

**DOWNTOWN DEVELOPMENT AUTHORITY
Of the City of Miami**

(A COMPONENT UNIT OF THE CITY OF MIAMI, FLORIDA)

**FINANCIAL STATEMENTS, INDEPENDENT AUDITORS' REPORT
THEREON, AND REPORTS ON COMPLIANCE AND INTERNAL CONTROLS
AS REQUIRED BY *GOVERNMENTAL AUDITING STANDARDS*
AND THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

DOWNTOWN DEVELOPMENT AUTHORITY
Of the City of Miami

(A COMPONENT UNIT OF THE CITY OF MIAMI, FLORIDA)

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The Downtown Development Authority of the City of
Miami d/b/a Miami Downtown Development
Authority
(A Component Unit of the City of Miami)
Miami, Florida

Opinion

We have audited the accompanying financial statements of the governmental activities of the Downtown Development Authority of the City of Miami ("Miami DDA"), a component unit of the City of Miami, Florida as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise Miami DDA'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 financial position of the governmental activities of the Miami DDA, as of September 30, 2025 and the respective changes in financial position and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Miami DDA, 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 Miami DDA'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 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, 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 Miami DDA'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 Miami DDA'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 and budgetary comparison information 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.

Miami, Florida
January 28, 2026

BCA Watson Rice LLP

Management's Discussion & Analysis

This section of the Downtown Development Authority of the City of Miami's (the "Authority") financial statement presents management's discussion and analysis (MD&A) of the financial performance during the fiscal year that ended September 30, 2025. The MD&A is designed to focus on the current year's activities, resulting changes and current facts and is designed to:

- a) assist the reader in focusing on significant financial issues
- b) provide an overview of the Authority's financial activity
- c) identify changes in Authority's financial position
- d) identify any material deviations from financial plan (the approved budget), and
- e) identify individual fund issues and concerns

Financial Highlights

The net position of the Authority exceeded its liabilities at the close of its most recent fiscal year by \$10,885,493. That is an increase of \$678,254 compared to the prior year net position total of \$10,207,239. Of this amount, \$176,091 was the net investment in capital assets and none was restricted. This resulted in an excess of \$10,709,402 (unrestricted net position) available to meet the Authority's obligations to citizens and projects in the Downtown Miami district.

The Authority did not incur any debt during the current fiscal year.

The General Fund (the primary operating fund) reflected on a current financial resources basis, an increase of \$678,254 as a result of an excess of revenues over expenditures in the current fiscal year, compared to prior year's increase of \$211,147.

Overview to the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

The government-wide financial 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 of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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 (e.g., uncollected taxes, and earned but unused vacation leave).

The government-wide financial statements may 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Authority are categorized as governmental funds.

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

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

The Authority maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. The General Fund is the only fund of the Authority; thus, it is considered a major fund.

The Authority adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund on page 22 to demonstrate compliance with this budget.

Fund Financial Statements (Continued)

The Authority separates the components of the Fund Balance into five categories, which establish a hierarchy for spending constraints: Nonspendable, Restricted, Committed, Assigned, and Unassigned. As of September 30, 2025, the Custodial's Fund Balance was divided into the Nonspendable, Assigned and Unassigned categories.

The basic governmental fund financial statements can be found on pages 10 to 11 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 to 21 of this report.

Financial Analysis

Government-Wide Analysis

Our analysis of the Financial Statements of the Authority begins below. The Statement of Net Position and the Statement of Activities report information about the Authority's activities that will help answer questions about the position of the Authority. A comparative analysis of the Authority's government-wide financial statements is provided below.

Net Position

A summary of the Authority's Statement of Net Position is presented in Table A-1 and a summary of the Statement of Activities is presented in Table A-2.

Table A-1
Condensed statement of net position

	Fiscal Year 2025	Fiscal Year 2024
Cash and cash equivalents	\$ 18,978,172	\$ 18,267,537
Accounts receivable and other assets	702,303	37,835
Capital assets, net	176,901	106,819
Right of use asset	<u>4,394,179</u>	<u>-</u>
Total assets	<u>24,251,555</u>	<u>18,412,191</u>
Accounts payable and other current liabilities	8,672,274	8,021,314
Accrued compensated absences – short term	4,728	5,448
Accrued compensated absences – long term	187,175	178,190
Operating liability	<u>4,501,885</u>	<u>-</u>
Total liabilities	<u>13,366,062</u>	<u>8,204,952</u>
Net investment in capital assets	176,901	106,819
Unrestricted	<u>10,709,402</u>	<u>10,100,420</u>
Total net position	<u>\$ 10,885,493</u>	<u>\$ 10,207,239</u>

Net Position (Continued)

The Authority's government-wide financial statements reported an ending net position of \$10,885,493 and \$10,207,239 for the year ended, September 30, 2025, and 2024, respectively.

The increase in net position is mainly a result of an increase in the overall taxable value of properties within the district, as well as an increase in successful collections of ad valorem taxes during the fiscal year.

Table A-2
Condensed statement of activities

	<u>Fiscal Year 2025</u>	<u>Fiscal Year 2024</u>
General revenues		
Ad valorem taxes	\$ 12,806,615	\$ 11,902,296
Other revenue	<u>925,739</u>	<u>1,027,311</u>
Total general revenues	<u>13,732,354</u>	<u>12,929,607</u>
Total operating revenues	<u>13,732,354</u>	<u>12,929,607</u>
 Downtown development expenses	 <u>13,054,100</u>	 <u>12,709,980</u>
 Change in net position	 <u>\$ 678,254</u>	 <u>\$ 219,627</u>

During the fiscal year, ad valorem tax revenues increased by \$904,319 or 7.6% (compared to last year's increase of \$977,529 over the prior year).

Individual Fund Analysis

At September 30, 2025, the Authority's fund balance for the general fund increased from \$10,284,058 to \$11,008,201 over the prior year, as a result of revenues exceeding expenditures by \$724,143, due mainly to an increase in successful collection of ad valorem taxes by the Tax Collector's office.

Under GASB Statement No. 54, a specific presentation of the fund balance is required. The Authority's fund balance is as follows:

- Assigned: \$3,287,045 for FY 2025-2026 operating deficit (next year operations).
- Unassigned: \$7,721,156. Available for use at the Authority's discretion.

Individual Fund Analysis (Continued)

Since the Authority only has governmental funds/activities, the explanations provided above for the Statement of Activities regarding changes in net assets also explain the change in fund balance.

General Fund Budgetary Highlights

An operating budget was adopted and maintained by the Board of Directors of the Downtown Development Authority. The budget is adopted using the same basis of accounting that is used in preparation of the financial statements.

The general fund actual revenues from ad valorem taxes were \$12,806,615. The amount is below the budgeted estimate of \$12,970,000 by \$163,385. The difference in revenue is mainly due to general overdue or uncollected taxes by the Tax Collector's office, and some property re-valuation claims approved by the Value Adjustment Board during the fiscal year, which result in cash refunds of property tax to owners, thus affecting the net amount of ad valorem taxes remitted to the Agency.

The actual expenditures of the general fund were \$13,008,211, which is below the budgeted estimate by \$6,842,989. The majority of the difference is due to less than anticipated expenditures in some regular programs such as incentive programs, corporate business recruitment, local co-ops and promotions; also in the area of capital improvements and transit initiatives, whose project advancement depends heavily on timing coordination with outside agencies; as well as an unused contingency/reserves line item implemented as part of the FY 24-25 operating budget.

Capital Assets

The Authority's investment in capital assets (mainly furniture and computer equipment) amounted to \$176,901 and \$106,819 during 2025 and 2024, respectively.

Economic Factors and Next Year's Budget

The Authority's Board of Directors and management considered many factors when setting the fiscal 2024-2025 budget. These factors included the expected demand for projects or services in the area.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, 200 South Biscayne Boulevard, Suite 2929, Miami, Florida 33131.

**Downtown Development Authority
of the City of Miami
Statement of Net Position
September 30, 2025**

ASSETS

Cash and cash equivalents	\$ 18,978,172
Taxes and other receivables	702,303
Capital assets (net of accumulated depreciation)	176,901
Right of use asset	<u>4,394,179</u>
Total assets	<u>24,251,555</u>

LIABILITIES

Accounts payable and other current liabilities	8,672,274
Accrued compensated absences - current	4,728
Accrued compensated absences - long term	187,175
Operating liability	<u>4,501,885</u>
Total liabilities	<u>13,366,062</u>

NET POSITION

Net investment in capital assets	176,901
Unrestricted	<u>10,709,402</u>
Total net position	<u><u>\$ 10,885,493</u></u>

The accompanying notes are an integral part of the financial statements.

Downtown Development Authority
of the City of Miami
Statement of Activities
For the Fiscal Year Ended September 30, 2025

Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for	Operating Grants	Capital Grants	
		Services			
Economic development	\$ 13,054,100	\$ -	\$ -	\$ -	\$ (13,054,100)
Total	\$ 13,054,100	\$ -	\$ -	\$ -	(13,054,100)
General revenues:					
					12,806,615
					540,460
					385,279
					<u>13,732,354</u>
					678,254
					<u>10,207,239</u>
					<u>\$ 10,885,493</u>

The accompanying notes are an integral part of the financial statements.

**Downtown Development Authority
of the City of Miami
Balance Sheet
Governmental Fund
For the Fiscal Year Ended September 30, 2025**

	Total Governmental Fund (General Fund)
ASSETS	
Cash and cash equivalents	\$ 18,978,172
Other receivables	702,303
Total assets	<u>\$ 19,680,475</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and other current liabilities	\$ 8,672,274
Total liabilities	<u>8,672,274</u>
Fund Balances:	
Assigned:	
Contractual obligations	-
Next year operations	3,287,045
Unassigned	7,721,156
Total fund balances	<u>11,008,201</u>
Total liabilities and fund balances	<u>\$ 19,680,475</u>
 Total fund balances - Governmental Fund	 \$ 11,008,201
 Amounts reported for governmental activities in the statement of net position consist of:	
Fixed assets in the general fund (net of accumulated depreciation)	176,901
Right of use asset (net of accumulated amortization)	4,394,179
Compensated absences	(191,903)
Operating liability	<u>(4,501,885)</u>
Net position of governmental activities	<u>\$ 10,885,493</u>

The accompanying notes are an integral part of the financial statements.

**Downtown Development Authority
of the City of Miami
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Fiscal Year Ended September 30, 2025**

	Total Governmental Fund (General Fund)
REVENUES:	
Ad valorem taxes	\$ 12,806,615
Interest	540,460
Miscellaneous	385,279
Total revenues	<u>13,732,354</u>
EXPENDITURES	
Current:	
Economic development	12,910,868
Capital outlay	97,343
Total expenditures	<u>13,008,211</u>
Excess of revenues over expenditures	724,143
Fund balance - beginning	10,284,058
Fund balance - ending	<u><u>\$ 11,008,201</u></u>

Amounts reported for governmental activities in the statement of activities consist of:

Net change in fund balances - total governmental funds	\$ 724,143
Expenditures for capital outlay	97,343
Disposals of fixed assets	(2,196)
Amortization expense	(431,571)
Changes in compensated absences	(8,265)
Depreciation expense	(25,065)
Principal payments on lease	<u>323,865</u>
Change in net position of governmental activities	<u><u>\$ 678,254</u></u>

The accompanying notes are an integral part of the financial statements.

Downtown Development Authority
of the City of Miami
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2025

Custodial Fund

ASSETS

Cash and cash equivalents	\$ 4,045,669
Total assets	<u>\$ 4,045,669</u>

LIABILITIES

Due to other governmental units	\$ 4,045,669
Total liabilities	<u>\$ 4,045,669</u>

The accompanying notes are an integral part of the financial statements.

**Downtown Development Authority
of the City of Miami
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
September 30, 2025**

	Changes in Custodial Fund
ADDITIONS	
Receipt of Impact Fees	\$ 88,565
Total Additions	<u>88,565</u>
DEDUCTIONS	
DRI Expenses	<u>-</u>
Total Deductions	<u>-</u>
Change in Net position	88,565
Net position of Custodial Funds, beginning	3,957,104
Net position of Custodial Funds, ending	<u><u>\$ 4,045,669</u></u>

The accompanying notes are an integral part of the financial statements.

**DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF MIAMI
(A COMPONENT UNIT OF THE CITY OF MIAMI)
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the Downtown Development Authority of the City of Miami's (the "Authority"), significant accounting policies is presented to assist the reader in interpreting the basic financial statements. The policies are considered essential and should be read in conjunction with the basic financial statements.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

a. Financial Reporting Entity

The Authority is a governmental agency of the City of Miami, Florida (the City), created pursuant to Chapter 65-1090 of the General Laws of the State of Florida for the purpose of enhancing the development of the downtown Miami area by promoting economic growth in the region and strengthening downtown's appeal as a livable city as well as a regional, national, and international center for commerce and culture. For financial reporting purposes, the Authority is a component unit of the City of Miami and is thus included in the City's comprehensive annual financial report.

The basic criteria for determining whether another organization should be included in the Authority's reporting entity's basic financial statements is financial accountability. Financial accountability includes (1) the appointment of a voting majority of the organization's governing body, (2) the ability of the Authority to impose its will on the organization, or (3) if there is a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the Authority, should be included in its reporting entity. A blended component unit, although a legally separate entity, is, in substance, part of the Authority's operations and so data from this unit is combined with data of the Authority. Based upon the application of these criteria, there were no organizations that met the criteria described above.

b. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Authority does not have any *business-type activities* or non-major funds. The general fund is the Authority's operating and only fund and is reported as a major fund. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are

restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

c. ***Measurement focus, basis of accounting, and financial statement presentation.***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. The receivable is recorded net of an estimated uncollectible, which is based on past collection experience. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers ad valorem taxes revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

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

The Authority reports the following major governmental fund:

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

Amounts reported as *program revenues* include 1) operating grants and contributions and 2) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fiduciary Fund Type:

Custodial funds are used to account for and report resources that the Authority holds in trust. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources, as they are needed.

d. *Cash and Cash Equivalents*

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

e. *Property Taxes*

The Authority's principal source of revenue is garnered through a special levy of an ad valorem tax, not to exceed 0.475 mills, on the taxable value (less exemptions) of all real and tangible personal property located within the downtown district (the boundaries of which are defined in Chapter 14 of the Code of the City of Miami). The purpose of this special levy is to finance the operation of the Authority.

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the City of Miami, including the Authority, by Miami-Dade County (the County) on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the real or personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1 became effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009. The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed valuation (10 mills) for general governmental services other than the payment of principal and interest on general obligation long-term debt.

With the passage of the Truth in Millage Bill (TRIM) in 1983, the millage levied to support the Authority was included within the City's 10-mill cap as a dependent district of the City. Beginning in fiscal 1987, Section 200.001 of the Florida Statutes was amended, and the Authority was deemed a permanent independent special district for millage purposes and, therefore, not limited by the City's millage cap. Accordingly, the fiscal year 2024-2025 millage for the Authority is 0.4312 mills without regard to the 10-millage cap for the City.

f. Capital Assets

Capital assets are defined by the Authority as property and equipment with a cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all depreciable assets is provided on the straight-line basis over the estimated useful life of 5 to 7 years for furniture, fixtures, and equipment, and 3 years for computer and software. Leasehold improvements are amortized over the remaining life of the premise's operating lease.

g. Fund Balance Reporting

The Authority classifies amounts in its Fund Balance pursuant to GASB Statement No. 54, *Fund Balance Reporting Governmental Fund-type Definitions*, which establishes a hierarchy depicting the relative strength of the constraints that control how specific amounts can be spent:

- **Nonspendable** fund balance includes amounts associated with inventories, prepaids, long-term loans and notes receivable, or are required to be maintained intact. As of September 30, 2025, the Authority had no nonspendable funds.
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (e.g. grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restriction may be changed or lifted only with the consent of resource providers. As of September 30, 2025, the Authority had no restricted funds.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the Authority's highest level of decision-making authority), or contractual obligations, which can be entered into by the Executive Director (official to whom the Board of Directors has delegated such authority). Commitments may be changed or lifted by the Authority taking the same formal action that imposed the constraint originally. Action must be taken prior to the fiscal year-end. As of September 30, 2025, the Authority had no committed funds.
- **Assigned** fund balance comprises amounts intended to be used by the Authority for specific purposes. Intent can be expressed by the Board of Directors, or by the Executive Director (official to whom the Board of Directors has delegated such authority). As of September 30, 2025, the Authority had \$3,287,045 in assigned funds.
- **Unassigned** fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any lawful purpose. As of September 30, 2025, the Authority had \$7,721,156 in unassigned funds.

It is the Authority's policy to spend restricted funds first when both restricted and unrestricted funds are available for expenditure, unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last; unless commitments specify otherwise.

h. Compensated Absences

The Authority accrues all employees' accumulated vacation time and unused sick leave. Unused vacation and sick leave can be carried to the following year and each can be subjected to limitations of 300 hours. Upon termination, employees are paid for accumulated unused vacation

time, and unused sick time only to the extent that it has been converted to vacation time, and according to a gradual scale based on years of service. All vacation pay is accrued when incurred in the fund financial statements. A liability is recorded in the government wide financial statements when these amounts are earned.

i. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement did not have a material impact on the financial statements for fiscal year 2025.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, which became effective for fiscal year ended after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement did not have a material impact on the financial statements for fiscal year 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after December 15, 2023. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement did not have a material impact on the financial statements for fiscal year 2025.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement did not have a material impact on the financial statements for fiscal year 2025.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for fiscal years beginning after June 15, 2025. State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement did not have a material impact on the financial statements for fiscal year 2025.

3. CASH AND CASH EQUIVALENTS

The Authority does not have a written investment policy; however, follows Florida Statutes 218.415(17) which allows local governments electing not to adopt a written investment policy to invest or reinvest any surplus public funds in their control or possession in:

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a national recognized rating agency
- Interest-bearing time deposits or savings accounts in qualified public depositories
- Direct obligations of the U.S. Treasury

During the year the Authority's general fund bank balance was held in qualified depositories and invested business high performance money market accounts paying interest rates ranging from 0.01% through 0.35% per annum. At September 30, 2025, the carrying amount of the Authority's bank deposits was \$18,978,172 while the bank balances of such deposits were \$19,864,750. In addition to insurance provided by the Federal Deposit Insurance Corporation ("FDIC"), all cash in the bank is held in banking institutions approved by the State of Florida, State Treasurer to hold public funds.

Under the Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to a determined percentage of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held.

The percentage of eligible collateral (generally, U.S. Government and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting in losses. Since the Authority uses only authorized public depositories, all funds deposited with financial institution are FDIC insured and/or are fully collateralized and treated as insured.

The money market investments are considered cash but are not categorized as to level of risk since they are deemed to be fully collateralized under the Florida Security for Public Deposit Act or partially covered under the FDIC insurance.

4. ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals in the General Fund consisted of \$539,446 due to vendors and \$8,210,961 of accrued expenditures.

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2025 was as follows:

	Balance September 30, 2024	Additions	Deletions	Balance September 30, 2025
<i>DOWNTOWN DEVELOPMENT AUTHORITY</i>				
Capital assets - Furniture and Equipment	\$ 832,309	\$ 97,343	\$ (3,084)	\$ 926,569
Right of use asset	-	4,825,750	-	4,825,750
Less accumulated depreciation/ amortization for:				
Furniture and Equipment	(725,490)	(25,065)	888	(749,668)
Right of use asset	<u>-</u>	<u>(431,571)</u>	<u>-</u>	<u>(431,571)</u>
Total capital assets, net	<u>\$ 106,819</u>	<u>\$ 4,466,457</u>	<u>\$ (2,196)</u>	<u>\$ 4,571,080</u>

6. DEFINED CONTRIBUTION PLAN

The Authority sponsors two separate retirement plans. One, an employer defined contribution retirement plan for all Authority employees created in accordance with Internal Revenue Service Code Section 401(a) and Resolution Number 01-31. Authority employees do not contribute to the Plan. The Authority's required contribution is seven (7%) percent of the plan member's gross salary. Employees become 25 percent vested after one year of service, increasing to 100 percent at four years. Retirement is at age 55, provided there have been at least 10 years of service.

Pension expense related to the current year covered payroll was \$207,087, which was paid throughout the year. Actual pension contributions are reduced by forfeiture credits resulting from termination of non-vested employees. For fiscal year ended September 30, 2025, these forfeiture credits amounted to \$26,295.

Additionally, the Authority sponsors an employee defined contribution type plan, created in accordance with the Internal Revenue Service Code Section 457(b). Authority employees are the sole contributors to this plan, at their discretion. The Authority does not match contributions to this plan.

If a participant separates from service and subsequently becomes employed with another unit of a state or local government, then the participant may rollover his vested benefits into his new employer's pension plan providing said plan permits rollovers. At September 30, 2025, there were thirty (30) plan members.

Both plans are held in a group annuity contract administered by the insurance carrier for the exclusive benefit of the participants and their beneficiaries; consequently, the Authority has no fiduciary responsibility. Therefore, the net assets of these plans are not included in the Authority's financial statements.

7. CUSTODIAL FUND

The amounts recorded in the Custodial Fund represent amounts received from the City to administer the funds of two projects, Development of Regional Impact (DRI) Miami Update and DRI Recovery Fee. These funds are held by the Authority in a fiduciary capacity. Under governmental accounting principles, Custodial Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Custodial Fund balances amounted to \$4,045,669 and \$3,957,104 for the year ended, September 30, 2025, and 2024.

8. COMMITMENTS AND CONTINGENCIES

Leases

As of September 30, 2025, the Authority has a 10-year lease agreement for office space. Interest rate used to measure present value of lease payments is 4.19%. The value of the right of use asset as of the end of the fiscal year totaled \$4,394,179 and accumulated amortization is \$431,571. Lease liability and schedule of future minimum lease payments are as follows:

	Lease liability
Current portion of lease liability	336,581
Long-term portion of lease liability	<u>4,165,304</u>
Total	<u><u>4,501,885</u></u>

Reconciliation of the undiscounted cash flows to maturity analysis of finance liabilities:

Year Ending September 30	Office
2026	516,990
2027	532,511
2028	548,498
2029	564,950
2030	581,867
Thereafter	<u>2,732,048</u>
Total future minimum lease payments	5,476,864
Less: Interest	<u>(974,979)</u>
Present value of net minimum lease payments	<u><u>4,501,885</u></u>

Potential Liability

The Authority is involved from time to time in litigation in the ordinary course of operations. As of September 30, 2025, there were no pending litigations.

9. ACCRUED COMPENSATED ABSENCES

Changes in accrued compensated absences were as follows:

Balance at October 1, 2024	\$ 183,638
Net change	<u>8,265</u>
Balance at September 30, 2025	<u>\$ 191,903</u>

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Authority carries property and liability insurance. The Authority has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

11. DATE OF MANAGEMENT REVIEW

The Authority's management has evaluated subsequent events through January 28, 2026, the date which the financial statements were available for issue.

Downtown Development Authority
of the City of Miami

Required Supplementary Information - Budgetary Comparison Schedule - General Fund

For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Ad valorem taxes	\$ 12,970,000	\$ 12,970,000	\$ 12,806,615	\$ 163,385
Interest	-	-	540,460	(540,460)
Grants & Miscellaneous	3,269,490	3,269,490	385,279	2,884,211
Total revenues	16,239,490	16,239,490	13,732,354	2,507,136
EXPENDITURES				
Current:				
General Expenses	3,854,710	3,854,710	2,967,182	887,528
Leadership, Advocacy & Operations	1,691,000	1,691,000	1,253,734	437,266
Quality of Life & Enhanced Services	7,355,000	7,355,490	2,968,950	4,386,540
Arts, Culture & Entertainment	1,190,000	1,190,000	637,627	552,373
Urbanism	2,285,000	2,285,000	1,980,629	304,371
Enterprise	3,474,000	3,475,000	3,200,089	274,911
Total expenditures	\$ 19,851,200	\$ 19,851,200	\$ 13,008,211	\$ 6,842,989
Excess of revenues over expenditures			724,143	
Fund balance - beginning			10,284,058	
Fund balance - ending			\$ 11,008,201	

See accompanying note to the Budgetary Comparison Schedule

**DOWNTOWN DEVELOPMENT AUTHORITY
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Budgets and Budgetary Information

The Authority follows the procedures below in establishing the budgetary data reflected in the accompanying financial statements.

- a. Annually, the Authority's Board of Directors submits to the City Commission a proposed operating budget for the ensuing fiscal year, commencing October 1. The operating budget includes proposed expenditures and the means of funding them.
- b. Public hearings are conducted by the City Commission to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through passage of a resolution.
- d. The Authority's Board of Directors may transfer; by resolution, at any time, any part of an unencumbered balance of an appropriation within a department. The legal level of control is at the Board of Directors level.
- e. Annual appropriated budgets are adopted for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America.

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 of the
Downtown Development Authority of the City of
Miami d/b/a Miami Downtown Development
Authority Miami, 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 of the Downtown Development Authority of the City of Miami ("Miami DDA"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which comprise Miami DDA's basic financial statements, and have issued our report thereon dated January 28, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Miami DDA'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 Miami DDA's internal control. Accordingly, we do not express an opinion on the effectiveness of Miami DDA's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Miami DDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Miami, Florida
January 28, 2026

BCA Watson Rice LLP

MANAGEMENT LETTER

To the Board of Directors
The Downtown Development Authority of the City of Miami
d/b/a Miami Downtown Development Authority and Miami
DDA (A Component Unit of the City of Miami, Florida)
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of the Downtown Development Authority of the City of Miami ("Miami DDA"), as of and for the fiscal year ended September 30, 2025 and have issued our report thereon dated January 28, 2026.

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 Perform ed in Accordance with Government Auditing Standards; and Independent Accountant's Report (s) 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 t he Auditor General. Disclosures in those reports and schedule, which are dated January 28, 2026, 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 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 com ponent unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such information is disclosed in Note 1 to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Miami DDA 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 Miami DDA 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 Miami DDA. It is management's responsibility to monitor the Miami DDA's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

As required by Section 218.39(3)(c), and 218.32(1)(e)2-3, Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the DDA reported:

- a. The total number of DDA employees compensated in the last pay period of the DDA's fiscal year as 30.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the DDA's fiscal year is 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as of 09/30/2025 is \$2,995,147.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. Any construction projects with costs of at least \$65,000 approved by the DDA that are scheduled to begin on or after October 1 of the reporting year and total expenditures of such project are \$0.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the DDA amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$0.
- g. In accordance with Sections 218.39(3)(c), and 218.32(1)(e)4, Florida Statutes; and Section 10.554(1)(i)7, Rules of the Auditor General, the millage rate imposed for the fiscal year is 0.4312, the ad-valorem revenue reported is \$12,806,615 and there were no outstanding bonds issued by the DDA.

Additional Matters

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

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, Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Miami, Florida
January 28, 2026

BCA Watson Rice LLP

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

To the Board of Directors
The Downtown Development Authority of the City of Miami A
Component Unit of the City of Miami, Florida

We have examined the Downtown Development Authority of the City of Miami, Florida ("Miami DDA")'s compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management is responsible for the Miami DDA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Miami DDA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Miami DDA's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

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

Miami, Florida
January 28, 2026

BCA Watson Rice LLP