

Hollywood, Florida Community Redevelopment Agency (Beach District)

Financial Report
Fiscal Year Ended September 30, 2015

THE ORGANIZATION

The Hollywood, Florida Community Redevelopment Agency (Beach District) (BCRA) was established in accordance with Florida Statutes Chapter 163 PART III Community Redevelopment to finance and redevelop the City of Hollywood's (City) designated redevelopment areas. The BCRA, whose board members are the same as the members of the City Commission, provides services that exclusively benefit the City's beach areas.

The Board Members of the BCRA for the year ended September 30, 2015, were as follows:

HOLLYWOOD, FLORIDA COMMUNITY REDEVELOPMENT AGENCY (BEACH DISTRICT)

BOARD MEMBERS

PETER BOBER, Chairperson

KEVIN BIEDERMAN, Vice Chairperson – District 5

RICHARD BLATTNER, Board Member – District 4

PATRICIA ASSEFF, Board Member – District 1

LINDA SHERWOOD, Board Member – District 6

PETER HERNANDEZ, Board Member – District 2

TRACI CALLARI, Board Member – District 3

KEVIN BIEDERMAN, Board Member – District 5

EXECUTIVE DIRECTOR

JORGE A. CAMEJO

GENERAL COUNSEL

JEFFREY P. SHEFFEL

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Independent Auditor's Report

The Board of Directors
Hollywood, Florida Community Redevelopment Agency (Beach District)

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Hollywood, Florida Community Redevelopment Agency (Beach District) (BCRA), a component unit of the City of Hollywood, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the BCRA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City of Hollywood, Florida Community Redevelopment Agency (Beach District), as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2016, on our consideration of the BCRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 BCRA's internal control over financial reporting and compliance.

RSM US LLP

Fort Lauderdale, Florida
September 19, 2016

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Management's Discussion and Analysis (Unaudited)

The Management's Discussion and Analysis (MD&A) of the Hollywood, Florida Community Redevelopment Agency (the CRA), (Beach District) (the BCRA) is designed to provide an objective and succinct analysis of the financial activities based on currently known facts, decisions, and conditions of the BCRA's financial position and results of operations for the fiscal year ended September 30, 2015. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the BCRA's financial activity and identify changes in the BCRA's financial position.

The information contained in this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and required supplementary information provided.

Financial Highlights

- The assets of the BCRA exceeded its liabilities at the close of the most recent fiscal year by \$12.6 million (net position).
- The BCRA's total net position decreased by \$8.9 million in 2015 and increased by \$0.6 million in 2014. Decrease in FY 2015 was primarily due to economic incentive payments made in connection with the Magaritaville project.
- Comparing fiscal year 2015 with 2014, the governmental activities revenue increased by \$2.4 million and expenses increased by \$11.9 million. The net results from activities decreased by \$9.5 million as compared to the results in 2014. In fiscal year 2014, results of activities produced an increase in net position of \$0.6 million.
- The BCRA's total long-term liabilities decreased by \$3.2 million or 8% during the current year and by \$3.1 million or 7.2% in the prior year. This is a result of the BCRA repaying existing debt outstanding with no new debt issuances.
- The BCRA's assets decreased by \$8.5 million or 13.2% during the current year and decreased by \$1.5 million or 2.3% in the prior year. The decrease in 2015 resulted from increased economic incentives pay outs, primarily related to the Magaritaville project. The decrease in 2014 occurred from increase economic incentives payments for Margaritaville.

Overview of the Financial Statements

This annual report follows a format consisting of three parts – Management's Discussion and Analysis (this section), the basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements, and Required Supplementary Information. The basic financial statements include two kinds of statements that present different views of the BCRA.

- The first two statements are government-wide financial statements which report both long-term and short-term information about the BCRA's overall financial status.
- The remaining statements are governmental fund financial statements that focus on reporting the BCRA's operation in more detail, for example, how services like economic environment were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of unaudited Required Supplementary Information that further explains and supports the information in the financial statements.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Management's Discussion and Analysis (Unaudited)

Government-wide Financial Statements

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

The statement of net position presents information on all of the BCRA's assets/deferred outflows and liabilities/deferred inflows, with the difference 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 BCRA is improving or deteriorating.

The statement of activities presents information showing how the BCRA'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 the statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements listed above distinguish functions of the BCRA that are principally supported by tax increment funds and intergovernmental revenues. The governmental activities of the BCRA include general government, public safety, economic environment, physical environment and culture and recreation. The governmental activity of the BCRA is community redevelopment.

The government-wide financial statements include only the financial activities of the BCRA. However, the BCRA is considered a component unit of the City of Hollywood, Florida (the City) and as such, the financial information of the BCRA is included in the City's Comprehensive Annual Financial Report for each year.

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 BCRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements focus on individual parts of the BCRA government, reporting the BCRA's operations in more detail than the government-wide statements.

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 spendable resources, as well as on balances of spendable resources available at the end of a 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 BCRA'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 the comparison between governmental funds and governmental activities.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Management's Discussion and Analysis (Unaudited)

Key elements of the reconciliation of these two statements are that the government-wide statement of net position reports the issuance of debt as a liability, the purchases of capital assets as assets which are then charged to expense over their useful lives (depreciated) and changes in long-term liabilities as adjustments of expenses on the statement of activities. Conversely, the governmental funds statements report the issuance of debt as an other financing source of funds, the repayment of debt as an expenditure, the purchase of capital assets as an expenditure and do not reflect changes in long-term liabilities.

The BCRA maintains one governmental fund. Information is presented 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 BCRA does not have any nonmajor governmental funds.

The CRA Board adopts an annual appropriated budget. Budgetary comparison statements have been provided as Required Supplementary Information in this report to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as a budgetary comparison schedule.

Government-wide Financial Analysis

The two government-wide statements report the BCRA's net position and how it has changed. Table 1 presents net position – the difference between the BCRA's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the BCRA's financial health or position.

- Over time, increases or decreases in the BCRA's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the BCRA you need to consider additional nonfinancial factors such as changes in the BCRA's increment property tax base and the condition of its infrastructure.

A large portion of the BCRA's assets (71.3% for 2015) reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, and equipment). The BCRA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the BCRA's investment in its 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.

Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)

Management's Discussion and Analysis (Unaudited)

Summary of Net Position

The table below provides a summary of net position:

Table 1
Summary of Net Position
September 30, 2015 and 2014
(\$ in thousands)

	Governmental Activities	
	2015	2014
Current and Other Assets	\$ 16,083	\$ 29,314
Capital Assets	39,905	35,169
Total assets	55,988	64,483
Long-Term Liabilities	37,507	40,724
Current Liabilities	5,882	2,290
Total liabilities	43,389	43,014
Total net position	\$ 12,599	\$ 21,469

Certain amounts of the BCRA's net position (4.0% and 5.2% for years 2015 and 2014, respectively), represent resources that are subject to external restrictions on how they may be used.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Management's Discussion and Analysis (Unaudited)

Summary of Changes in Net Position

Governmental activities decreased the BCRA's net position by \$8.9 million in fiscal year 2015 and increased net position by \$0.6 million in fiscal year 2014. Key elements of these changes are shown in Table 2 below:

**Table 2
Summary of Changes in Net Position
For the fiscal years ended September 30, 2015 and 2014
(\$ in thousands)**

	Governmental Activities	
	2015	2014
Revenues		
Program revenues	\$ 61	\$ 75
General revenues:		
Tax increment property taxes	22,499	20,095
Investment earnings	140	65
Miscellaneous	1	55
Total revenue	22,701	20,290
Expenses		
General government	9,942	8,642
Transportation	262	122
Economic environment	17,567	6,730
Physical environment	1,633	1,846
Culture and recreation	179	219
Interest and fiscal charges	1,989	2,129
Total expenses	31,572	19,688
Net (decrease) increase in net position	(8,871)	602
Net Position – October 1	21,469	20,867
Net Position – September 30	\$ 12,598	\$ 21,469

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Management's Discussion and Analysis (Unaudited)

Key elements of the net increase (decrease) are as follows:

- Tax increment funds increased in 2015 by \$2.4 million during the year as compared to fiscal 2014, as a result of a 12.0% increase in taxable assessed value and no millage rate change in the millage rate levied.
- The increase noted in economic environment expenses in fiscal 2015 resulted from an overall increase in property improvement ventures related to the Margaritaville project in the BCRA district.

Financial Analysis of BCRA Funds

As noted earlier, the BCRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The focus of the BCRA's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the BCRA's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Although it is termed "unassigned fund balance" or "fund balance" for purposes of this section, all funds remaining at the end of the fiscal year are to be used for future projects within the BCRA.

The general fund is the chief operating fund of the BCRA. At the end of the current fiscal year, fund balance of the general fund was \$9.3 million. Total fund balance represents 23.6% of total General Fund expenditures for 2015. The current year's fund balance of the BCRA's general fund decreased by \$16.8 million. The decrease resulted from an increase in economic incentive pay-outs, primarily related to the Magaritaville project.

The BCRA records overlapping governmental revenue and grants for financing redevelopment activity in the beach redevelopment district. Due to the multi-year nature of redevelopment activities, funds may be accumulated for the purpose of providing funding for ongoing or planned construction projects. Fund balance for this fund totaled approximately \$9.3 million at September 30, 2015, and is available to fund debt service expenditures, capital improvements and other specified activities of the BCRA.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Management’s Discussion and Analysis (Unaudited)

Budgetary Highlights

The BCRA’s General Fund is required to adopt an annual budget prepared on a basis consistent with generally accepted accounting principles.

During the current year, the BCRA budget was amended for the following purposes:

- Offsetting appropriation adjustments among multiple accounts totaling approximately \$1.3 million with no increase in appropriations. Included in the above transfer was a relocation from current expenditures to transfers of \$667 thousands.
- A new transportation grant received increased budgeted revenues and expenditures by \$25 thousand.
- Net appropriations were increased by \$304 thousand related to new appropriations adopted during the year and funded from available resources.

Budget to actual fluctuations resulted from the following reasons:

- Overall General Fund expenditures for the year were \$5.9 million under amended appropriations.
- General Fund balance at year end was \$9.3 million or \$16.8 million lower than beginning fund balance.

Capital Assets and Debt Administration

Capital Assets

The BCRA’s investment in capital assets for its governmental activities as of September 30, 2015 and 2014 amounts to \$39.9 million and \$35.2 million, respectively, (net of accumulated depreciation) as presented in Table 3. This investment in capital assets includes land, construction in progress, buildings and improvements, and equipment. The total increase in the BCRA’s capital asset balance for the current fiscal year was \$4.7 million or 13.5% and an increase of \$0.9 million or 2.6% in prior year.

The most notable capital asset event occurring during the year was the net addition of approximately \$3.0 million in construction in progress and \$1.7 million in buildings and improvements from projects currently under construction.

**Table 3
Capital Assets
As of September 30, 2015 and 2014
(\$ in thousands)**

	2015	2014
Governmental Activities		
Land	\$ 10,019	\$ 10,019
Buildings and improvements, net	26,495	24,787
Equipment, net	163	184
Construction in progress	3,227	179
Total	\$ 39,904	\$ 35,169

The most significant capital projects in the BCRA are the multi-year undergrounding of all utility lines, public parking garage and streetscape improvements in the beach area as well as a beach renourishment project currently underway. Additional information on the BCRA’s capital assets can be found in the footnotes.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Management's Discussion and Analysis (Unaudited)

Long-Term Debt

At the end of the current fiscal year, the BCRA had total Redevelopment Revenue Bonds outstanding of \$37.4 million. This debt decreased by \$3.2 million from the previous year due to the payment of principal.

**Table 4
Long-Term Debt
As of September 30, 2015 and 2014
(\$ in thousands)**

	<u>2015</u>	<u>2014</u>
Governmental Activities		
Redevelopment revenue bonds	\$ 37,400	\$ 40,630

The BCRA maintains an "A-"rating (with a stable outlook) from Fitch and an "A3" rating from Moody's for general obligation debt.

Additional information on the BCRA's long-term debt can be found in the footnotes.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate in the City averaged 5.3% during fiscal year 2015 based on information obtained from the U. S. Department of Labor, Bureau of Labor Statistics, and is lower than the average rate of 5.5% from a year ago. This rate is lower than the state's average unemployment rate and the national average rate of 5.5%.
- Inflationary trends in the region increased on average 1.2% for fiscal year 2015 which is higher than the 0.3% shown in similar national indices (i.e. Consumer Price Index).

All of these factors were considered in preparing the BCRA's budget for the 2016 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the BCRA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Financial Services Department, 2600 Hollywood Boulevard, Hollywood, Florida 33020.

Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)

Statement of Net Position
September 30, 2015

	Governmental Activities
Assets	
Cash	\$ 200
Pooled investments	11,864,925
Due from the City	1,035,272
Restricted investments	3,182,816
Capital assets:	
Nondepreciable	13,246,756
Depreciable, net	26,658,294
Total assets	<u>55,988,263</u>
Liabilities	
Vouchers payable	323,226
Accrued wages	80,292
Construction contracts payable	4,876,516
Due to the City	442,917
Interest payable	160,288
Noncurrent liabilities:	
Due within one year	
Compensated absences	106,641
Bonds payable	3,375,000
Due in more than one year	
Bonds payable	34,025,000
Total liabilities	<u>43,389,880</u>
Net position	
Net investment in capital assets	19,625,971
Restricted for:	
Debt service	498,664
Unrestricted (deficit)	<u>(7,526,252)</u>
Total net position	<u>\$ 12,598,383</u>

See Notes to Financial Statements

Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)

Statement of Activities
Fiscal Year Ended September 30, 2015

	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
				Total Governmental Activities
Functions				
General government	\$ (9,942,522)	\$ -	\$ -	\$ (9,942,522)
Transportation	(261,892)	35,791	25,000	(201,101)
Economic environment	(17,566,803)	-	-	(17,566,803)
Physical environment	(1,632,589)	-	-	(1,632,589)
Culture and recreation	(179,132)	-	-	(179,132)
Interest expense	(1,989,015)	-	-	(1,989,015)
Total governmental activities	(31,571,953)	35,791	25,000	(31,511,162)
General revenues:				
Increment property taxes				22,499,138
Investment earnings				139,612
Miscellaneous				1,199
Total general revenues				22,639,949
Change in net position				(8,871,213)
Net Position, beginning				21,469,596
Net Position, ending				\$ 12,598,383

Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)

Balance Sheet
Governmental Fund
September 30, 2015

Assets	
Cash	\$ 200
Pooled Investments	11,864,925
Restricted Investments	3,182,816
Due from the City	<u>1,035,272</u>
Total assets	<u><u>\$ 16,083,213</u></u>
 Liabilities and Fund Balance	
Vouchers Payable	\$ 323,226
Accrued Wages	80,292
Construction Contracts Payable	4,876,516
Due to the City	<u>442,917</u>
Total liabilities	<u>5,722,951</u>
 Deferred Inflow of Resources	
Unavailable Revenues	<u>1,035,272</u>
 Fund Balances	
Restricted for:	
Debt service	3,182,816
Committed for:	
Capital projects	3,626,846
Assigned	125,236
Unassigned	<u>2,390,092</u>
Total fund balances	<u>9,324,990</u>
 Total liabilities, deferred inflow of resources and fund balance	 <u><u>\$ 16,083,213</u></u>

See Notes to Financial Statements.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

**Reconciliation of the Balance Sheet of the Governmental
Fund to the Statement of Net Position
September 30, 2015**

Total Fund Balances – Governmental Fund	\$ 9,324,990
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,905,050
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Revenues that are earned but not received within the CRA's availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available.	1,035,272
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Long-term liabilities, including bonds payable, compensated absences, and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(37,666,929)</u>
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Net Position of governmental activities	<u><u>\$ 12,598,383</u></u>
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See Notes to Financial Statements.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

**Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Fund
Fiscal Year Ended September 30, 2015**

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Revenues	
Increment property taxes:	
City	\$ 12,342,708
Other governmental	10,182,334
Investment revenue	139,612
Miscellaneous	36,990
Total revenues	<u>22,701,644</u>
 Expenditures	
Current:	
General government	7,491,688
Economic environment	17,566,803
Physical environment	467,878
Culture and recreation	179,132
Transportation	126,108
Capital outlay:	
General government	177,510
Physical environment	7,625,009
Transportation	666,622
Debt service:	
Principal	3,230,000
Interest and fiscal charges	2,001,102
Total expenditures	<u>39,531,852</u>
Net change in fund balance	(16,830,208)
 Fund Balance, Beginning	<u>26,155,198</u>
Fund Balance, Ending	<u><u>\$ 9,324,990</u></u>

See Notes to Financial Statements.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

**Reconciliation of the Statement of Revenues, Expenditures and Change
in Fund Balance of the Governmental Fund to the Statement of Activities
September 30, 2015**

Net change in fund balance – Governmental Fund	\$ (16,830,208)
Difference in amounts reported for governmental activities in the statement of activities:	
Capital outlay, reported as expenditures in governmental fund, are shown as capital assets in the statement of net position.	7,016,186
Depreciation expenses on capital assets included in the governmental activities in the statement of net position.	(2,280,294)
Revenues that are earned but not received within the CRA's availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available.	(904)
Repayment of long-term debt is reported as an expenditure in the governmental fund, but as a reduction of long-term liabilities in the statement of net position.	3,230,000
Certain items reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in the governmental fund.	
Adjustment to due from other governments	(4,982)
Accrued interest on long-term debt	12,087
Adjustment to compensated absences	(13,098)
Change in net position of governmental activities	\$ (8,871,213)

See Notes to Financial Statements.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

**Index to Notes to the Financial Statements
Fiscal Year Ended September 30, 2015**

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**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Hollywood, Florida Community Redevelopment Agency (Beach District) (BCRA) is a district that comprises the Hollywood, Florida Community Redevelopment Agency (the CRA), which is legally separate from the City of Hollywood, Florida, (the City). The CRA was established in accordance with Florida Statutes Chapter 163 PART III COMMUNITY REDEVELOPMENT to finance and redevelop the City's designated redevelopment areas. The BCRA was established in 1997 to provide services that exclusively benefit the City's beach area. The Board of Directors of the BCRA is comprised of the members of the City Commission and the Mayor. The BCRA meets the criteria for inclusion in the City's reporting entity as a blended component unit, and therefore, has been reported in the basic financial statements of the City.

This summary of the BCRA's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the BCRA conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide focus is more on the sustainability of the BCRA as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Program revenues include charges for services, operating grants and contributions and capital grants and contributions. Taxes and other items not properly included among program revenues are reported as general revenues.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The basic financial statements consist of the government-wide financial statements and fund financial statements. 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. Increment property taxes are recognized as revenue in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Only current assets, current liabilities, and deferred inflow/outflow of resources are generally included on their balance sheet. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is necessary to explain the adjustments needed to reconcile the fund based financial statements to the government-wide statement presentation. Their operating statements present sources (revenue and financing sources) and uses (expenditures and other financing uses) of available spendable resources during the period. 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 BCRA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for debt service expenditures and expenditures related to compensated absences, which are both recognized when due.

Tax increment property taxes, when levied for, intergovernmental, when all the eligibility requirements have been met, and interest earnings associated with the current fiscal period, are all considered to be measurable and have been recognized as revenues of the current fiscal period, if available. All other revenues are measurable upon receipt of cash and are recognized at that time.

The BCRA reports the following major governmental fund:

- The general fund accounts for all financial resources that are used to finance redevelopment projects within the beach redevelopment district.

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

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position or Equity

1. Cash and investments – The City is responsible for all treasury functions of the BCRA. Amounts reported reflect a portion of the City’s pooled cash and investments and restricted investments. Investment revenue of pooled investments is allocated monthly based upon equity balances of the BCRA.
2. Accounts and increment tax receivables – All accounts and property tax receivables are shown net of an allowance for uncollectibles. Accounts receivable outstanding in excess of 90 days comprise the accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 100% of outstanding property taxes at September 30, 2015.

Real and personal property values are assessed on a county-wide basis by the Broward County Property Appraiser as of January 1, each year. Taxable value of property within the BCRA is certified by the Property Appraiser on July 1. The taxing authorities levy a property tax millage rate upon that taxable value to provide revenue required for the fiscal year beginning October 1. Taxes for the fiscal year beginning October 1 are billed in the month of November, subject to a 1% per month discount for the period November through February, and are due not later than March 31. On April 1, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1, tax certificates representing delinquent amounts are sold by Broward County, with remittance to the taxing authorities for their share of those receipts.

The taxing authorities levying taxes in the BCRA pay to the BCRA an amount equal to 95% of the difference between the amount of ad valorem taxes levied by the taxing authorities, exclusive of the debt service millage, and the difference between the current real property tax values in the district and the assessed valuation of taxable real property in the district when it was created. Currently, the tax increment from the South Broward Hospital District is capped at \$300,000 annually.

3. Due to/due from – Activity between the primary government and the BCRA, that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from the City.”
4. Unavailable revenue – Unavailable revenue (a deferred inflow of resources) is recorded for governmental fund receivables that are not measurable and/or available. For this purpose, the CRA considers revenues to be available if they are collected within 60 days of the end of the fiscal year.
5. Restricted assets – Certain revenue bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet or statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

6. Capital assets – Capital assets, which include land, construction in progress, building and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one (1) year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets include real property that is held by the BCRA for future development.

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

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	5 to 40
Equipment	2 to 15

7. Compensated absences – It is the BCRA’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A portion of accumulated sick pay benefits are paid upon separation, based on number of years of service. All vacation pay and applicable portion of sick pay balances are accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
8. Long-term obligations – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

9. Fund balance – The Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” (GASB 54) established consistency in the fund balance information reported by many governments and enables financial statement users to readily interpret reported fund balance information. This pronouncement requires governmental fund balances be classified as nonspendable, restricted, committed, assigned or unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the BCRA considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the BCRA considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Directors (the Board) has provided otherwise in its commitment or assignment actions.

Net position in the government-wide statements are categorized as net investment in capital assets (which is reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended bond proceeds), restricted or unrestricted. The first category represents net position related to property, plant, equipment and infrastructure. The restricted category represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consist of all net positions that do not meet the definition of either of the other two components.

10. 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/deferred outflows and liabilities/deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management’s estimates.
11. Risk management – The BCRA is insured, through the City’s self-insurance program, for general liability, workers’ compensation, health, directors and officers and property damage. The City’s risk management fund charges the BCRA annual insurance premiums which represents the maximum liability of the BCRA for any related losses incurred for the year. Consequently, the BCRA does not retain its own liability in outstanding claims against it beyond the maximum premium paid to the City.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Notes to Financial Statements

Note 2. Cash and Investments

The City maintains all cash and investments for the BCRA. Substantially all unrestricted cash and investments of the BCRA are held in the City's pooled investments. BCRA's equity share of the total pooled cash and investments is included in the accompanying Statement of Net Position under the caption "Pooled investments" other than investments titled "restricted." BCRA's pooled investments with the City were \$11,864,925, which represents 4.6% of the City's pooled investments as of September 30, 2015. (See the City's comprehensive Annual Financial Report for disclosures relating to its interest rate risk, credit risk, custodial credit risk and concentration of credit risk).

At September 30, 2015, the BCRA also had \$3,183,016 of money market mutual funds and demand deposits with the City.

Note 3. Capital Assets

Capital asset activity for the year ended September 30, 2015, is as follows:

	2015			Ending Balance
	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	
Capital assets, not being depreciated				
Land	\$ 10,019,108	\$ -	\$ -	\$ 10,019,108
Construction in progress	179,016	3,048,632	-	3,227,648
Total capital assets not being depreciated	10,198,124	3,048,632	-	13,246,756
Capital assets, being depreciated				
Buildings and improvements	30,173,531	3,942,504	-	34,116,035
Equipment	893,547	25,050	-	918,597
Total capital assets being depreciated	31,067,078	3,967,554	-	35,034,632
Less accumulated depreciation for				
Buildings and improvements	5,387,000	2,233,850		7,620,850
Equipment	709,044	46,444	-	755,488
Total accumulated depreciation	6,096,044	2,280,294	-	8,376,338
Total capital assets, being depreciated, net	24,971,034	1,687,260	-	26,658,294
Capital assets, net	\$ 35,169,158	\$ 4,735,892	\$ -	\$ 39,905,050

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Notes to Financial Statements

Note 3. Capital Assets (Continued)

Depreciation expense was charged to function as follows:

	<u>2015</u>
Governmental Activities	
General government	\$ 2,280,294

Note 4. Construction Commitments

The BCRA has outstanding commitments for construction and acquisition of capital assets in the amount of \$4,918,674 for various development projects. These commitments will be fully funded with bond proceeds and other reserves at September 30, 2015.

Note 5. Long-Term Obligations

A. Government Activities Debt

Summarized below are the BCRA's debt issued to finance the cost of various community redevelopment projects that were outstanding as of September 30, 2015:

- \$20,010,000 Community Redevelopment Agency Redevelopment Revenue Bonds, Series 2004 – The BCRA issued these bonds secured by an irrevocable lien on and pledge of the District's tax increment revenues paid by the City of Hollywood, Broward County, the South Broward Hospital District and the Children's Services Council of Broward County. By agreement with the South Broward Hospital District, annual tax increment payments from the District are capped at \$300,000. Bonds were issued for the purpose of financing redevelopment capital improvements. Interest rates range from 3.50% to 5.625% annually.
- \$40,000,000 Community Redevelopment Agency Redevelopment Revenue Bonds, Series 2007 – Bonds were issued on August 23, 2007 by the BCRA and secured by an irrevocable lien on and pledge of tax increment revenue on a parity with the lien thereon in favor of the BCRA's Redevelopment Revenue Bonds Series 2004 currently outstanding. Pledged revenues consist of the BCRA's tax increment revenues paid by the City, Broward County, the South Broward Hospital District and the Children's Services Council of Broward County. By agreement with the South Broward Hospital District, annual tax payments are capped at \$300,000. Bonds were issued to provide funding for Boardwalk improvements, a new parking garage, community center complex, water and sewer line upgrades and other capital improvements in the DCRA district. Interest rates on these bonds range from 3.60% to 5.00%.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

B. Changes in Long-Term Liabilities

The following is a summary of changes in the long-term liabilities for the fiscal year ended September 30, 2015:

	2015				
	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Bonds Payable					
Redevelopment revenue					
Bonds	\$ 40,630,000	\$ -	\$ 3,230,000	\$ 37,400,000	\$ 3,375,000
Other Liabilities					
Compensated absences	93,543	106,641	93,543	106,641	106,641
Total governmental activities long- term liabilities	\$ 40,723,543	\$ 106,641	\$ 3,323,543	\$ 37,506,641	\$ 3,481,641

C. Summary of Annual Debt Service Requirements

The annual debt service requirements to maturity for debt outstanding as of September 30, 2015, are as follows:

Fiscal Year Ending	BCRA Redevelopment Revenue Bonds	
	Principal	Interest
2016	\$ 3,375,000	\$ 1,835,863
2017	3,550,000	1,656,113
2018	3,735,000	1,476,681
2019	3,910,000	1,287,859
2020	4,115,000	1,079,437
2021-2025	18,715,000	2,006,750
	\$ 37,400,000	\$ 9,342,703

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Notes to Financial Statements

Note 5. Long-Term Obligations (Continued)

D. Pledged Revenue

General long-term debt bonds are collateralized by BCRA pledged funds, mostly tax increment revenues. The following table reports the revenue pledged for the debt issue, the amounts of such revenue received in the current year, the current year principal and interest paid on the debt, the date through which the revenue is pledged under the debt agreements, and the total pledged future revenue for each debt, which is the amount of the remaining principal and interest on the bonds and loans at September 30, 2015:

Bond Description	Pledged Revenue	Revenue Received	Principal and Interest	Outstanding Principal and Interest	Year Pledged Through
Redevelopment Revenue Bonds Series 2004 and Series 2007	Increment Tax Revenues	\$ 22,499,138	\$ 5,231,102	\$ 46,742,703	2024

Note 6. Tax Increment Revenue

The BCRA is primarily funded through tax increment revenue. This revenue is computed by applying the operating tax for the City, Broward County, South Broward Hospital District and Children’s Services Council of Broward County multiplied by the increased value of property in the district over the base property value minus 5%. The City, the County, the Hospital District and the Children’s Services Council are each required to fund this amount annually without regard to tax collections or other obligations. The amounts required by the Hospital District are capped at \$300,000.

Note 7. Fund Balance Reporting

FUND BALANCE REPORTING – Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” (GASB 54) provides a structured classification of fund balance and improves the usefulness of fund balance reporting to the users of the BCRA’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major fund balance classifications: nonspendable and spendable. Nonspendable fund balance includes amounts that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of nonspendable include inventory and prepaid items.

GASB 54 provides for four categories of the spendable fund balance classification based on the level of constraint placed on the use of those resources.

RESTRICTED FUND BALANCE includes resources constrained to a specific purpose by their external providers such as grantors and contributors, or laws and regulations.

COMMITTED FUND BALANCE includes amounts that can only be used for specific purposes in accordance with constraints imposed by the BCRA’s Board through an ordinance or resolution (which are equally binding as the highest decision-making authority). These items cannot be used for any other purpose unless the Board takes action to remove or change the constraint.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Notes to Financial Statements

Note 7. Fund Balance Reporting (Continued)

ASSIGNED FUND BALANCE includes resources the Board intends to use for a specific purpose that are not classified as nonspendable, restricted or committed. Encumbrances are reported within the assigned fund balance category. Assignments are made by the BCRA's management based on the Board's direction.

UNASSIGNED FUND BALANCE includes the remaining fund balance, or net resources, available for any purpose. Unassigned fund balance represents amounts that are not constrained in any way.

The BCRA's fund balance is reported in the following hierarchy for the General Fund at September 30, 2015:

- RESTRICTED – \$3,182,816 classified as restricted.
- ASSIGNED – \$125,236 classified as assigned.
- COMMITTED – \$3,626,846 classified as committed for capital projects and future developer incentive payments required by the Margaritaville Agreement (see Note 8).
- UNASSIGNED – \$2,390,092 classified as unassigned.

Note 8. Other Information

A. Restricted Assets

Borrowing agreements require restriction of certain assets. Amounts required to be restricted totaled \$3,182,816 at September 30, 2015. These amounts represent required debt service reserves for outstanding bonds.

B. Commitments and Contingencies

Legal

The BCRA is a defendant in various lawsuits. Although the outcome of such litigation is not presently determinable, management does not believe the settlement of these matters will have a material effect upon the financial condition or results of operations of the BCRA.

Margaritaville Agreement

On June 19, 2013 the BCRA entered into a Compensated Funding Agreement (Agreement) with Margaritaville Hollywood Beach Resort, L.P (Developer), to develop a 17 story, premier, "family friendly" resort with an estimated cost of \$138 million on a City owned parcel of land on Hollywood Beach. The City land is currently leased to the Developer for a period of 99 years and requires that the Developer construct, develop, operate and maintain a resort hotel and related improvements including, without limitation, a parking garage containing public parking. Under the terms of the Agreement, the BCRA has committed to fund a total of \$23 million of the project's cost. The BCRA's commitment is to provide \$10 million for furniture, fixtures and equipment and \$13 million to be used for construction cost as defined in the Agreement. As of September 30, 2015, the BCRA's remaining commitments include \$3,626,846 for capital projects and future developer incentive payments.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

Notes to Financial Statements

Note 8. Other Information (Continued)

C. Pension Plan Information

1. Defined contribution pension plans – The BCRA has a contract with the ICMA-RC for a 401 (a) plan covering the executive director and employees of the agency. The plan is established under the provisions of Section 401 (a) of the Internal Revenue Code as A Money Purchase Plan and Trust. The assets of the plan are self-directed, and investment results are reported to employees quarterly. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment returns. The plan does not require nor permit employee contributions. Plan participants become fully vested in the plans upon entry. The plan was established by City Commission and BCRA Board resolution.
2. Deferred compensation plans – The City offers BCRA employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, managed by independent plan administrators, permit employees to defer a portion of their salary until future years. At the employee's election, such amounts may be invested in mutual funds which represent varying levels of risk and return. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust, for the exclusive benefit of the plans' participants and their beneficiaries.

Since the BCRA has no fiduciary responsibility in either plan, they are not reflected in the BCRA's statements.

D. Implementation of Government Accounting Statements

The BCRA did not implement any significant GASB Statements for the fiscal year ended September 30, 2015.

- E. SUBSEQUENT EVENTS** – On October 29, 2015, the City of Hollywood's Beach Community Redevelopment Agency issued the Redevelopment Revenue and Revenue Refunding Bonds –Series 2015 with a par amount of \$49,075,000. The Series 2015 Bonds are being issued for the purpose of refunding the Redevelopment Revenue Bonds – Series 2004 (principal balance at September 30, 2015 is \$11,655,000), refunding the Redevelopment Revenue Bonds – Series 2007 (principal balance at September 30, 2015 is \$25,745,000), construction of a new parking garage at Nebraska and Nevada Streets, undergrounding of overhead utilities and streetscape beautification for six blocks from Oklahoma to Taft Street. The Series 2015 Bonds are payable solely from and secured by BCRA revenues and assets. The coupon interest rate on these bonds is 2.0% for the first payment, then increasing to 5.0% for the remaining payments with a final maturity date of March 1, 2024.

Note 9. Purchase of Land and Due to Other Governments

On February 5, 2014, the City approved the sale of a parcel of City land (previously the site of a fire station on Hollywood Beach) to the BCRA. The BCRA intends to use the land as the site of a future public parking garage to be built at this location. The selling price to the BCRA of \$1,771,668 was determined through a series of appraisals as provided for in the City's Code of Ordinances. The sale and transfer of ownership to the BCRA was completed on February 28, 2014, at which time \$885,834 was paid by the BCRA to the City on that date. The remaining amount due of \$885,834 will be paid by the BCRA in two equal payments, plus a nominal amount of accrued interest, on October 1, 2014 and October 1, 2015. The remaining balance due to the City at September 30, 2015 is \$442,917.

**REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
(OTHER THAN MD&A)**

**City of Hollywood Beach Community Redevelopment Agency
(A Component Unit of the City of Hollywood, Florida)**

**Budgetary Comparison Schedule (Budgetary Basis) – General Fund (Unaudited)
Fiscal Year Ended September 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Increment property taxes:				
City	\$ 12,342,708	\$ 12,342,708	\$ 12,342,708	\$ -
Other governmental	10,356,431	10,181,431	10,182,334	903
Investment	50,000	50,000	139,612	89,612
Miscellaneous	85,000	85,000	36,990	(48,010)
Total revenues	22,834,139	22,659,139	22,701,644	42,505
Expenditures				
Current:				
General government	6,874,398	6,897,651	6,321,762	575,889
Transportation	227,182	227,182	126,108	101,074
Economic environment	18,290,162	17,990,163	17,566,803	423,360
Physical environment	1,626,886	1,259,677	467,878	791,799
Culture and recreation	262,523	252,523	179,132	73,391
Total current	27,281,151	26,627,196	24,661,683	1,965,513
Capital Outlay:				
General government	279,665	279,665	177,510	102,155
Public Safety	34,132	34,132	-	34,132
Transportation	1,712,025	1,817,258	666,622	1,150,636
Physical environment	10,277,388	10,287,388	7,625,009	2,662,379
Total capital outlay	12,303,210	12,418,443	8,469,141	3,949,302
Debt Service:				
Principal	3,230,000	3,230,000	3,230,000	-
Interest and fiscal charges	2,000,979	2,000,979	2,001,102	(123)
Total debt service	5,230,979	5,230,979	5,231,102	(123)
Total expenditures	44,815,340	44,276,618	38,361,926	5,914,692
Excess (deficiency) of revenues over (under) expenditures	(21,981,201)	(21,617,479)	(15,660,282)	5,957,197
Other Financing Uses				
Transfers out				
Parking enterprise fund	(700,000)	(1,367,943)	(1,169,926)	198,017
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(700,000)	(1,367,943)	(1,169,926)	198,017
	\$ (22,681,201)	\$ (22,985,422)	(16,830,208)	\$ 6,155,214
Fund Balance, Beginning			26,155,198	
Fund Balance, Ending			\$ 9,324,990	

The notes to the required supplementary information are an integral part of this statement.

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

**Notes to Required Supplementary Information
September 30, 2015
(Unaudited)**

Note 1. Budgetary Procedures and Budgetary Accounting

The BCRA adheres to the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

Prior to September 30, the Executive Director submits to the Board of Directors, a proposed operating budget for the General Fund for the fiscal year commencing October 1, which is ratified prior to September 30. The operating budget includes proposed expenditures and the means of financing them.

The BCRA Executive Director is authorized to transfer budget amounts between accounts. Revisions that increase total expenditures must be approved by the BCRA Board. Legal level of control is maintained at the fund level.

The accompanying budgetary data represents the original and the final amended budgets as approved by the BCRA Board. The difference between the two columns represents authorized budget transfers and capital project rollovers within the fiscal year.

Encumbrance accounting is utilized, in which purchase orders, contracts, and other financial commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. This method is employed as an extension of formal budgetary accounting in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities. In the General Fund, unexpended portions of such reserves lapse at the end of the next fiscal year after encumbrance.

Note 2. Reconciliation of Budget Basis to GAAP Basis

The following schedule reconciles the revenue and expenditure amounts on the budgetary comparison schedule – budget and actual (budgetary basis) to amounts on the statement of revenue, expenditures, and changes in fund balances for fiscal year 2015:

2015		
	Revenues	Expenditures
Revenue and expenditures – budgetary basis	\$ 22,701,644	\$ 38,361,926
Transfer out – parking enterprise fund	-	1,169,926
Revenue and expenditures – GAAP basis	\$ 22,701,644	\$ 39,531,852

OTHER REPORTS

**Independent Auditors' 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
Hollywood, Florida Community Redevelopment
Agency (Beach District)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the City of Hollywood, Florida Community Redevelopment Agency (Beach District) (the BCRA), a component unit of the City of Hollywood, Florida, (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the BCRA's basic financial statements, and have issued our report thereon dated September 19, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BCRA'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 BCRA'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 BCRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Fort Lauderdale, Florida
September 19, 2016

**Hollywood, Florida Community Redevelopment Agency (Beach District)
(A Component Unit of the City of Hollywood, Florida)**

**Schedule of Findings and Responses
September 30, 2015**

I – Financial Statement Findings

- None reported in the current year

Status of Prior Year Findings

- None reported in the prior year.