



(A Component Unit of the City of Hallandale Beach, Florida)

Financial Report

For the Year Ended September 30, 2017



THE ORGANIZATION

The Hallandale Beach Community Redevelopment Agency (CRA) was established in accordance with Florida Chapter 163 Part III Community Redevelopment to finance and develop the City of Hallandale Beach's (City) designated redevelopment areas. The CRA, whose board members are the same as the members of the City Commission, provides services that exclusively benefit the City's designated areas.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY

BOARD MEMBERS

Keith London, Chair

Michelle Lazarow, Vice-Chair

Richard Dally, Director

Mike Butler, Director

Anabelle Lima-Taub, Director

EXECUTIVE DIRECTOR

Roger M. Carlton

GENERAL COUNSEL

Steven W. Zelkowitz



HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)
FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

Board of Directors and Executive Director
Hallandale Beach Community Redevelopment Agency
Hallandale Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund (the "General Fund") of Hallandale Beach Community Redevelopment Agency (the "CRA"), (a component unit of the City of Hallandale Beach, Florida), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the CRA'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

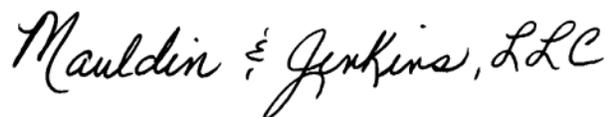
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and major fund (the General Fund), of the CRA, as of September 30, 2017, and the respective changes in financial position for the year 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 on pages 3 through 9 and the Budgetary Comparison Schedule—General Fund on page 25 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 June 11, 2018, on our consideration of the CRA'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 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 CRA's internal control over financial reporting and compliance.



Bradenton, Florida
June 11, 2018



**MANAGEMENT'S DISCUSSION AND ANALYSIS
(REQUIRED SUPPLEMENTARY INFORMATION)**

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)
For the Year Ended September 30, 2017
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report presents our discussion and analysis of the performance of the Hallandale Beach Community Redevelopment Agency (CRA) during the year that ended September 30, 2017. Please read it in conjunction with the CRA's financial statements, which follow this section.

Financial Highlights

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by \$19.7 million (net position). Of this amount, a negative balance in the unrestricted category is being reported primarily due to the issuance of Redevelopment Revenue Notes, Series 2015 in which the debt was subsequently transferred to the Capital Projects Fund of the City to fund the OB Johnson Park Project in fiscal year 2016.
- The CRA's total net position increased by \$3.3 million over the course of this year's operations.
- The CRA's operating fund reported an ending fund balance of \$13.6 million, an increase of \$2.1 million from the prior period which resulted from excess revenues over expenditures.

Overview of the Financial Statements

The financial section of this annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information.

Basic Financial Statements

Government-wide financial statements. The focus of the *government-wide financial statements* is on the overall financial position and activities of the CRA. Reporting is similar to that of a private-sector business. The government-wide financial statements report information about the CRA as a whole and about its activities in a way that helps answer questions about the financial health of the CRA and whether the activities of the year contributed positively or negatively to that health.

The government-wide financial statements include the statement of net position and statement of activities.

- The *Statement of Net Position* presents information on the assets held and liabilities owed by the CRA, both long and short-term. Assets are reported when acquired and liabilities are reported when they are incurred, regardless of the timing of the related cash flows to acquire these assets or liquidate such liabilities. For example, the CRA reports buildings and infrastructure as assets, even though they are not available to pay the obligations incurred by the CRA. On the other hand, the CRA reports liabilities, even though these liabilities might not be paid until several years into the future.

The difference between the CRA's total assets and total liabilities is *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CRA is improving or deteriorating. Although the purpose of the CRA is not to accumulate net position, in general, as this amount increases, it indicates that the financial position of the CRA is improving over time.

- The *Statement of Activities* presents the revenues and expenses of the CRA. The items presented on the statement of activities are measured in a manner similar to the approach used in the private-sector in that revenues are recognized when earned and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)
For the Year Ended September 30, 2017
MANAGEMENT'S DISCUSSION AND ANALYSIS

Both of the government-wide financial statements distinguish functions of the CRA that are principally supported by taxes and intergovernmental revenue (governmental activities). The governmental activities of the CRA are mainly economic environment activities.

Fund financial statements. The focus of fund financial statements is directed to specific activities of the CRA. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The CRA has only one governmental fund, a General Fund. Financial statements consist of a balance sheet and a statement of revenue, expenditures, and change in fund balance. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables but do not include capital assets such as land and buildings. The difference between a fund's total assets and total liabilities is the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. The operating statement for governmental funds reports only those revenues that were collected during the current period or very shortly after the end of the year. Expenditures are generally recorded when incurred.

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because different accounting bases are used to prepare governmental fund financial statements and government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the governmental fund balance sheet that reconciles the total fund balance for the governmental fund to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis after the statement of revenue, expenditures, and changes in fund balance that reconciles the total change in fund balance for the General Fund to the change in net position as reported in the governmental activities column in the statement of activities.

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

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which is a comparison between the CRA's adopted and final budget and actual financial results for its General Fund. The CRA adopts an annual budget for its General Fund, and a budgetary comparison schedule has been provided to demonstrate compliance with this budget.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)
For the Year Ended September 30, 2017
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

The table below presents a summary of net position as of September 30, 2017 and 2016, derived from the government-wide Statement of Net Position:

Net Position (In Thousands)		
Governmental Activities		
	2017	2016
Current and Other Assets	\$ 21,332	\$ 16,752
Capital Assets	29,318	29,215
Total Assets	50,650	45,967
Long-Term Liabilities	22,164	23,415
Other Liabilities	8,774	6,150
Total Liabilities	30,938	29,565
Net Position		
Net Investment in Capital Assets	20,116	20,013
Unrestricted	(404)	(3,611)
Total Net Position	\$ 19,712	\$ 16,402

As noted earlier, net position may serve, over time, as a useful indication of the CRA's financial position. At the close of the most recent fiscal year, the CRA's assets exceeded its liabilities by \$19.7 million.

The CRA's total net position are divided between unrestricted, at -2%, representing resources that are available for spending and net investment in capital assets at 102%. Net investment in capital assets reflects the CRA's investment in capital assets reduced by the amount of outstanding related liabilities used to acquire or construct these assets. Although the capital assets are shown net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

The CRA's current and other assets increased by \$4.6 million from the previous year. The increase was primarily attributable to an increase of \$4.4 million in cash, an increase of \$0.6 million in loans receivable for various programs, offset by a decrease of \$0.6 million in assets held for sale relating to the sale and/or conveyance of CRA properties. Current liabilities increased by \$2.6 million from the previous year primarily due to the timing of the payment of accrued payroll and an increase in the amount owed to the City as of September 30, 2017.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)
For the Year Ended September 30, 2017
MANAGEMENT'S DISCUSSION AND ANALYSIS

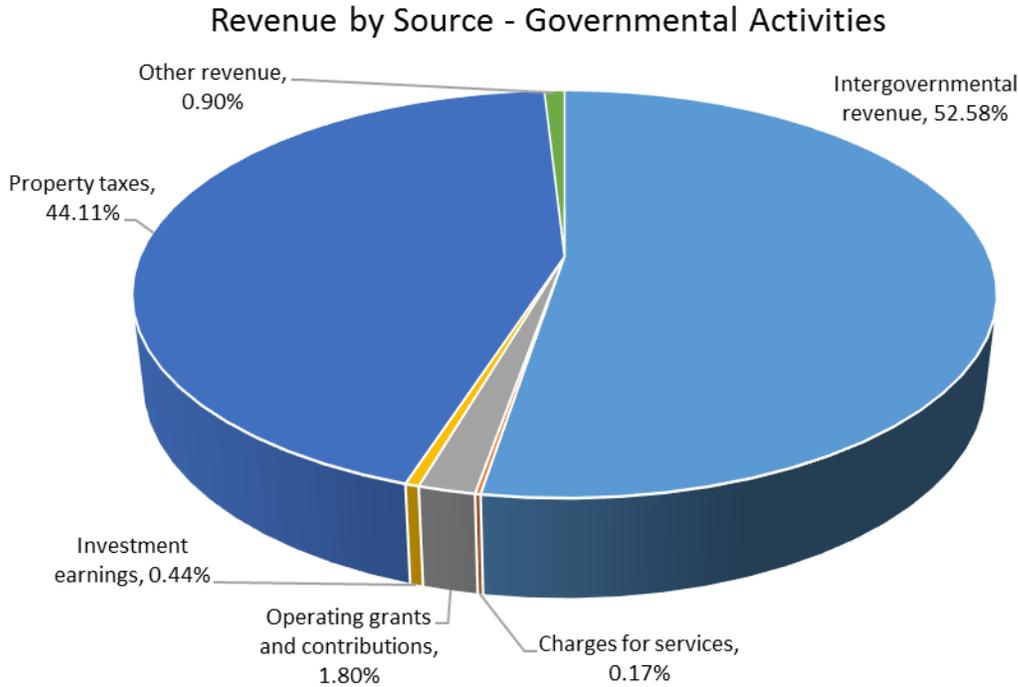
The table below presents a summary of changes in net position for the years ended September 30, 2017 and 2016, as derived from the government-wide statement of activities:

Changes in Net Position (In Thousands)		
Governmental Activities		
	2017	2016
Revenues:		
Program Revenues:		
Charges for services	\$ 17	\$ 29
Operating grants and contributions	177	49
General Revenues:		
Property taxes	4,344	3,940
Intergovernmental revenue	5,178	4,735
Investment earnings	43	132
Other revenue	89	810
Total Revenue	9,848	9,695
Expenses:		
Public safety	954	848
Physical environment	304	392
Transportation	326	410
Human services	223	303
Economic environment	3,825	16,310
Interest and other fiscal charges	906	1,013
Total Expenses	6,538	19,276
Change in Net Position	3,310	(9,581)
Net Position, Beginning	16,402	25,983
Net Position, Ending	\$ 19,712	\$ 16,402

Governmental activities

Governmental activities increased the CRA's net position by \$3.3 million, while in 2016 there was a reduction of \$9.6 million. This was primarily caused by the issuance of Redevelopment Revenue Notes, Series 2015 in the amount of \$15.4 million in fiscal year 2016. The debt proceeds were transferred during the year to the Capital Projects Fund to fund the OB Johnson Park Project. This amount is included as an economic environment program expense for fiscal year 2016.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)
For the Year Ended September 30, 2017
MANAGEMENT'S DISCUSSION AND ANALYSIS



Financial Analysis of the CRA General Fund

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

The focus of the CRA's *General Fund* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the CRA'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.

The CRA's General Fund reported an ending fund balance of \$13.6 million, an increase of \$2.1 million from the prior year's ending fund balance. The fund balance is categorized to indicate whether it is not available for new spending because it represents resources that are non-spendable in the amount of \$10.8 million and an unassigned fund balance of \$2.7 million.

The fund balance of the CRA fund increased from operations by \$2.1 million during the fiscal year. Comparisons to prior year results include:

- A 10% or \$0.4 million increase in the CRA's portion of the City's ad valorem tax revenue;
- A 9.4% or \$0.4 million increase in Tax Increment Financing revenue from outside agencies;

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)
For the Year Ended September 30, 2017
MANAGEMENT'S DISCUSSION AND ANALYSIS

- Economic environment program expenditures were \$3.8 million; this represents a decrease of \$12.5 million compared to the previous fiscal year, primarily caused by the issuance of Redevelopment Revenue Notes, Series 2015 in the amount of \$15.4 million and subsequent transfer of the debt proceeds to the Capital Projects Fund to fund the OB Johnson Park Project in the amount of \$14 million. This was offset by a reduction of \$1.5 million in related expenditures for fiscal year 2017.
- Public safety expenditures increased by \$106,000 compared to the prior year, due mainly to an increase in amounts expended towards the Memorandum of Understanding (MOU) agreements for Community Involvement Unit (CIU), and Community Action Team (CAT).
- Physical Environment, Transportation, and Human Services expenditures decreased by \$250,000 compared to the prior year, due mainly to a decrease in amounts expended towards the Memorandum of Understanding (MOU) agreements for Project Management Services, Transit Services and Planning & Zoning.

Budgetary Highlights

Differences between the CRA's original budget and the final amended budget consist only of encumbrances and unexpended project budget amounts rolled forward from the prior to the current fiscal year.

Capital Assets and Debt Administration

Capital assets. As of September 30, 2017 and 2016, the CRA had \$29.3 million and \$29.2 million, respectively, invested in a variety of capital assets, as reflected in the following schedule:

Capital Assets		
(In Thousands, Net of Depreciation)		
Governmental		
Activates		
	2017	2016
Land	\$ 18,849	\$ 18,849
Construction in progress	3,705	3,284
Buildings	260	227
Improvements other than buildings	5,864	6,158
Vehicles and equipment	19	48
Infrastructure	621	649
Total	\$ 29,318	\$ 29,215

Capital asset remained consistent with the prior year as the most significant CRA funded project, OB Johnson Park is reported in the Capital Projects Fund of the City. As a result, the related capital assets are not reported in the CRA. The increase in capital assets is primarily caused by \$0.5 million in additions related to the Foster Park Plaza Project, offset by depreciation expense for fiscal year 2017.

Additional information can be found in Note 6 - Capital Assets.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)
For the Year Ended September 30, 2017
MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term liabilities. As of year end, the CRA had \$22.1 million which consist of two components: the estimated future principal payments to be transferred to the City for the CRA's allocation of City's Revenue Bonds, Series 2007A and Capital Improvement Refunding Revenue Bonds, Series 2016; and the CRA's notes payable relating to the issuance of the CRA Redevelopment Revenue Note, Series 2015. This compares with \$23.4 million in the prior year. The decrease was the result of making \$1.3 million in principal payments during the year.

The debt position of the CRA is summarized below. Additional information can be found in Note 9 Long-Term Liabilities:

Principal on Long-Term Debt		
(In Thousands)		
Governmental Activities		
	2017	2016
Revenue note	\$ 12,945	\$ 14,200
Allocation of City revenue bonds	9,202	9,202
Total	\$ 22,147	\$ 23,402

Contacting the CRA's Financial Management

This financial report is designed to provide residents, taxpayers, customers and creditors with a general overview of the CRA's finances and to demonstrate the CRA's accountability. If you have questions about this report or need additional information, contact the City's Finance Director at 400 South Federal Highway, Hallandale Beach, Florida 33009 or (954) 457-1370.

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BASIC FINANCIAL STATEMENTS

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 10,316,669
Loans receivable, net of allowances	1,922,383
Due from other governments	162,925
Due from City	4,045
Assets held for resale	8,925,356
Capital assets, nondepreciable	22,554,573
Capital assets, depreciable, net of accumulated depreciation	<u>6,763,750</u>
Total assets	<u>50,649,701</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	760,070
Accrued interest	1,028,784
Due to City	6,891,315
Unearned revenue	93,949
Noncurrent liabilities	
Due within one year	3,014,006
Due in more than one year	<u>19,149,850</u>
Total liabilities	<u>30,937,974</u>
NET POSITION	
Net investment in capital assets	20,115,823
Unrestricted	<u>(404,096)</u>
Total net position	<u>\$ 19,711,727</u>

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

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Revenue and Changes in Net Position
				<u>Governmental Activities</u>
Governmental activities				
Public safety	\$ 953,966	\$ -	\$ -	\$ (953,966)
Physical environment	304,214	-	-	(304,214)
Transportation	326,216	-	-	(326,216)
Human services	222,616	-	-	(222,616)
Economic environment	3,824,828	16,948	176,602	(3,631,278)
Interest and other fiscal charges	906,008	-	-	(906,008)
Total governmental activities	<u>\$ 6,537,848</u>	<u>\$ 16,948</u>	<u>\$ 176,602</u>	<u>(6,344,298)</u>
General revenues				
Property taxes				4,344,462
Intergovernmental revenue (not restricted to specific programs)				5,177,913
Unrestricted investment earnings				42,952
Other revenue				88,825
Total general revenues				<u>9,654,152</u>
Change in net position				3,309,854
Net position, beginning				<u>16,401,873</u>
Net position, ending				<u>\$ 19,711,727</u>

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

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2017

ASSETS

Cash	\$	10,316,669
Loans receivable, net of allowances		1,922,383
Due from other governments		162,925
Due from City		4,045
Assets held for resale		8,925,356
Total assets		\$ 21,331,378

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable and accrued liabilities	\$	760,070
Due to City		6,891,315
Unearned revenue		93,949
Total liabilities		7,745,334

FUND BALANCE

Nonspendable:		
Assets held for resale		8,925,356
Long-term loans receivable		1,922,383
Unassigned		2,738,305
Total fund balance		13,586,044
Total liabilities and fund balance		\$ 21,331,378

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

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total fund balance, general fund		\$ 13,586,044
Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	\$ 31,124,242	
Less accumulated depreciation	<u>(1,805,919)</u>	29,318,323
Long-term liabilities are not due and payable in the current period and therefore are not reported in the general fund.		
Bonds payable - Revenue Bonds, Series 2015	(12,945,000)	
Allocation of principal on capital improvement bonds	(9,202,500)	
Accrued interest expense	(1,028,784)	
Compensated absences	<u>(16,356)</u>	<u>(23,192,640)</u>
Total net position, governmental activities		<u>\$ 19,711,727</u>

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

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

REVENUES

Property taxes	\$	4,344,462
Intergovernmental - tax increment financing		5,177,913
Charges for services		16,948
Investment earnings		42,952
Intergovernmental - grants		176,602
Other revenues		88,825
Total revenues		9,847,702

EXPENDITURES

Current		
Public safety		953,966
Physical environment		304,214
Transportation		326,216
Human services		222,616
Economic environment		3,423,778
Debt service		
Principal		1,255,000
Interest		755,807
Capital outlay		500,784
Total expenditures		7,742,381

Net change in fund balance		2,105,321
Fund balance, beginning		11,480,723
Fund balance, ending	\$	13,586,044

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

**HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE—GENERAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance, general fund	\$	2,105,321
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The General Fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay	\$	500,784	
Depreciation expense		<u>(397,163)</u>	
			103,621

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		1,255,000
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are used. The net change associated with these expenses/expenditures is as follows:

Accrued interest		(150,201)	
Compensated absences		<u>(3,887)</u>	
			<u>(154,088)</u>

Change in net position of governmental activities	\$	<u>3,309,854</u>
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The accompanying notes are an integral part of the financial statements.



NOTES TO BASIC FINANCIAL STATEMENTS

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Pursuant to Section 163.387, Florida Statutes, the City of Hallandale Beach (the "City") established a Redevelopment Trust Fund for the Community Redevelopment Agency (CRA or Agency), effective December 1996. The City Commission, which is the Agency's board of directors, approved a Community Redevelopment Plan, which will primarily utilize Tax Increment Financing to fund community redevelopment within the designated area. The specific area incorporates approximately two thirds of the City with the exception of the most easterly portion of the City. The base year established as of January 1, 1996, will be utilized in determining the base amount of property valuation. Each year the City, County and Children's Services Council must contribute 95% of the incremental increase, if any, in ad valorem taxes levied over and above the base year. The Hospital District has made a separate agreement for a flat amount. Although the Agency is legally separate from the City, the CRA is reported as part of the City as a blended component unit as its sole purpose is to finance and redevelop the City's designated redevelopment areas.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governmental units, which are promulgated by the Governmental Accounting Standards Board (GASB). Significant accounting and reporting policies and practices used by the CRA are described below:

B. Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements.

The government-wide financial statements include a statement of net position and a statement of activities. These statements report on the CRA as a whole and provide a complete financial picture of the CRA.

The government-wide statement of net position reports all financial and capital resources of the CRA's governmental activities. Governmental activities are those supported by taxes and intergovernmental revenue. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Program revenues include charges for services that are recovered directly from customers for services rendered. Taxes and other items not properly included among program revenues are reported instead as general revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Since the CRA fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are provided that briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide governmental activities financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses reported when a liability is incurred, regardless of the timing of related cash flows. Tax increment financing from property taxes are recognized as revenue in the year when levied for.

The governmental fund financial statements (the "General Fund") are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

D. Deposits

The CRA considers cash on hand, cash with fiscal agents, and overnight investments with original maturities of less than three months to be cash and cash equivalents. The CRA also maintains its own cash account which is used for the majority of CRA transactions.

E. Investments

Investments are reported at fair value. The difference between cost and fair value of investments held is recorded as net unrealized gains or losses and is included in investment earnings.

F. Receivables

Loans receivable are recorded and where appropriate, an associated allowance for uncollectible loans has been established. All receivables are shown net of an allowance for uncollectibles. Based on past experience, the CRA deems all balances greater than 90 days to be uncollectible unless a lien can be placed against the resident's property.

G. Assets Held for Resale

The CRA acquires and develops property in economically depressed areas, for the intention of rendering the property suitable for economic development and then reselling or conveying it to private sector purchasers meeting certain criteria. Since these properties are acquired with the express intent of resale and/or development, they are reported at lower of cost/donated value or net realizable value. Assets donated from the City or other related entities are recorded at the carrying value of the donor entity. Donated assets from other sources are recorded at lower of cost/donated value or net realizable value. The cost basis of assets held for resale and development include costs incurred to acquire the asset and prepare the asset for resale and development, such as purchase price, closing fees, surveys, lot clearing, demolition, judgments levied through suits, costs of construction, permits etc. These assets include land, land improvements, and buildings. Upon the sale of these assets, a gain or loss is recognized. When the net realizable amount is less than the carrying amount, a loss would be recognized. Gains are recorded as economic environment charges for services in the government-wide statements and other revenues in the fund financial statements and losses are recorded as economic environment expenses/expenditures.

H. Capital Assets

Capital assets, including land, buildings and improvements, infrastructure, intangibles, and vehicles and equipment, are reported in the government-wide financial statements. Capital assets are those that have a useful life of greater than one year and a value of greater than \$1,000. Capital assets are stated at cost in the government-wide financial statements. Donated capital assets are stated at acquisition cost on the date contributed. Depreciation is recorded in the government-wide statements as an operating expense for all assets meeting the CRA's capitalization threshold. 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, but are expensed as incurred.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (continued)

Depreciation is provided over estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Vehicles and equipment	5 years
Buildings and improvements other than buildings	20 years
Infrastructure	42 years

I. Compensated Absences

The CRA accrues for vacation and sick leave based on anticipated use or payout (i.e., amounts that are due and payable). Accumulated and unpaid vacation pay and sick leave are recorded as expenses in the government-wide statements when earned. Expenditures for accumulated compensated absences have been recorded in the CRA Fund only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position.

K. Fund Balance/Net Position

In fund financial statements, the General Fund reports fund classifications that comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints imposed on the use of resources reported. Amounts that are restricted to specific purposes either by: (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Directors through a resolution are classified as committed fund balances. These constraints remain binding unless removed or changed in the same manner employed to commit those resources by resolution. Amounts that are constrained by the CRA's intent to be used for specific purposes, however, are neither restricted, nor committed are classified as assigned fund balances. Assignments are approved by the Board of Directors through adoption of the budget.

Non-spendable fund balances include amounts that cannot be spent because they are either: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When both restricted and unrestricted fund balances are available for use, it is the CRA's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net position of the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. The first category represents capital assets net of accumulated depreciation, less outstanding debt related to the acquisition or construction of the capital assets.

The restricted category, if any, 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 represents resources that are available for spending.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, and liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

M. Risk Management

The CRA is insured, through the City's self-insurance program, for general liability, health, directors and officers, and property damage. A separate policy through a third-party insurer is used for workers compensation. The CRA pays its share of health insurance and workers' compensation premiums for its employees. There are no outstanding general liability claims related to the CRA.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The CRA has no items that qualify for reporting in this category in the current year.

In addition to liabilities, the statement of net 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 and so will not be recognized as an inflow of resources (revenue) until that time. The CRA has no items that qualify for reporting in the category in the current year.

NOTE 2: TAX INCREMENT REVENUE

The primary source of revenue is tax increment funds received through the City, the County, the South Broward Hospital District and the Children's Services Council. The revenue from the City is treated as property taxes, while the remainder is recorded as intergovernmental revenue – tax increment financing.

NOTE 3: DEPOSITS AND INVESTMENTS

Cash balances of the CRA consist of the following at September 30, 2017:

Deposits with financial institutions	\$ 10,316,669
--------------------------------------	---------------

Deposits: At September 30, 2017, the carrying amount of the Hallandale Beach Community Redevelopment Agency's bank deposits was \$10,316,669. These are defined as public deposits. All CRA public deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, *Florida Security for Public Deposits Act*. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from 50% to 125% depending upon the depository's financial condition and the length of time that the depository has been established. All collateral must be deposited with an approved financial institution. Any losses to public depositories resulting from insolvency are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessment against other qualified public depositories of the same type as the depository in default. The CRA's bank balances were insured either by the Federal Depository Insurance or collateralized in the bank's participation in the Florida Security for Public Deposits Act.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

The CRA follows the City's investment policy which is in accordance with Florida Statute 218.415. The policy authorizes investments in certificates of deposit, obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, money market mutual funds, state and local government debt, corporate notes, and pooled investments of the SBA. In addition, the City's policy limits overall investment in any one issuer to 5% or less, except for United States Government agencies, federal instrumentalities and interest bearing time deposits or savings accounts. The CRA did not hold any investment securities as of September 30, 2017.

NOTE 4: LOANS RECEIVABLE

The CRA assists homeowners with loans for making exterior repairs and improvements to single-family residential properties up to \$30,000 and multi-family properties up to \$50,000. The CRA also assists commercial property owners with loans up to \$200,000 for exterior rehabilitation, expansion and or relocation costs.

Affordable Housing Loan Program

The CRA assists homebuyers with the cost of construction of a new single family home or the purchase of an existing home, condominium or townhouse by providing a lump sum of \$25,000 or \$50,000 (or up to 50% of the purchase price, whichever is less). Loans are also approved for various types of home repairs. Repayment is not required if the resident remains in the home until the completion of five years. Due to the nature of these types of loans, the CRA expenses the loan amount at the time of issuance due to the uncertainty as to the date or amount of future collections.

Loans receivable for the CRA Fund, with the related allowance for uncollectible amounts, as of September 30, 2017, is as follows:

CRA housing assistance loans receivable	\$ 1,949,580
Less: allowance for uncollectibles	<u>(27,197)</u>
Loans receivable, net	<u><u>\$ 1,922,383</u></u>

For the year ended September 30, 2017, the CRA earned approximately \$30,000 in loan program interest included in investment earnings

NOTE 5: ASSETS HELD FOR RESALE

Assets held for resale consist of properties available for affordable housing. Activity for the year ended September 30, 2017, is summarized in the following table:

	Beginning Balance	Additions	Deletions	Ending Balance
Assets held for resale	\$ 9,476,454	\$ 535,534	\$ (1,086,632)	\$ 8,925,356

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 6: CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2017:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 18,849,365	\$ -	\$ -	\$ 18,849,365
Construction in progress	3,283,694	500,784	(79,270)	3,705,208
Total capital assets not being depreciated	<u>22,133,059</u>	<u>500,784</u>	<u>(79,270)</u>	<u>22,554,573</u>
Capital assets, being depreciated				
Buildings	326,735	49,500	-	376,235
Improvements other than buildings	6,803,220	25,395	-	6,828,615
Vehicles and equipment	642,372	4,375	-	646,747
Infrastructure	718,072	-	-	718,072
Total capital assets being depreciated	<u>8,490,399</u>	<u>79,270</u>	<u>-</u>	<u>8,569,669</u>
Less accumulated depreciation for				
Buildings	(100,042)	(16,337)	-	(116,379)
Improvements other than buildings	(644,658)	(319,740)	-	(964,398)
Vehicles and equipment	(593,925)	(34,238)	-	(628,163)
Infrastructure	(70,131)	(26,848)	-	(96,979)
Total accumulated depreciation	<u>(1,408,756)</u>	<u>(397,163)</u>	<u>-</u>	<u>(1,805,919)</u>
Total capital assets being depreciated, net	<u>7,081,643</u>	<u>(317,893)</u>	<u>-</u>	<u>6,763,750</u>
Capital assets, net	<u>\$ 29,214,702</u>	<u>\$ 182,891</u>	<u>\$ (79,270)</u>	<u>\$ 29,318,323</u>

Depreciation expense in the amount of \$397,163 was charged to the economic environment function for the year ended September 30, 2017.

NOTE 7: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the CRA as of September 30, 2017, were as follows:

Vendor payables	\$ 681,749
Retainage payables	67,504
Accrued payroll	<u>10,817</u>
 Total payables	 <u>\$ 760,070</u>

NOTE 8: DUE TO THE CITY

Amounts due to the City consist of \$6,891,315 for the payment of administrative fees and charges for services approved based on various memorandum of understanding agreements and interlocal agreements, as well as various expenditures paid by the City's pooled cash account and not yet reimbursed by the CRA back to the City.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 9: LONG-TERM LIABILITIES

Capital Improvement Revenue and Refunding Bonds

On September 6, 2007, the City issued Revenue Bonds, Series 2007A for the purpose of financing the acquisition of park land. The City and CRA agreed to allocate the percentage of bond proceeds spent on park lands within the CRA boundaries to the CRA. On July 20, 2016, the bonds were partially refunded through the issuance of Capital Improvement Refunding Revenue Bonds, Series 2016, in which the CRA's debt service was revised to ensure that the ratio over the life of both bond issues are approximately 76% and 24% for the CRA and non-CRA properties, respectively.

Revenue Note, Series 2015

On November 18, 2015, the CRA Board authorized the issuance of HBCRA Redevelopment Revenue Note, Series 2015 in the amount of \$15,400,000 for the purpose of financing and reimbursing the cost of the acquisition, construction and equipping of certain capital improvements consistent with the Agency's Redevelopment Plan. Pledged revenues consist of the HBCRA's tax increment revenues paid by the City, Broward County, the South Broward Hospital District and the Children's Services Council of Broward County. The note bears an interest rate of 2.72% and the final maturity is February 1, 2026.

The following is a summary of long-term liabilities for the year ended September 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Capital improvement revenue and refunding bonds	\$ 9,202,500	\$ -	\$ -	\$ 9,202,500	\$ 1,721,400
Revenue Bonds, Series 2015	14,200,000	-	(1,255,000)	12,945,000	1,290,000
Compensated absences	12,469	42,203	(38,316)	16,356	2,606
Total governmental activities long-term liabilities	<u>\$ 23,414,969</u>	<u>\$ 42,203</u>	<u>\$(1,293,316)</u>	<u>\$22,163,856</u>	<u>\$ 3,014,006</u>

A summary of annual debt service requirements as of September 30, 2017, is as follows:

<u>Fiscal Year Ending</u>	<u>Revenue Note Series 2015</u>		<u>Capital Improvement Revenue and Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,290,000	\$ 352,104	\$ 1,721,400	\$ 1,043,271
2019	1,325,000	317,016	809,400	478,211
2020	1,360,000	280,976	851,200	436,696
2021	1,395,000	243,984	775,500	302,341
2022	1,435,000	206,040	617,500	228,488
2023-2027	6,140,000	422,960	3,595,000	633,875
2028	-	-	832,500	16,650
	<u>\$ 12,945,000</u>	<u>\$ 1,823,080</u>	<u>\$ 9,202,500</u>	<u>\$ 3,139,532</u>

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 10: PENSION PLAN

Money-Purchase Plan and Trust

The City maintains a single-employer money-purchase plan created in accordance with Internal Revenue Code Section 401(a). This defined contribution plan is comprised of seven plans with varying levels of employer and employee contributions. Professional/management employees and non-represented employees hired after January 1, 2007, as well as general employees hired after June 19, 2013, are required to enter this plan instead of the defined benefit plan. The plan requires the City to contribute 7.5% to 17% of the members' base pay depending on plan membership. Employee required contributions are 3% to 5.5%.

The CRA's contributions were calculated using the covered payroll amount of approximately \$307,000. In fiscal year 2017, the CRA's contribution amounted to approximately \$30,000 or 9.6% of current covered payroll.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

NOTE 11: DEPOSITS AND WITHDRAWALS

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from the CRA Funds for the year ended September 30, 2017:

	Deposits	Withdrawals
Source of deposits:		
Tax increment revenues - Hallandale Beach	\$ 4,344,462	\$ -
Tax increment revenues - other agencies	5,177,913	-
Loan repayments	29,518	-
Loan application fees	16,948	-
Investment income	42,952	-
Other revenue	235,909	-
Purpose of withdrawals:		
Salaries and benefits	-	552,150
Materials and supplies	-	11,630
Repairs and maintenance	-	6,815
Community redevelopment programs	-	1,373,076
Grants to community organizations	-	106,964
Professional and outside services	-	2,618,176
Other service charges	-	71,325
Subsidized loan programs	-	218,259
Administrative charges	-	272,395
Capital outlay	-	500,784
Debt service	-	1,641,240
Transfer to City of Hallandale Beach Capital Projects Fund	-	369,567
	\$ 9,847,702	\$ 7,742,381

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

NOTE 12: COMMITMENTS

Construction and purchase commitments: As of September 30, 2017, the CRA had no significant commitments with contractors.

NOTE 13: SUBSEQUENT EVENTS

The CRA has evaluated all subsequent events through June 11, 2018, the date the financial statements were available to be issued. No material subsequent events occurred which would have a material impact on the CRA's financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)
REQUIRED SUPPLEMENTARY INFORMATION
FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 4,331,771	\$ 4,344,462	\$ 4,344,462	\$ -
Intergovernmental	5,208,009	5,177,913	5,177,913	-
Charges for services	13,075	16,000	16,948	948
Investment earnings	3,378,713	36,590	42,952	6,362
Other revenues	810,549	548,801	265,427	(283,374)
Total revenues	<u>13,742,117</u>	<u>10,123,766</u>	<u>9,847,702</u>	<u>(276,064)</u>
Expenditures				
Current				
Personal services	661,251	555,176	552,150	3,026
Operating expenditures ⁽¹⁾	6,437,271	5,542,019	5,048,207	493,812
Debt service				
Principal	1,255,000	1,255,000	1,255,000	-
Interest	339,331	386,240	386,240	-
Capital outlay	4,315,388	2,374,908	500,784	1,874,124
Total expenditures	<u>13,008,241</u>	<u>10,113,343</u>	<u>7,742,381</u>	<u>2,370,962</u>
Change in fund balances	733,876	10,423	2,105,321	2,094,898
Fund balances, beginning	<u>11,480,723</u>	<u>11,480,723</u>	<u>11,480,723</u>	<u>-</u>
Fund balances, ending	<u>\$ 12,214,599</u>	<u>\$ 11,491,146</u>	<u>\$ 13,586,044</u>	<u>\$ 2,094,898</u>

⁽¹⁾ Amount includes budgeted transfers to the City.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Data

The Board of Directors follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 1, the Executive Director submits to the Board of Directors a proposed operating and capital budget for the fiscal year commencing October 1. The operating and capital budget includes proposed expenditures and means of financing them.
2. The Board of Directors holds public workshops on the prepared budget.
3. Prior to October 1, the budget is legally enacted by resolution.

The legal level of control, the level at which expenditures may not exceed the budget, is at the category level within a fund. Categories, as used here, include personal services, operating expenditures and capital outlay. The Executive Director is authorized to make transfers of budgeted funds within categories except contingencies and debt service. Unencumbered balances of appropriation lapse at year end.

The budget for the CRA's General Fund has been adopted on a basis consistent with GAAP.

During the year the Board passes a resolution to increase the budget for anticipated projects, most of which were not completed during the current fiscal year. The final reported budgetary data represents the approved budget after amendments approved by the Board. There were no supplemental appropriations for the year ended September 30, 2017.

The CRA provides funds allocated to specific projects for two main categories: community redevelopment programs (operating expenditures) and construction projects (capital outlay). Funds are provided through the original adoption of a budget line item. Often the projects overlap several years, and the unspent funds from the prior year are normally rolled forward into the final budget of the current year, which can result in significant differences between the original and final budgets.



REPORTING SECTION



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

Board of Directors and Executive Director
Hallandale Beach Community Redevelopment Agency
Hallandale Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Hallandale Beach Community Redevelopment Agency (the "CRA"), (a component unit of the City of Hallandale Beach, Florida), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated June 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA'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 CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and responses as item 2017-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA'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 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*.

CRA's Response to the Finding

The CRA's response to the finding identified in our audit are described in the accompanying schedule of findings and responses and related corrective action plan. The CRA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida
June 11, 2018

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	___ Yes <u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u> Yes ___ None reported
Noncompliance material to financial statements noted?	___ Yes <u> X </u> No

Federal Awards and State Financial Assistance Projects

The Hallandale Beach Community Redevelopment Agency did not expend \$750,000 in federal or state funds during its fiscal year ended September 30, 2017.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2017-001 Financial Close and Reporting (Significant Deficiency)

Criteria Prudent policies include a formal closing process with supervisory Finance Department personnel responsible for the review of transactions and balances recorded. This includes implementing a year end closing checklist assigning responsibility for completing the procedures to specific CRA personnel. Timeliness of closing procedures is crucial to providing accurate financial information including interim and year end financial statements.

Condition During the course of our audit procedures for the fiscal year ended September 30, 2017, there was an adjusting journal entry required to correct account balances. This adjustment was made to the CRA loan receivable balance and it also included reclassifications between revenue and expenditure accounts to properly reflect the September 30, 2017, balances.

HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Hallandale Beach, Florida)

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2017-001 Financial Close and Reporting (Significant Deficiency) (Continued)

Cause The delay in issuance of the fiscal year 2017 financial statements and the lack of a sufficient/timely closing process and formal year end closing procedures.

Effect Receivable, revenue and expenditure balances required adjustments to properly reflect the CRA's financial position/activity as of and for the year ended September 30, 2017.

Recommendation We recommend the CRA institute the necessary controls to facilitate a proper year end close out. This could include, but is not limited to:

- Performance of monthly account analysis and review by supervisory personnel.
- Performance of analytical reviews of account balances monthly by supervisory personnel.
- Development of a formal year end closeout procedure, including a closeout checklist and assignment of tasks to specific personnel for completion.

Views of Responsible Officials The CRA will perform a monthly reconciliation of the general ledger to include loans receivable. The reconciliation will be reviewed on a timely basis by the City's finance department to ensure timely implementation of controls over financial close and reporting.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Directors and Executive Director
Hallandale Beach Community Redevelopment Agency
Hallandale Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the Hallandale Beach Community Redevelopment Agency (the "CRA"), (a component unit of the City of Hallandale Beach, Florida) as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 11, 2018.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standard* 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 June 11, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The CRA has made these disclosures in the notes to the financial statements. There are no component units.

Financial Condition and Management

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

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

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

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the CRA for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

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

Purpose of this Letter

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

Bradenton, Florida
June 11, 2018





INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors and Executive Director
Hallandale Beach Community Redevelopment Agency
Hallandale Beach, Florida

We have examined Hallandale Beach Community Redevelopment Agency (the "CRA"), (a component unit of the City of Hallandale Beach, Florida) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA'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 CRA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, 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 CRA's compliance with specified requirements.

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

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

Bradenton, Florida
June 11, 2018

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".