

**HOLLYWOOD BEACH  
COMMUNITY DEVELOPMENT DISTRICT 1  
CITY OF HOLLYWOOD, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2025**

**HOLLYWOOD BEACH COMMUNITY DEVELOPMENT DISTRICT 1  
CITY OF HOLLYWOOD, FLORIDA**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Hollywood Beach Community Development District 1  
City of Hollywood, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying basic financial statements of Hollywood Beach Community Development District 1, City of Hollywood, Florida ("District") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District'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 District as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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 (GAAS) 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 District 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***

The District's 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 District'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 GAAS 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 GAAS, 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 District'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 District'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 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 Information Included in the Financial Report***

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c) but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 District'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 District's internal control over financial reporting and compliance.

*Grau & Associates*

March 26, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Hollywood Beach Community Development District 1, City of Hollywood, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets plus deferred outflows of resources at the close of the most recent fiscal year resulting in a net position deficit balance of (\$6,459,645).
- The change in the District's total net position in comparison with the prior fiscal year was \$338,067, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) business-type financial statements, and 2) notes to the financial statements. This report also contains other information in addition to the basic financial statements themselves.

#### Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being 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 District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the government'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 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.

#### Proprietary Funds

The District maintains one type of proprietary fund: an enterprise fund. The District uses an enterprise fund to account for the operations of the parking garage within the District.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

## BASIC FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets plus deferred outflows of resources at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

NET POSITION		
SEPTEMBER 30,		
	2025	2024
Current and other assets	\$ 5,405,856	\$ 1,026,302
Capital assets, net of depreciation	21,669,852	26,490,409
Total assets	<u>27,075,708</u>	<u>27,516,711</u>
Deferred outflows of resources	5,750,470	6,112,177
Current liabilities	3,040,978	2,967,013
Long-term liabilities	36,244,845	37,459,587
Total liabilities	<u>39,285,823</u>	<u>40,426,600</u>
Net position		
Net investment in capital assets	(9,814,523)	(9,889,789)
Restricted	2,473,267	2,152,277
Unrestricted	881,611	939,800
Total net position	<u>\$ (6,459,645)</u>	<u>\$ (6,797,712)</u>

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position increased during the most recent fiscal year.

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION		
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2025	2024
Operating revenues:	<u>\$ 3,555,447</u>	<u>\$ 3,437,784</u>
Operating expenses:		
Administrative and general	125,795	109,994
Cost of operations	952,154	906,419
Depreciation	750,222	748,618
Total operating expenses	<u>1,828,171</u>	<u>1,765,031</u>
Operating income	<u>1,727,276</u>	<u>1,672,753</u>
Non-operating:		
Interest income	136,704	174,510
Interest expense	(1,525,913)	(1,574,003)
Total non-operating	<u>(1,389,209)</u>	<u>(1,399,493)</u>
Change in net position	338,067	273,260
Net position - beginning	(6,797,712)	(7,070,972)
Net position - ending	<u>\$ (6,459,645)</u>	<u>\$ (6,797,712)</u>

## BASIC FINANCIAL ANALYSIS (Continued)

The changes in net position reflect the operation of the parking garage which is owned and maintained by the District. The cost of operations is covered primarily by charges to customers. The increase in total expenses is mainly the result of an increase in operating costs. The increase in revenues is mainly due to an increase in user fees collected at the resort.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District reported net capital assets of \$21,669,852. More detailed information about the District's capital assets is presented in the notes of the financial statements.

### Capital Debt

At September 30, 2025, the District had \$32,740,000 in Bonds outstanding. More detailed information about the District's capital debt is presented in the notes of the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, landowners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Hollywood Beach Community Development District 1's Finance Department at 5385 N. Nob Hill Road Sunrise, Florida 33351.

**HOLLYWOOD BEACH COMMUNITY DEVELOPMENT DISTRICT 1  
CITY OF HOLLYWOOD, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

**ASSETS**

Current assets:

Cash	\$ 768,150
Accounts receivable	172,293
Interest receivable	14,022
Prepays and deposits	8,217
Total current assets	<u>962,682</u>

Noncurrent assets:

Restricted assets:	
Investments	4,443,174
Capital assets:	
Depreciable, net	<u>21,669,852</u>
Total noncurrent assets	<u>26,113,026</u>
Total assets	<u>27,075,708</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amount on refunding	<u>5,750,470</u>
Total deferred outflows of resources	<u>5,750,470</u>

**LIABILITIES**

Current liabilities:

Accounts payable and accrued expenses	81,071
Due to Developer - User fees	1,275,013
Accrued interest payable	694,894
Bonds payable - current	990,000
Total current liabilities	<u>3,040,978</u>

Non-current liabilities:

Bonds payable	<u>36,244,845</u>
Total noncurrent liabilities	<u>36,244,845</u>
Total liabilities	<u>39,285,823</u>

**NET POSITION**

Net investment in capital assets	(9,814,523)
Restricted	2,473,267
Unrestricted	881,611
Total net position	<u>\$ (6,459,645)</u>

See notes to the financial statements

**HOLLYWOOD BEACH COMMUNITY DEVELOPMENT DISTRICT 1  
CITY OF HOLLYWOOD, FLORIDA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

OPERATING REVENUES	
Parking revenues	\$ 3,223,918
User fees	331,529
Total operating revenues	<u>3,555,447</u>
OPERATING EXPENSES	
Administrative and general	125,795
Cost of operations	952,154
Depreciation	750,222
Total operating expenses	<u>1,828,171</u>
OPERATING INCOME	1,727,276
NON-OPERATING REVENUES (EXPENSES)	
Interest income	136,704
Interest expense	<u>(1,525,913)</u>
Total non-operating revenues (expenses)	<u>(1,389,209)</u>
Change in net position	338,067
Total net position - beginning	<u>(6,797,712)</u>
Total net position - ending	<u>\$ (6,459,645)</u>

See notes to the financial statements

**HOLLYWOOD BEACH COMMUNITY DEVELOPMENT DISTRICT 1  
CITY OF HOLLYWOOD, FLORIDA  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,764,093
Payments to suppliers	(695,531)
Payments to employees	(382,553)
Net Cash Provided (Used) by Operating Activities	<u>2,686,009</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(17,453)
Principal paid	(945,000)
Interest paid	(1,412,573)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,375,026)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (Purchase) of investments	(355,386)
Interest received	136,704
Net Cash Provided (Used) by Investing Activities	<u>(218,682)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	92,301
CASH AND CASH EQUIVALENTS - OCTOBER 1	<u>675,849</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30	<u>\$ 768,150</u>
RECONCILIATION OF OPERATING INCOME TO	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 1,727,276
ADJUSTMENTS TO RECONCILE OPERATING INCOME	
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Depreciation	750,222
(Increase) / decrease in accounts receivable	148,488
(Increase) / decrease in interest receivable	2,137
(Increase) / decrease in prepaids and deposits	5,296
(Decrease) / increase in accounts payable	(5,431)
(Decrease) / increase in due to Developer	58,021
Total adjustments	<u>958,733</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,686,009</u>

See notes to the financial statements

**HOLLYWOOD BEACH COMMUNITY DEVELOPMENT DISTRICT 1  
CITY OF HOLLYWOOD, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

The Hollywood Beach Community Development District 1 (the "District") was created on June 1, 2011 by Ordinance 0-2011-21 of the City of Hollywood, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue Bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a parking garage which is owned and maintained by the District.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2025, four of the board members were affiliated with MVHF, LLC ("Developer").

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The District reports all of its activities and functions in a single enterprise fund. The enterprise fund is used to account for the operation of a parking garage. The costs of providing services are recovered primarily through parking fees.

Enterprise funds are proprietary funds. The measurement focus is based upon determination of net position, financial position and changes in cash flow. The generally accepted accounting principles used are those applicable to similar businesses in the private sector, thus, these funds are maintained on the accrual basis of accounting. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) when the governing body has decided that periodic determination of net income is appropriate for capital maintenance, public management control, accountability, or other purposes. Revenues are recognized when earned and expenses are recognized when incurred. All assets and liabilities (whether current or noncurrent) associated with an activity are included in the statement of net position. The reported net position is segregated into invested in capital assets net of related debt, restricted and unrestricted assets.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Basis of Accounting (Continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for parking. Operating expenses of the enterprise fund include the cost of operations and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

### **Assets, Liabilities and Net Position or Equity**

#### Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

#### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### Capital Assets

Property and equipment are stated at cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Assets, Liabilities and Net Position or Equity (Continued)

#### Capital Assets (Continued)

Fixed assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Parking Garage	40
Monuments	5

#### Refundings of Debt

For current refundings and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized ratably as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In connection with the refunding, \$361,707 was recognized as a component of interest expense in the current fiscal year.

#### Unearned Revenue

The District reports unearned revenue in connection with resources that have been received, but not yet earned.

#### Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the Bonds using the straight-line method. Bonds are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

#### 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.

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.

#### Net Position

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

### Other Disclosures

#### 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.

### NOTE 3 – DEPOSITS AND INVESTMENTS

#### Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages 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. Governmental 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 losses.

#### Investments

The District's investments were held as follows at September 30, 2025:

	Amortized Cost	Credit Risk	Maturities
Dreyfus Government Cash Management Investor 672	\$ 2,929,782	S&P AAAM	Weighted average maturity: 29 days
Federated Government Obligation Instrument	1,513,392	S&P AAAM	Weighted average maturity: 44 days
Total Investments	<u>\$ 4,443,174</u>		

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The District places no limit on the amount the District may invest in any one issuer.

*Interest rate risk* – The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

However, the Bond Indenture limits the type of investments held using unspent proceeds.

*Fair Value Measurement* – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1: Investments* whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2: Investments* whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3: Investments* whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

#### NOTE 4 – RESTRICTED ASSETS

Restricted assets include investments which are restricted in connection with the Bond requirements discussed in Note 6. The composition of restricted assets at September 30, 2025 was as follows:

Restricted for:	
Reserve account	\$ 1,191,894
Payment of interest	694,894
Payment of principal	1,006,028
User fees	1,513,392
Acquisition and other	36,966
	<u>\$ 4,443,174</u>

#### NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Business type activities</u>				
Capital assets, being depreciated				
Parking garage	\$ 28,831,855	\$ 17,453	\$ -	\$ 28,849,308
Monuments	47,706	-	-	47,706
Total capital assets, being depreciated	<u>28,879,561</u>	<u>17,453</u>	<u>-</u>	<u>28,897,014</u>
Less accumulated depreciation for:				
Parking garage	6,429,234	750,222	-	7,179,456
Monuments	47,706	-	-	47,706
Total accumulated depreciation	<u>6,476,940</u>	<u>750,222</u>	<u>-</u>	<u>7,227,162</u>
Total capital assets being depreciated, net	<u>22,402,621</u>	<u>(732,769)</u>	<u>-</u>	<u>21,669,852</u>
Business type activities capital assets, net	<u>\$ 22,402,621</u>	<u>\$ (732,769)</u>	<u>\$ -</u>	<u>\$ 21,669,852</u>

#### NOTE 6 – LONG-TERM LIABILITIES

##### Series 2020

On October 10, 2020, the District issued \$35,625,000 of Revenue Refunding Bonds, Series 2020 consisting of the following bonds:

Bond Components	Principal	Interest (%)	Maturity Date
Serial	\$ 9,590,000	2.125% - 5%	October 1, 2021 to October 1, 2030
Term	3,900,000	5%	October 1, 2035
Term	2,970,000	4%	October 1, 2035
Term	6,570,000	5%	October 1, 2040
Term	2,005,000	3%	October 1, 2040
Term	10,590,000	4%	October 1, 2045

The Series 2020 are subject to redemption at the option of the District, as a whole or in part, at any time on or after October 1, 2030. The Series 2020 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

## NOTE 6 – LONG-TERM LIABILITIES (Continued)

The Bond Indenture established a debt service reserve requirement as well as certain restrictions and requirements relating principally to the procedures to be followed in the collection of pledged revenues and the application of the revenues to the various restricted accounts. The District's main revenue source is the collection of parking fees from the parking garage. In addition, user fees are also pledged for the payment of debt service. See Note – 7 Public User Fees. The user fees are refundable to the Developer as long as the District meets the Debt Service Coverage ratio and meets the debt service reserve requirement. The District has recorded a liability of \$1,275,013 for the refund related to user fees.

In addition, the District can special assess the Developer's property if such parking fees and user fees are not sufficient to cover its operating expenses and debt service on the Bonds. This did not occur for the current fiscal year as total parking related revenues were sufficient to cover all of the District's expenses. In addition, the City of Hollywood has made a guarantee that they will fund any deficiency in the debt service reserve fund from legally available non ad valorem revenues. The District is in compliance with the requirements of the Bond Indenture.

### Long-term Debt Activity

Changes in long-term liabilities for the fiscal year ended September 30, 2025 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2020	\$ 33,685,000	\$ -	\$ (945,000)	\$ 32,740,000	\$ 990,000
Plus: Unamortized premium	4,719,587	-	(224,742)	4,494,845	-
Total	<u>\$ 38,404,587</u>	<u>\$ -</u>	<u>\$ (1,169,742)</u>	<u>\$ 37,234,845</u>	<u>\$ 990,000</u>

At September 30, 2025, the scheduled debt service requirements on the long-term liabilities were as follows:

Year ending September 30:	Principal	Interest	Total
2026	\$ 990,000	\$ 1,365,038	\$ 2,355,038
2027	1,040,000	1,314,288	2,354,288
2028	1,090,000	1,261,038	2,351,038
2029	1,150,000	1,205,038	2,355,038
2030	1,205,000	1,164,238	2,369,238
2031-2035	6,605,000	5,165,769	11,770,769
2036-2040	8,200,000	3,504,675	11,704,675
2041-2045	10,170,000	1,512,800	11,682,800
2046	2,290,000	45,800	2,335,800
Total	<u>\$ 32,740,000</u>	<u>\$ 16,538,684</u>	<u>\$ 49,278,684</u>

## NOTE 7 – PUBLIC USER FEES

The District has contracted with the Developer whereby the Developer is acting as a collecting agent of a user fee which was initially set at 1% on all applicable sales within the Resort property and parking garage. Such amounts are being remitted by the Developer to the District on a monthly basis. During the term of the outstanding Bonds, the public user fees collected are applied by the Bond Trustee in accordance with the Bond Indenture. The user fees have been approved for up to 2.5%. For the current fiscal year, the user fee was 2%.

## NOTE 8 – CONCENTRATION

The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

#### **NOTE 9 – MANAGEMENT AGREEMENT AND DEVELOPER RELATED TRANSACTIONS**

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

In addition, the District has entered into an agreement with the Developer for management of the parking garage. The monthly fee is equal to 4% of parking garage revenues. In accordance with the agreement, the District incurred \$128,957. In addition, the majority of the operating expenses are paid by the Developer initially and then charged to THE District by the Developer.

#### **NOTE 10 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims during the past three years.

**HOLLYWOOD BEACH COMMUNITY DEVELOPMENT DISTRICT 1  
CITY OF HOLLYWOOD, FLORIDA  
OTHER INFORMATION – DATA ELEMENTS  
REQUIRED BY FL STATUTE 218.39(3)(C)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025  
UNAUDITED**

<u>Element</u>	<u>Comments</u>
Number of District employees compensated in the last pay period of the District's fiscal year being reported.	4
Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported.	4
Employee compensation	\$326,417.00
Independent contractor compensation	\$750,692.00
Construction projects to begin on or after October 1; (\$65K)	Not applicable
Budget variance report	Not applicable
Ad Valorem taxes	Not applicable
Non ad valorem special assessments;	Not applicable
Outstanding Bonds:	See Note 6 for details



**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 Supervisors  
Hollywood Beach Community Development District 1  
City of Hollywood, 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 basic financial statements of Hollywood Beach Community Development District 1, City of Hollywood, Florida ("District") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated March 26, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.

*Grau & Associates*

March 26, 2026



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors  
Hollywood Beach Community Development District 1  
City of Hollywood, Florida

We have examined Hollywood Beach Community Development District 1, City of Hollywood, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2025. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District 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 District's compliance with specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

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, management, and the Board of Supervisors of Hollywood Beach Community Development District 1, City of Hollywood, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Grau & Associates*

March 26, 2026



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors  
Hollywood Beach Community Development District 1  
City of Hollywood, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of Hollywood Beach Community Development District 1, City of Hollywood, Florida ("District") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 26, 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 Florida 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 March 26, 2026, should be considered in conjunction with this management letter.

**Purpose of this Letter**

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Hollywood Beach Community Development District 1, City of Hollywood, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Hollywood Beach Community Development District 1, City of Hollywood, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

*Grau & Associates*

March 26, 2026

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2024.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2025.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2025.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 16.