

Downtown Development Authority of the
City of Fort Lauderdale, Florida

Basic Financial Statements
For the Year Ended September 30, 2022



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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of September 30, 2022, and the respective changes in financial position and the 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2023, 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
February 3, 2023

BASIC FINANCIAL STATEMENTS

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, 2022 and 2021. 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, 2022:

- The Authority's total government-wide liabilities exceeded its assets at September 30, 2022 by \$ 886,213.
- The Authority's total government-wide revenues were \$ 2,415,340; \$ 2,110,819 from ad-valorem taxes, \$ 282,162 from charges for services, \$ 3,000 from grants and contributions, and \$ 19,359 from investment income. The Authority's government-wide expenses for the year were \$ 2,012,693. The net change (revenue after expense) was \$ 402,647.

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, 2022

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, 2022 and 2021.

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

	<u>2022</u>	<u>2021</u>
Assets:		
Current and other assets	\$ 2,466,980	\$ 1,079,762
Capital assets, net	<u>2,839,766</u>	<u>2,230,255</u>
Total assets	<u>5,306,746</u>	<u>3,310,017</u>
Liabilities:		
Other liabilities	956,196	618,638
Long-term liabilities	<u>5,236,763</u>	<u>3,980,239</u>
Total liabilities	<u>6,192,959</u>	<u>4,598,877</u>
Net Position:		
Net investment in capital assets	3,762,839	2,327,032
Restricted	611,849	354,641
Unrestricted (deficit)	<u>(5,260,901)</u>	<u>(3,970,533)</u>
Total net position (deficit)	<u>\$ (886,213)</u>	<u>\$ (1,288,860)</u>

Downtown Development Authority of the City of Fort Lauderdale, Florida
Management's Discussion and Analysis
September 30, 2022

Governmental Activities: Governmental activities for the year ended September 30, 2022 increased the Authority's net position by \$ 402,647, as reflected in the table below:

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

	2022	2021
Revenues:		
General revenue:		
Ad-valorem taxes	\$ 2,110,819	\$ 1,996,074
Grants and contributions	3,000	10,000
Charges for services	282,162	120,594
Investment income	19,359	2,107
	<u>2,415,340</u>	<u>2,128,775</u>
Total revenues		
Expenses:		
Physical environment	402,490	165,549
General government	1,367,260	1,057,835
Interest and other debt service	242,943	242,182
	<u>2,012,693</u>	<u>1,465,566</u>
Total expenses		
Change in net position	402,647	663,209
Net Position (Deficit), Beginning of Year	<u>(1,288,860)</u>	<u>(1,952,069)</u>
Net Position (Deficit), End of Year	<u>\$ (886,213)</u>	<u>\$ (1,288,860)</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 \$ 2,265,005, an increase of \$ 1,323,954, as compared to the total balance on October 1, 2021. When other nonspendable, restricted, and assigned balances are deducted, the Authority's unassigned net resources available for general purposes is \$ 410,340.

Capital Assets and Debt Administration

The Authority's capital assets, less accumulated depreciation, for its governmental activities as of September 30, 2022, amount to \$ 2,839,766, and consist of land, construction in progress (CIP), improvements other than buildings, furniture and equipment, and a right to use asset.

At the end of the year, the Authority had total debt outstanding of \$ 5,970,890. The Authority's debt represents bonds secured solely by proceeds derived from ad-valorem taxes and lease payables.

Additional information on the Authority's long-term debt can be found in Notes 6, 7, and 8 of this report.

General Fund Budgetary Highlights

The amendments to the original budget of the General Fund were to increase revenue and expenditures by \$ 55,522 and \$ 110,171, respectively. Receipts from General Fund operating revenues were \$ 1,476,792. This was \$ 61,931 over the budget. Expenditures for the General Fund were \$ 2,557,018, which was \$ 953,353 over the budget.

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 2023 include the following:

- The adopted budget for the FY 2023 General Fund was based on an operating millage rate of 0.6250. The adopted operating millage rate results in a 15.40% increase in operating tax revenue over prior year receipts (after rebating new properties for payment of residential). The millage rate is below the maximum millage rate permitted by Florida law. For FY 2023, recurring operating expenses budgeted at \$ 2,012,557 are over the estimated recurring operating revenues of \$ 1,919,916. However, when combined with estimated carryover from the prior year, it allows the Authority to carry out physical environmental improvements budgeted at \$ 90,000 and maintain a safe fund balance. At FY 2023 year-end, the projected carryover fund balance in the General Fund leaves the Authority a projected fund balance of \$ 286,329. 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 2023 adopted millage rate for voter approved debt was 0.4450, with budgeted reserves sufficient to meet 2023 debt service requirements. When considering the projected 2023 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 2024 budget for voted debt.

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, 201 East Las Olas Blvd., Suite 1150, Ft. Lauderdale, Florida 33301.

Downtown Development Authority of the City of Fort Lauderdale, Florida
Statement of Net Position (Deficit)
September 30, 2022

	Governmental Activities
Assets:	
Cash and investments	\$ 2,437,502
Due from other governments	20,524
Prepaid expenses	8,954
Capital assets:	
Nondepreciable	2,173,691
Capital assets, net of accumulated depreciation and amortization	<u>666,075</u>
Total assets	<u>5,306,746</u>
Liabilities:	
Current liabilities:	
Accounts payable and other accrued liabilities	110,309
Unearned revenue	91,666
Accrued interest payable	20,094
Bonds payable, due within one year	670,709
Lease payable	63,418
Noncurrent liabilities:	
Bonds payable, due in more than one year	4,978,785
Lease payable	<u>257,978</u>
Total liabilities	<u>6,192,959</u>
Net Position (Deficit):	
Net investment in capital assets	3,762,839
Restricted for debt service	611,849
Unrestricted (deficit)	<u>(5,260,901)</u>
Total net position (deficit)	<u>\$ (886,213)</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, 2022

	<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	\$ 402,490	\$ 282,162	\$ -	\$ -	\$ (120,328)
General government	1,367,260	-	3,000	-	(1,364,260)
Interest and other debt service	<u>242,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(242,943)</u>
Total governmental activities	<u>\$ 2,012,693</u>	<u>\$ 282,162</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>(1,727,531)</u>
General revenues:					
Ad-valorem taxes					2,110,819
Investment income					<u>19,359</u>
Total general revenues					<u>2,130,178</u>
Change in net position					402,647
Net position (deficit), October 1, 2021					<u>(1,288,860)</u>
Net position (deficit), September 30, 2022					<u>\$ (886,213)</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, 2022

	<u>Major Governmental Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	
Assets:			
Cash and investments	\$ 2,051,579	\$ 385,923	\$ 2,437,502
Due from other governments	20,524	-	20,524
Due from other fund	-	246,020	246,020
Prepaid expenditures	8,954	-	8,954
Total assets	<u>\$ 2,081,057</u>	<u>\$ 631,943</u>	<u>\$ 2,713,000</u>
Liabilities:			
Accounts payable and other accrued liabilities	\$ 110,309	\$ -	\$ 110,309
Unearned revenue	91,666	-	91,666
Due to other fund	246,020	-	246,020
Total liabilities	<u>447,995</u>	<u>-</u>	<u>447,995</u>
Fund Balances:			
Nonspendable:			
Prepaid expenditures	8,954	-	8,954
Restricted for:			
Debt service	-	631,943	631,943
Capital projects	1,121,127	-	1,121,127
Assigned for:			
Subsequent year's expenditures	92,641	-	92,641
Unassigned	410,340	-	410,340
Total fund balance	<u>1,633,062</u>	<u>631,943</u>	<u>2,265,005</u>
Total liabilities and fund balances	<u>\$ 2,081,057</u>	<u>\$ 631,943</u>	<u>\$ 2,713,000</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, 2022

Total governmental fund balances	\$ 2,265,005
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	4,230,695
Less accumulated depreciation/amortization	(1,390,929)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Lease payable	(321,396)
Accrued interest payable	(20,094)
Governmental bonds payable	<u>(5,649,494)</u>
Net Position (Deficit) of Governmental Activities	\$ <u><u>(886,213)</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 Balances - Governmental Funds
For the Year Ended September 30, 2022

	<u>Major Governmental Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	
Revenues:			
Ad-valorem taxes	\$ 1,177,944	\$ 932,875	\$ 2,110,819
Intergovernmental	100,000	-	100,000
Charges for services	182,162	-	182,162
Contributions	3,000	-	3,000
Investment income	13,686	5,673	19,359
	<u>1,476,792</u>	<u>938,548</u>	<u>2,415,340</u>
Total revenues			
Expenditures:			
Current:			
General government	1,317,656	-	1,317,656
Capital outlay	1,062,624	-	1,062,624
Debt service:			
Principal	154,863	460,272	615,135
Interest	21,875	219,610	241,485
	<u>2,557,018</u>	<u>679,882</u>	<u>3,236,900</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(1,080,226)</u>	<u>258,666</u>	<u>(821,560)</u>
Other Financing Sources:			
Proceeds from lease obligation	355,014	-	355,014
Bonds issued	1,790,500	-	1,790,500
	<u>2,145,514</u>	<u>-</u>	<u>2,145,514</u>
Total other financing sources			
Net change in fund balances	1,065,288	258,666	1,323,954
Fund Balances, October 1, 2021	<u>567,774</u>	<u>373,277</u>	<u>941,051</u>
Fund Balances, September 30, 2022	<u>\$ 1,633,062</u>	<u>\$ 631,943</u>	<u>\$ 2,265,005</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, 2022**

Net Changes in Fund Balances - Total Governmental Funds \$ 1,323,954

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/amortized over their estimated useful lives.

Cost of capital assets	\$ 724,728	
Current year provision for depreciation and amortization	<u>(115,217)</u>	609,511

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	(1,790,500)
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Lease proceeds provide current financial resources to governmental funds, but entering into lease obligations increase long-term liabilities in the statement of net position.

	(355,014)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

	615,135
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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 interest payable	<u>(439)</u>
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Change in the Net Position of Governmental Activities \$ 402,647

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General government:				
Ad-valorem taxes	\$ 1,180,512	\$ 1,177,869	\$ 1,177,944	\$ 75
Intergovernmental	100,000	100,000	100,000	-
Charges for services	72,000	119,764	182,162	62,398
Contributions	-	-	3,000	3,000
Investment income	4,000	5,700	13,686	7,986
Other	2,827	11,528	-	(11,528)
	<u>1,359,339</u>	<u>1,414,861</u>	<u>1,476,792</u>	<u>61,931</u>
Total revenues				
Expenditures:				
General government:				
Personal services	664,426	666,906	673,306	(6,400)
Legal and professional services	324,042	371,185	310,712	60,473
Marketing and public relations	224,000	199,243	151,889	47,354
General operating	221,026	265,081	181,749	83,332
Capital outlay	60,000	101,250	1,062,624	(961,374)
Debt service:				
Principal	-	-	154,863	(154,863)
Interest	-	-	21,875	(21,875)
	<u>1,493,494</u>	<u>1,603,665</u>	<u>2,557,018</u>	<u>(953,353)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(134,155)</u>	<u>(188,804)</u>	<u>(1,080,226)</u>	<u>(891,422)</u>
Other Financing Sources:				
Proceeds from lease obligation	-	-	355,014	355,014
Bonds issued	-	-	1,790,500	1,790,500
	<u>-</u>	<u>-</u>	<u>2,145,514</u>	<u>2,145,514</u>
Total other financing sources				
Net change in fund balance	(134,155)	(188,804)	1,065,288	1,254,092
Fund Balance, October 1, 2021	<u>567,774</u>	<u>567,774</u>	<u>567,774</u>	<u>-</u>
Fund Balance, September 30, 2022	<u>\$ 433,619</u>	<u>\$ 378,970</u>	<u>\$ 1,633,062</u>	<u>\$ 1,254,092</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 established in 1957 under the provision of Chapter 57.1534 of the laws 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.

The financial statements were prepared in accordance with *Government Accounting Standards*, which establishes standards for defining and reporting on the financial reporting entity. The financial reporting entity consists of the Authority, organizations for which the Authority is financially accountable and other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Authority.

Blended component unit

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same as, substantially the same as, or appointed by the Authority and the component unit provides services (financial benefit) entirely to the Authority. Currently, the Authority has one blended component unit: Huizenga Park Foundation Inc.

In April 2022, Huizenga Park Foundation Inc. (a nonprofit organization) (the "Foundation") was created. The purpose of the Foundation is to further, promote, advance, foster and support the Huizenga Park, a publicly accessible park located within the downtown area of the City (a special revenue fund for the Authority). The Foundation had no fiscal activity during fiscal year 2022 and separate financial statements of the component unit have not been issued.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 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 \$ 953,353.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2022.

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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, construction in progress (CIP), improvements other than buildings, and furniture and equipment, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

The Authority has recorded a right to use lease asset as a result of implementing GASB Statement No. 87, *Leases*. The right to use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use asset is amortized on a straight-line basis over the life of the related lease.

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 February 3, 2023, 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, 2021, upon which the 2021-2022 levy was based, was \$2,071,073,935. 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, 2022, the actual millage rates of 0.6000 and 0.4755 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 \$ 80,176 and the bank balance was \$ 95,773. 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.

Downtown Development Authority of the City of Fort Lauderdale, Florida
Notes to Basic Financial Statements
September 30, 2022

Note 4 - Deposits and Investments (continued)

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, 2022:

<u>Investment</u>	<u>Maturities</u>	<u>Amortized Cost</u>
Florida PRIME	Weighted average days to maturity is 21 days	\$ 2,357,237

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

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	<u>Balance at October 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2022</u>
Governmental activities:				
Capital assets, not being depreciated:				
CIP	\$ -	\$ 331,700	\$ -	\$ 331,700
Land	1,841,991	-	-	1,841,991
Total capital assets, not being depreciated	<u>1,841,991</u>	<u>331,700</u>	<u>-</u>	<u>2,173,691</u>
Capital assets, being depreciated/amortized:				
Improvements other than buildings	1,663,976	10,179	-	1,674,155
Furniture and equipment	-	27,835	-	27,835
Intangible right to use: Office lease	-	355,014	-	355,014
Total capital assets, being depreciated/amortized	<u>1,663,976</u>	<u>393,028</u>	<u>-</u>	<u>2,057,004</u>
Total capital assets	<u>3,505,967</u>	<u>724,728</u>	<u>-</u>	<u>4,230,695</u>

Downtown Development Authority of the City of Fort Lauderdale, Florida
Notes to Basic Financial Statements
September 30, 2022

Note 5 - Capital Assets (continued)

	Balance at October 1, 2021	Additions	Deletions	Balance at September 30, 2022
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Less accumulated depreciation/amortization for:				
Improvements other than buildings	1,275,712	64,594	-	1,340,306
Furniture and equipment	-	3,479	-	3,479
Intangible right to use:				
Office lease	-	47,144	-	47,144
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total accumulated depreciation/amortization	<u>1,275,712</u>	<u>115,217</u>	<u>-</u>	<u>1,390,929</u>
Total capital assets, being depreciated/amortization, net	<u>388,264</u>	<u>277,811</u>	<u>-</u>	<u>666,075</u>
Governmental activities capital assets, net	\$ <u>2,230,255</u>	\$ <u>609,511</u>	\$ <u>-</u>	\$ <u>2,839,766</u>

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

Governmental activities:		
Physical environment		\$ 64,594
General government		<u>50,623</u>
Total governmental activities		\$ <u>115,217</u>

Note 6 - Long-Term Debt

\$ 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%. Principal and interest is payable in semi-annual installments.

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 13) 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 previously authorized \$ 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, 2022

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. Principal and interest is payable in semi-annual installments through September 2030. The bonds bear interest at 2.50%.

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 13) necessary to maintain the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation. As of September 30, 2022, the Authority has drawn down the full amount.

The following is a schedule of debt service requirements to maturity on the Series 2000 and Series 2020 bonds payable at September 30, 2022:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 670,709	\$ 235,468	\$ 906,177
2024	700,216	205,961	906,177
2025	731,643	174,533	906,176
2026	764,093	142,083	906,176
2027	798,231	107,945	906,176
2028-2030	<u>1,984,602</u>	<u>111,113</u>	<u>2,095,715</u>
	<u>\$ 5,649,494</u>	<u>\$ 977,103</u>	<u>\$ 6,626,597</u>

At September 30, 2022, the Authority has no outstanding defeased bonded debt.

Note 7 - Lease

Effective January 2022, the Authority entered into a non-cancelable 62-month lease agreement for the rental of office space, which expires on March 31, 2027. This lease agreement qualifies as an other than short-term lease under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the implementation date. The discount rate used to recognize the intangible right to use asset and the lease liability was 4.50%.

The following is a schedule of the Authority's future base rent payments as of September 30, 2022:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 63,418	\$ 13,178	\$ 76,596
2024	68,676	10,217	78,893
2025	74,247	7,013	81,260
2026	80,146	3,551	83,697
2027	<u>34,909</u>	<u>394</u>	<u>35,303</u>
	<u>\$ 321,396</u>	<u>\$ 34,353</u>	<u>\$ 355,749</u>

Downtown Development Authority of the City of Fort Lauderdale, Florida
Notes to Basic Financial Statements
September 30, 2022

Note 8 - Long-Term Liabilities

Changes in the Authority's long-term liabilities for the year ended September 30, 2022, are as follows:

	Balance October 1, 2021	Additions	Deletions	Balance September 30, 2022	Due Within One Year
General Obligation Bonds, Series 2000	\$ 4,421,087	\$ -	\$ 460,272	\$ 3,960,815	\$ 484,046
General Obligation Bonds, Series 2020	19,424	1,790,500	121,245	1,688,679	186,663
Lease - office space	-	355,014	33,618	321,396	63,418
	<u>\$ 4,440,511</u>	<u>\$ 2,145,514</u>	<u>\$ 615,135</u>	<u>\$ 5,970,890</u>	<u>\$ 734,127</u>

Note 9 - Huizenga Plaza

The Authority owns a 2.1-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. In June 2021, the Authority exercised the first option to renew the agreement under the same terms, effective September 2021 through August 2026. Subsequent to year end, the Authority's lease has been terminated and a new agreement with the City has been implemented which no longer includes a lease.

As of September 30, 2022, leased assets consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 1,841,991	\$ -	\$ 1,841,991
CIP	331,700	-	331,700
Improvements other than buildings	<u>1,674,155</u>	<u>1,340,306</u>	<u>333,849</u>
Total	<u>\$ 3,847,846</u>	<u>\$ 1,340,306</u>	<u>\$ 2,507,540</u>

Note 10 - 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, 2022, the Authority contributed \$ 25,379 to the Plan.

Note 11 - Risk Management

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 12 - 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, 2022, the Authority received approximately \$ 182,200 from this joint venture.

Note 13 - 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, 2022, there was no estimated arbitrage rebate payable. The rebate amount was last calculated as of December 1, 2021 and is subject to change due to bond and investment activity, if any, occurring after December 1, 2021. Pursuant to the regulations, the next required installment rebate payment, if required, must be paid no later than sixty (60) days after December 1, 2022.

Note 14 - Net Position Deficit

The Authority has a government-wide net position deficit of \$ 886,213 as of September 30, 2022. 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.

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 3, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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
February 3, 2023

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, 2022, and have issued our report thereon dated February 3, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of 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 February 3, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements, Note 1.

CPA's + Trusted Advisors

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to 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.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Sections 10.554(1)(i)6 and 10.554(1)(i)7, Rules of the Auditor General, the Authority reported the specific information in Exhibit 1 accompanying this report. The information for compliance with Section 218.39(3)(c), Florida Statutes and Sections 10.554(1)(i)6 and 10.554(1)(i)7, Rules of the Auditor General, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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
February 3, 2023

Downtown Development Authority of the City of Fort Lauderdale, Florida
Exhibit 1
Data Elements Required By Section 218.39(3)(c), Florida Statutes and
Sections 10.554(1)(i)6 and 10.554(1)(i)7, Rules of the Auditor General
(Unaudited)

Data Element	Comments
Number of district employees compensated at 9/30/2022	5
Number of independent contractors compensated in September 2022	3
Employee compensation for FYE 9/30/2022 (paid/accrued)	\$228,059
Independent contractor compensation for FYE 9/30/2022 (paid/accrued)	\$508,738
Each construction project to begin on or after October 1; (>\$65K)	0
Budget variance report	Page 14
Ad valorem taxes:	
Millage rate FYE 9/30/2022	Operating 0.6000
	Debt 0.4775
Ad valorem taxes collected FYE 9/30/2022	\$2,110,819
Outstanding Bonds:	
Series 2000, due September 1, 2029	\$3,960,815 - See Note 6
Series 2020, due September 1, 2030	\$1,688,679 - See Note 6
Non ad valorem special assessments:	Not applicable
Special assessment rate FYE 9/30/2022	Not applicable
Special assessments collected FYE 9/30/2022	Not applicable
Outstanding Bonds	Not applicable

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, 2022. 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, 2022.

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
February 3, 2023