vacation days per calendar year. Unused sick leave benefits are not paid upon separation from service. No liability for compensated absences was recorded for the year ending September 30, 2020.

Cash and cash equivalents: Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: If applicable, investments are stated at their fair value, which is based on quoted market prices or stated at amortized cost.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Equity classifications:

Government-wide statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation plus unspent bond proceeds and reduced by the outstanding balances of any bonds, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

Fund statements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Authority classifies prepaid items and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Note 2 - Summary of Significant Accounting Policies (continued)

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Authority Board of Directors (the "Board"). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the Authority's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Authority management through the budgetary process.

Unassigned: This classification includes the residual fund balance for the General Fund.

The Authority would typically use restricted fund balances first, followed by committed fund balances, assigned fund balances, and finally unassigned.

Prepaid expenditures/expenses: Prepaid expenditures/expenses are recorded as assets when the initial payment is made. Each asset is then charged off against operations in the period benefitted.

Capital assets: Capital assets, which include land and improvements other than buildings, are reported in the governmental activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated cost if actual historical cost is not available. Donated capital assets are reported at acquisition value on the date donated. Depreciation on all capital assets is charged to operations using the straight-line method over the assets' estimated service lives, ranging from 20 to 30 years.

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

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Date of management review: Subsequent events have been evaluated by management through January 19, 2021, which is the date the financial statements were available to be issued.

Note 3 - Property Taxes

Property taxes are levied prior to September 30 of each year, and become payable November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. Taxes become delinquent on April 1, and bear interest until a tax certificate is sold at auction. Broward County bills and collects property taxes for the Authority.

The assessed value of the property at July 1, 2019, upon which the 2019-2020 levy was based, was \$ 1,898,990,305. The Authority is permitted to levy ad valorem taxes on such property at a maximum rate of one mil (\$ 1.00 per \$ 1,000 of taxable value) for operating purposes. The Authority is also permitted to levy ad valorem taxes at an annual millage rate determined sufficient to pay current year debt service so long as the aggregate amount of indebtedness does not exceed 15% of the taxable assessed value at the time of issuance of the most recent note, bond or assessment. During the year ended September 30, 2020, the actual millage rates of 0.5710 and 0.3704 were used for general operating and debt service purposes, respectively. Actual collection may differ from budgeted amounts due to property tax assessments appeals and corrections made subsequent to July 1.

Note 4 - Deposits and Investments

Deposits: The Authority’s deposits must be placed with banks and savings and loans which are qualified as public depositories prior to receipt of public monies under Chapter 280, Florida Statutes. These deposits are insured by the FDIC up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. At year end, the carrying amount of the Authority’s deposits was \$ 214,996 and the bank balance was \$ 370,681. Cash on hand used for day-to-day operations amounts to \$ 89.

Investments: The investment of funds is authorized by Florida Statutes, which allows the Authority to invest in the Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, SEC registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the United States Treasury.

The Authority invests surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (“Florida PRIME”). Florida PRIME is administered by the Florida State Board of Administration (“SBA”), who provides regulatory oversight.

The Florida PRIME has adopted operating procedures consistent with the requirement for a 2a7-like fund. The Authority’s investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares.

The Authority had the following investment as of September 30, 2020:

<u>Investment</u>	<u>Maturities</u>	<u>Amortized Cost</u>
Florida PRIME	Weighted average days to maturity is 48 days	\$ 657,048

The Florida PRIME is rated AAAM by Standard and Poor’s.

Downtown Development Authority of the City of Fort Lauderdale, Florida
Notes to Basic Financial Statements
September 30, 2020

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance at October 1, 2019	Additions	Deletions	Balance at September 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ <u>1,841,991</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,841,991</u>
Total capital assets, not being depreciated	<u>1,841,991</u>	<u>-</u>	<u>-</u>	<u>1,841,991</u>
Capital assets, being depreciated:				
Improvements other than buildings	<u>1,663,976</u>	<u>-</u>	<u>-</u>	<u>1,663,976</u>
Total capital assets, being depreciated	<u>1,663,976</u>	<u>-</u>	<u>-</u>	<u>1,663,976</u>
Total capital assets	<u>3,505,967</u>	<u>-</u>	<u>-</u>	<u>3,505,967</u>
Less accumulated depreciation for:				
Improvements other than buildings	<u>1,148,349</u>	<u>64,059</u>	<u>-</u>	<u>1,212,408</u>
Total accumulated depreciation	<u>1,148,349</u>	<u>64,059</u>	<u>-</u>	<u>1,212,408</u>
Total capital assets, being depreciated, net	<u>515,627</u>	<u>(64,059)</u>	<u>-</u>	<u>451,568</u>
Governmental activities capital assets, net	\$ <u><u>2,357,618</u></u>	\$ <u><u>(64,059)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>2,293,559</u></u>

Provision for depreciation was charged to functions of the Authority as follows:

Governmental activities:	
Physical environment	\$ <u><u>64,059</u></u>

Downtown Development Authority of the City of Fort Lauderdale, Florida
Notes to Basic Financial Statements
September 30, 2020

Note 6 - Long-Term Debt

(a) Summary of long-term debt

Debt at September 30, 2020, consists of the following:

\$ 10,000,000 General Obligation Bonds, Series 2000; due in semi-annual installments through September 2029; interest payable semi-annually at 5.10%	\$ 4,858,974
\$ 2,000,000 General Obligation Bonds, Series 2020; due in semi-annual installments through September 2030; interest payable semi-annually at 2.50%	<u>109,500</u>
	<u>\$ 4,968,474</u>

The following is a summary of long-term debt transactions of the Authority for the year ended September 30, 2020:

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020	Due Within One Year
General Obligation Bonds, Series 2000	\$ 5,274,872	\$ -	\$ 415,898	\$ 4,858,974	\$ 437,887
General Obligation Bonds, Series 2020	<u>-</u>	<u>109,500</u>	<u>-</u>	<u>109,500</u>	<u>-</u>
	<u>\$ 5,274,872</u>	<u>\$ 109,500</u>	<u>\$ 415,898</u>	<u>\$ 4,968,474</u>	<u>\$ 437,887</u>

(b) Summary of significant bond terms

\$ 10,000,000 General Obligation Bonds, Series 2000 - The Authority previously issued \$ 10,000,000 in General Obligation Bonds for the purpose of acquiring land, installing streetscape, and constructing parking facilities and various other revitalization projects. In December 2010, the Authority amended the bonds to extend the maturity from September 2019 to September 2029 and reduced the interest rate from 5.11% to 5.10%. Interest is payable on the first day of each March and September.

The Bonds are payable from and collateralized by an irrevocable lien on, and a pledge of, the proceeds derived from ad valorem taxes levied on all taxable property within the special taxing district comprising the Authority.

The Authority designated the Series 2000 Bonds as qualified tax-exempt obligations under Section 265(b)(3) of the Internal Revenue Code. As such, the Authority covenants with the holders of the Bonds that it shall comply with the requirements of the Code (Note 11) necessary to maintain the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation.

\$ 2,000,000 General Obligation Bonds, Series 2020 - The Authority issued \$ 2,000,000 in General Obligation Bonds for the purpose of planning, designing, and construction of capital streetscape improvements, upgrades to public parks and open spaces, and enhancements to the public realm.

Downtown Development Authority of the City of Fort Lauderdale, Florida
Notes to Basic Financial Statements
September 30, 2020

Note 6 - Long-Term Debt (continued)

The Bonds are payable from and collateralized by an irrevocable lien on, and a pledge of, the proceeds derived from ad valorem taxes levied on all taxable property within the special taxing district comprising the Authority.

The Authority designated the Series 2020 Bonds as qualified tax-exempt obligations under Section 265(b)(3) of the Internal Revenue Code. As such, the Authority covenants with the holders of the Bonds that it shall comply with the requirements of the Code (Note 11) necessary to maintain the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation. As of September 30, 2020, the Authority has drawn down \$109,500. An amortization schedule will not be finalized until the final draw on the bonds are made.

The following is a schedule of debt service requirements to maturity on the Series 2000 bonds payable at September 30, 2020:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 437,887	\$ 241,995	\$ 679,882
2022	460,272	219,610	679,882
2023	484,046	195,837	679,883
2024	508,857	171,026	679,883
2025	535,471	144,412	679,883
2026-2029	<u>2,432,441</u>	<u>287,088</u>	<u>2,719,529</u>
	<u>\$ 4,858,974</u>	<u>\$ 1,259,968</u>	<u>\$ 6,118,942</u>

(c) Summary of Defeased Bonded Debt Outstanding

At September 30, 2020, the Authority has no outstanding defeased bonded debt.

Note 7 - Huizenga Plaza

The Authority owns a 1.790-acre site in downtown Fort Lauderdale known as Huizenga Plaza (the "Plaza"), which the Authority operated as a park and collected fees from sponsored events scheduled throughout the year. Prior improvements were financed in part by Florida Department of Environmental Protection grants. These improvements were focused on making the Plaza a passive recreational area and an event center that would serve the urban center of Fort Lauderdale in perpetuity. If the Plaza is converted to a use other than public recreational use, the Authority shall replace the site at its own expense with a project of comparable scope and quality. In lieu of replacing the site, the Authority may return all grant funds received along with applicable interest.

In September 2016, the Authority entered into a lease agreement with the City of Fort Lauderdale, Florida (the "City") to operate the Plaza. The lease agreement provides for annual rental of \$ 100,000 through August 2021. The City has the option to renew the lease for three (3) additional five (5) year terms. Under the terms of the lease, the City is responsible for all expenses associated with the leased location.

Downtown Development Authority of the City of Fort Lauderdale, Florida
Notes to Basic Financial Statements
September 30, 2020

Note 7 - Huizenga Plaza (continued)

As of September 30, 2020, leased assets consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 1,841,991	\$ -	\$ 1,841,991
Improvements other than buildings	<u>1,663,976</u>	<u>1,212,408</u>	<u>451,568</u>
Total	<u>\$ 3,505,967</u>	<u>\$ 1,212,408</u>	<u>\$ 2,293,559</u>

Note 8 - Employee Retirement System

The Authority has a 401(a) Money Purchase Plan (the "Plan") which is administered by the International City Management Association Retirement Corporation. The Authority previously authorized an amendment to the original Plan. For regular employees, the amended Plan includes a five-year vesting schedule, authorizes contributions to commence immediately on employment, and provides for an employer contribution of 100% of employee contributions for the Plan year, excluding any contributions exceeding 5% of compensation. During the year ended September 30, 2020, the Authority contributed \$ 20,293 to the Plan.

Note 9 - Commitments

The Authority entered into a five-year office space lease agreement in June 2016 which includes annual increases of 3%. The lease includes an option to extend the lease term for an additional 60 months at the prevailing market rates. Rent expense is recognized on a straight-line basis at government-wide. The difference between the base rent payments made and the amount of rent expense recognized is included in accrued liabilities and totaled, in the aggregate, approximately \$ 6,400 at September 30, 2020. Rent expense in connection with these agreements totaled approximately \$ 64,300 for the year ended September 30, 2020.

The following is a schedule of approximate future minimum lease payments:

<u>Year Ending September 30,</u>		
2021	\$	39,000
2022	\$	7,000
Thereafter	\$	NONE

The Authority provides no post-retirement benefits to retired employees.

The Authority places all insurance risk, less nominal deductibles, in the hands of commercial carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10 - Joint Venture

The Authority is a participant, along with the Performing Arts Center Authority and the City of Fort Lauderdale, in a joint venture to own and operate the Arts and Science Authority parking garage in Fort Lauderdale. Net revenues generated from this operation are divided 16% for the City and the remaining 84% is split between the Performing Arts Center Authority and the Downtown Development Authority based on their respective hours. Such amounts are disbursed to the ventures on a monthly basis. For the year ended September 30, 2020, the Authority received approximately \$ 35,500 from this joint venture.

Note 11 - Arbitrage Rebate Payable

The Internal Revenue Code and arbitrage rebate regulations require rebate to the Federal government of excess investment earnings on bond proceeds if the yield on those earnings exceeds the effective yield on the related tax-exempt bonds issued (Note 6). The Authority has elected to treat its estimated rebatable arbitrage, if applicable, as a reduction of interest. The arbitrage rebate payable is adjusted annually until the final rebate amount is determined and paid, if required. For the year ending September 30, 2020, there was no estimated arbitrage rebate payable. The rebate amount was last calculated as of December 1, 2019 and is subject to change due to bond and investment activity, if any, occurring after December 1, 2019. Pursuant to the regulations, the next required installment rebate payment, if required, must be paid no later than sixty (60) days after December 1, 2020.

Note 12 - Related Party Transactions

The Authority has one employee that also serves on the Board of Downtown Fort Lauderdale Transportation Management Association, Inc. (TMA). The Authority contributed a budgeted amount of \$ 25,000 to TMA during the year ended September 30, 2020.

Note 13 - Net Position Deficit

The Authority has a government-wide net position deficit of \$ 1,952,069 as of September 30, 2020. The deficit relates to various infrastructure improvements which have been financed through the issuance of long-term debt, but were conveyed to other entities and, therefore, not recorded as an asset of the Authority. In accordance with GASB 34, the government with primary responsibility for managing an infrastructure asset should report the asset. The Authority continues to report the bonds payable because it is legally obligated for repayment.

Note 14 - Uncertainties

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak a pandemic. Management and the Board of Directors continue to evaluate and monitor the potential adverse effect that this event may have on the Authority's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are developing.

OTHER FINANCIAL INFORMATION

Downtown Development Authority of the City of Fort Lauderdale, Florida
Capital Assets Used in the Operation of Governmental Funds
Schedule of Assets by Function and Activity
September 30, 2020

<u>Function and Activity</u>	<u>Land</u>	<u>Improvements Other than Buildings</u>	<u>Total</u>
General Government	\$ -	\$ -	\$ -
Physical Environment	<u>1,841,991</u>	<u>1,663,976</u>	<u>3,505,967</u>
Total capital assets allocated to functions	\$ <u><u>1,841,991</u></u>	\$ <u><u>1,663,976</u></u>	\$ <u><u>3,505,967</u></u>

Downtown Development Authority of the City of Fort Lauderdale, Florida
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes in Capital Assets by Function and Activity
For the Year Ended September 30, 2020

	<u>Capital Assets at Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Capital Assets at End of Year</u>
General Government	\$ -	\$ -	\$ -	\$ -
Physical Environment	<u>3,505,967</u>	<u>-</u>	<u>-</u>	<u>3,505,967</u>
Total capital assets	<u>\$ 3,505,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,505,967</u>

OTHER REPORTS OF INDEPENDENT AUDITORS



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*

To the Board of Directors
Downtown Development Authority
of the City of Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Downtown Development Authority of the City of Fort Lauderdale (the "Authority"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 19, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 19, 2021

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

To the Board of Directors
Downtown Development Authority
of the City of Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the financial statements of the Downtown Development Authority of the City of Fort Lauderdale, Florida (the "Authority"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated January 19, 2021.

Auditor's Responsibility

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; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 19, 2021, 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 and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Authority was established in 1957 under the provision of Chapter 57.1534 of the laws of the State of Florida. The Authority does not have any component units.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Additional Matters

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

Purpose of this Letter

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 19, 2021

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

To the Board of Directors
Downtown Development Authority
of the City of Fort Lauderdale, Florida

We have examined Downtown Development Authority of the City of Fort Lauderdale, Florida's (the "Authority") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management is responsible for the Authority's compliance with the specific requirements. Our responsibility is to express an opinion on the Authority's compliance with the specific requirements based on our examination.

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

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
January 19, 2021

CPA's + Trusted Advisors