



FLORIDA'S  
**Hollywood**  
COMMUNITY REDEVELOPMENT AGENCY

**BEACH &  
DOWNTOWN  
DISTRICT**

(A component Unit of  
the City of Hollywood,  
Florida)

# FINANCIAL REPORT

Fiscal Year Ended  
September 30, 2021



# Hollywood, Florida Community Redevelopment Agency

(A component Unit of the City of Hollywood, Florida)

## Financial Report

For the Fiscal Year Ended September 30, 2021



Prepared by:

City of Hollywood Department of Financial Services

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and CRA Director  
Hollywood, Florida Community Redevelopment Agency (Beach and Downtown Districts)

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hollywood, Florida Community Redevelopment Agency (the CRA), a component unit of the City of Hollywood, Florida, as of and for the fiscal year ended September 30, 2021, 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 each major fund of the CRA, as of September 30, 2021, and the respective changes in financial position thereof for the fiscal 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 schedule of agency's proportionate share of the City's total OPEB liability, the budgetary comparison schedule and related notes on pages 32 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 March 14, 2022 on our consideration of the CRA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above the typed name and date.

Hollywood, Florida  
March 14, 2022

## Financial Section

### Management's Discussion and Analysis



The Management's Discussion and Analysis (the "MD&A") of the Hollywood, Florida Community Redevelopment Agency (the "Agency") is intended to provide an overview of the Agency's position and results of operation for the fiscal year ended September 30, 2021. The MD&A is an element of the reporting model required by the Governmental Accounting Standards Board (the "GASB") Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis- for State and Local Governments issued in 1999. The MD&A should be read in conjunction with the Agency's financial statements, including the accompanying notes, to enhance the understanding of the Agency's financial performance.

#### Financial Highlights

- The Agency's Net Position increased by \$18.48 million. The Agency's ending net position was \$73.28 million.
- The Agency's long-term liabilities decreased by \$8.28 million. The decrease is the result of the Agency's normally scheduled debt service payments.
- Tax increment revenues increased by \$0.96 million or 2.57% from the prior year.
- Total assets increased by \$10.58 million and deferred outflows of resources decreased by \$0.25 million.

#### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements, which have the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances in a manner like a private-sector business. The statement of net position presents information on all the Agency's assets, liabilities, and deferred inflows/outflows with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net position changed during each 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 government-wide financial statements listed above distinguish functions of the Agency that are principally supported by taxes and intergovernmental revenues. The governmental activities of the Agency include general government, public safety, physical environment, transportation, economic environment and culture and recreation.

The Agency does not have any business-type activities.

Government Wide Analysis

The below summarizes the statement of net position:

	Summary of Net Position	
	Governmental Activities	
	2021	2020
Current and Other Assets	\$ 49,837,914	\$ 39,492,464
Capital Assets	48,120,274	47,884,988
Total Assets	<u>97,958,188</u>	<u>87,377,452</u>
Deferred Outflows of Resources	<u>721,898</u>	<u>976,229</u>
Current Liabilities	9,637,196	9,496,974
Long-Term Liabilities	15,712,127	23,993,477
Total Liabilities	<u>25,349,323</u>	<u>33,490,451</u>
Deferred Inflows of Resources	<u>48,675</u>	<u>65,864</u>
Net Position		
Net Investment In Capital Assets	31,930,385	23,755,455
Restricted for Debt Service	6,747,344	6,727,806
Restricted for Community Redevelopment	34,604,359	24,314,105
Total Net Position	<u>\$ 73,282,088</u>	<u>\$ 54,797,366</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets and deferred outflows exceeded liabilities and deferred inflows by \$73.28 million at September 30, 2021, an increase of \$18.48 million or 33.73% from September 30, 2020.

Total assets increased by \$10.58 million or 12.00% from the prior year. The significant increase in assets is consistent with the excess of tax increments versus operating expenditures being comparable to the prior year.

Total liabilities decreased by \$8.14 million or 24.31% from the prior year. The decrease is the result of debt service payments on the Agency's bonds and loans.

Total revenues increased by \$0.61 million or 1.59% from the prior year. The increase is related to the increase in tax increment revenues; these revenues increased by \$0.96 million or 2.57% from the previous fiscal year. Expenses increased \$0.37 million or 1.89% from the prior year. Changes relate to increased depreciation expense and incentive payments.

Contributions and other expenses decreased by \$2.54 million. In the prior year, \$2.29 million of lifeguard towers and \$0.32 million of garage improvements were placed in service.

The Agency's net position represents resources that are subject to external restrictions on how they may be used. There are also various normal impacts on revenue and expense that can affect the change in net position from year to year. The economic condition, which can reflect a declining, stable or growing economic environment, can have a substantial impact on tax revenue as well as the public's spending habits on fees and charges for services. Also, current market condition may cause investment income to



fluctuate from year to year. Impacts on expense from year to year could result from new programs, an increase or decrease in personnel, salary increases and of course inflation.

The below summarizes the changes in net position (discussed above):

	Summary of Changed in Net Position	
	Governmental Activities	
	2021	2020
General Revenues		
Tax Increment	\$ 38,442,269	\$ 37,479,023
Miscellaneous	47,644	54,138
Unrestricted Investment Earnings	145,826	496,856
Total Revenues	<u>38,635,739</u>	<u>38,030,017</u>
Expenses		
General Government	17,284,525	16,504,032
Public Safety	29,774	
Physical Environment	461,735	982,647
Transportation	-	4,950
Economic Environment	783,504	600,438
Culture and Recreation	509,636	368,338
Interest	985,779	1,223,199
Total Expenses	<u>20,054,953</u>	<u>19,683,604</u>
Excess of Revenues over Expenses	<u>18,580,786</u>	<u>18,346,413</u>
Other and Contributions		
Gain/(Loss) on Disposals	(3,923)	-
Contributions to the City	(92,141)	(2,630,094)
Total Contributions	<u>(96,064)</u>	<u>(2,630,094)</u>
Increase/(Decrease) in Net Position	<u>18,484,722</u>	<u>15,716,319</u>
Net Position, Beginning	<u>54,797,366</u>	<u>39,081,047</u>
Net Position, Ending	<u>\$ 73,282,088</u>	<u>\$ 54,797,366</u>

### 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 Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency reports only governmental funds.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Key elements of the reconciliation of these two statements are that the government-wide statements report 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. Conversely, the governmental funds statements report the issuance of debt as another 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 Agency maintains two individual governmental funds; the Beach and Downtown Districts ("Beach CRA" and "Downtown CRA"). Information is presented separately in the governmental fund's balance sheet and in the governmental fund's statement of revenues, expenditures, and changes in fund balances.

Fund balance in the Agency's governmental funds totaled \$48.76 million. This is an increase of \$10.22 million from the prior year. The increase is due consistent tax increment revenues and operating expenditures. The below table summarizes the changes in fund balance for the Agency's governmental funds:

	<u>Beach CRA</u>	<u>Downtown CRA</u>	<u>Total Governmental Funds</u>
Fund Balance, September 30, 2020	\$ 29,674,512	\$ 8,865,714	\$ 38,540,226
Revenues	28,366,487	10,269,255	38,635,742
Expenditures	<u>(20,659,403)</u>	<u>(7,755,796)</u>	<u>(28,415,199)</u>
Fund Balance, September 30, 2021	<u>\$ 37,381,596</u>	<u>\$ 11,379,173</u>	<u>\$ 48,760,769</u>

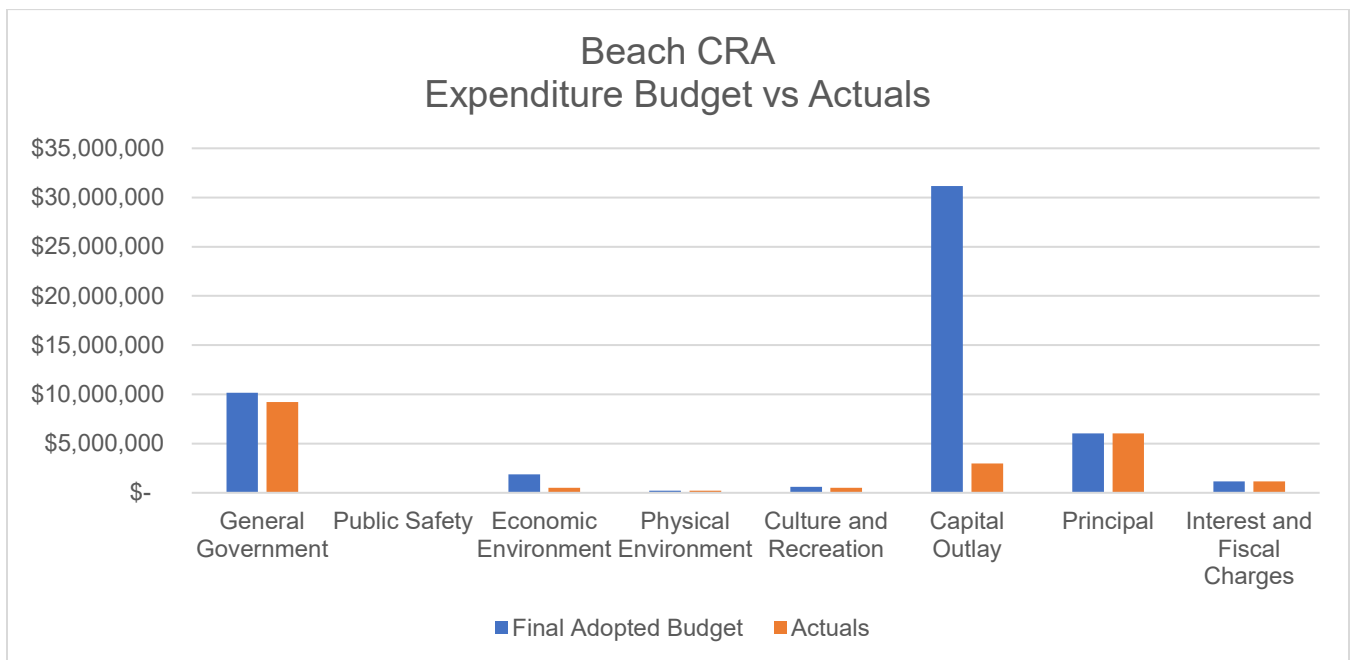
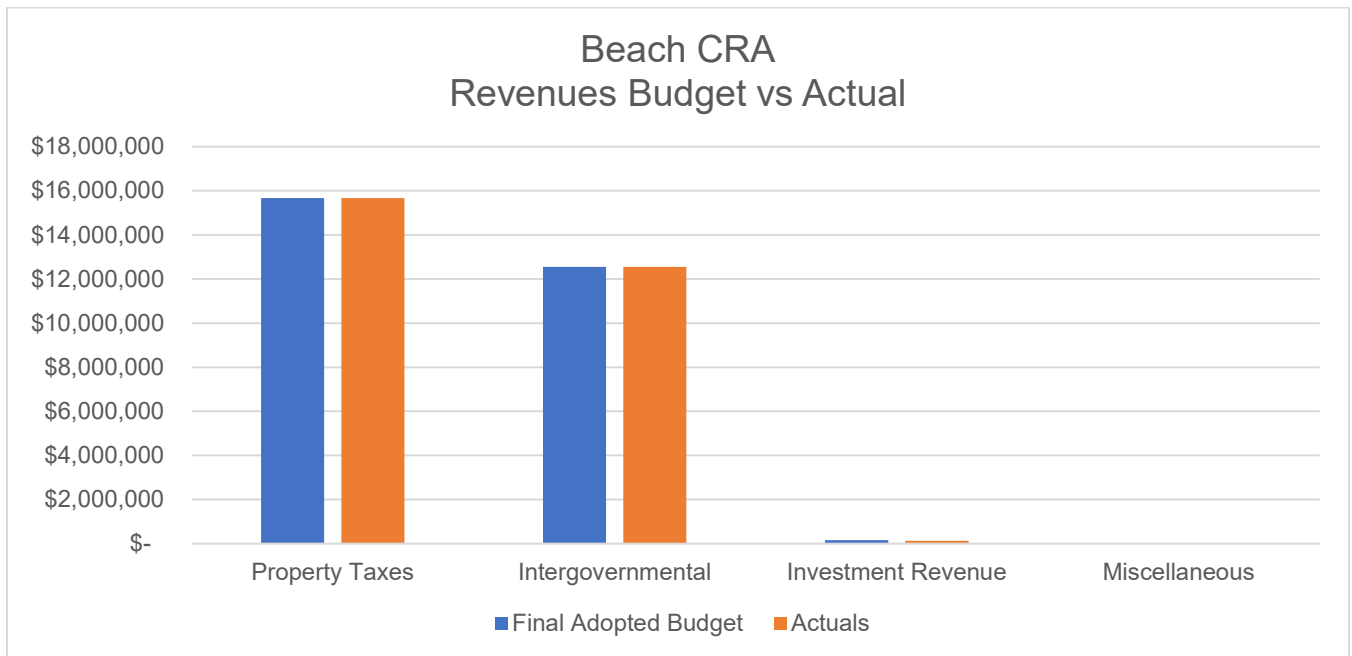
### Notes to the Financial Statements

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. For note details, refer to the table of contents. The Agency is considered a component unit of the City of Hollywood, Florida and as such, the financial information of the Agency is included in the City's Comprehensive Annual Financial Report for the current fiscal year.

### Budgetary Highlights

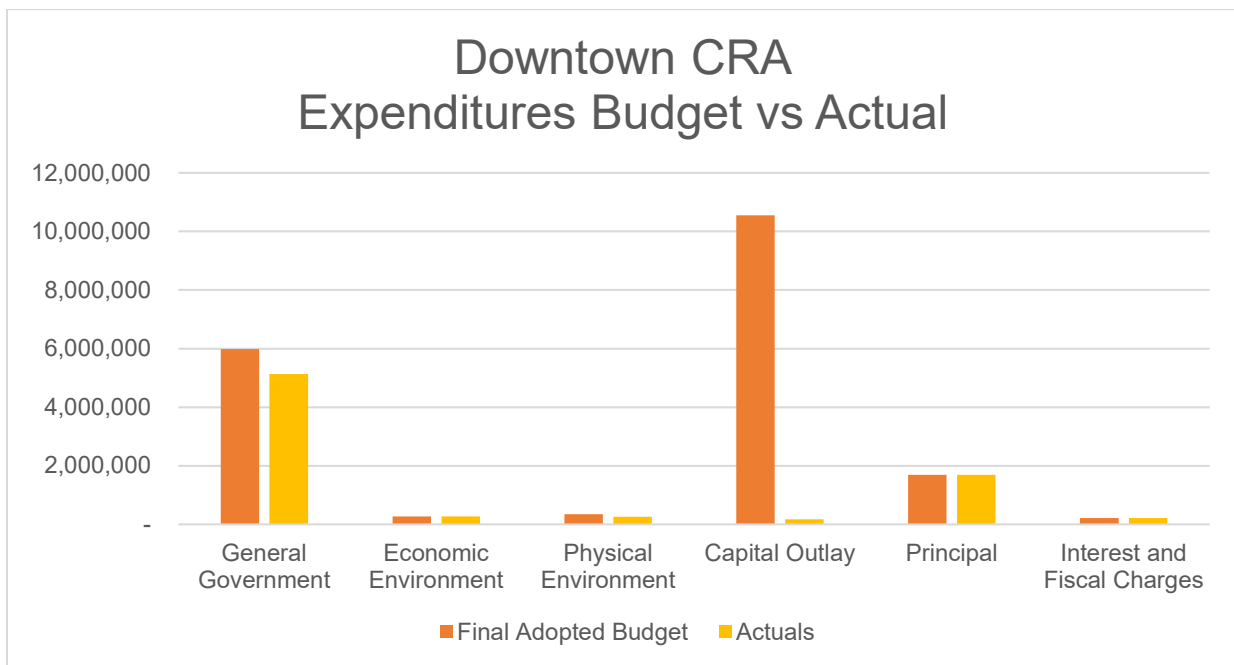
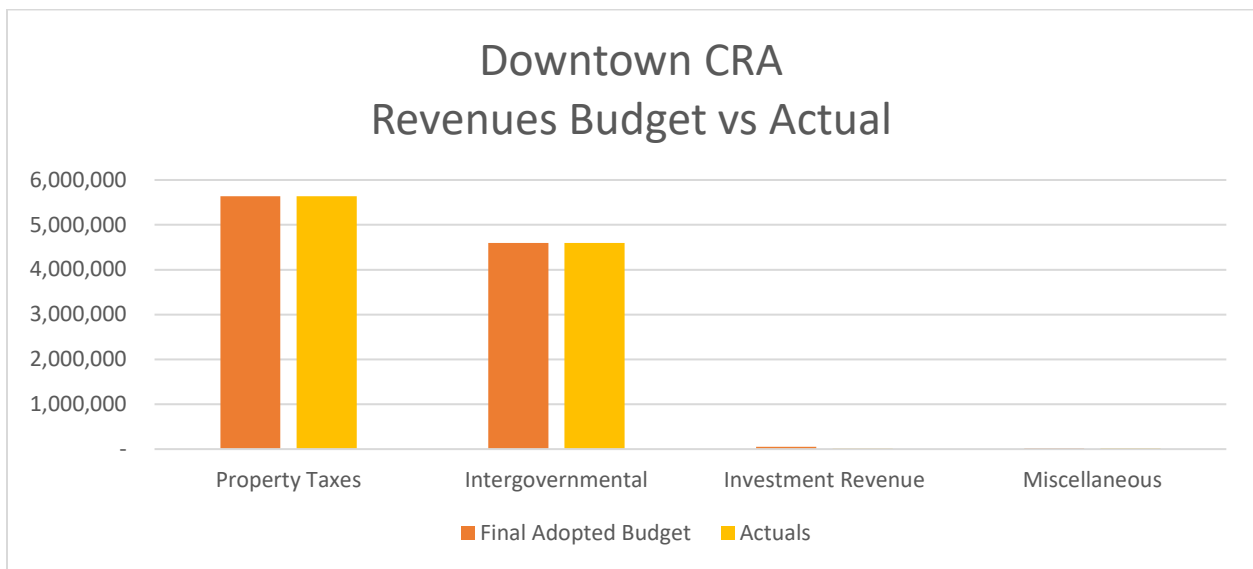
#### 1. Beach CRA

The Beach CRA's revenues were less than the final adopted budget by \$6,578. Actual expenditures were less than the final adopted budget by \$30.47 million due to anticipated capital projects that are commencing.



2. Downtown CRA

The Downtown CRA's revenues were less than the final adopted budget by \$34,950. Actual expenditures were less than the final adopted budget by \$11.32 million due to anticipated capital projects that are commencing.



**Capital Assets**

The Agency's investment in capital assets for its governmental activities as of September 30, 2021 amounts to \$48.12 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, vehicles, machinery and equipment, streetscape improvements, restorations and renovations and construction work-in-progress, which are detailed as follows (net of accumulated depreciation):

Capital Assets		
Governmental Activities		
Asset Class	2021	2020
Land	\$ 13,653,947	\$ 13,653,947
Construction In Progress	15,504,125	12,510,383
Buildings and Improvements	18,738,826	21,489,748
Equipment	223,376	230,910
	<u>\$ 48,120,274</u>	<u>\$ 47,884,988</u>

Details about the Agency's capital projects can be found at <https://www.hollywoodcra.org/93/CRA-Reports-Funding>.

#### Outstanding Debt

At the end of the current fiscal year, the Agency had a total debt outstanding in the governmental activities of \$23.40 million. The debt balance decreased by \$8.27 million during the fiscal year due to annual principal payments on the Agency's bonds and loans.

Hollywood Community Redevelopment Agency		
Outstanding Debt		
	2021	2020
Redevelopment Revenue Bonds	\$20,646,744	\$27,217,213
Redevelopment Loans	2,748,333	4,445,000
	<u>\$23,395,077</u>	<u>\$31,662,213</u>

#### Economic Factors and Future Developments

The Agency has continued to focus its efforts on several initiatives aimed at upgrading the area's infrastructure, streets and parks, alleviating traffic and parking congestion and encouraging the continued increase in tourism. Details about the Agency's achievements and goals can be found at <https://www.hollywoodcra.org/93/CRA-Reports-Funding>.

#### Requests for Information

This financial report is designed to provide a general overview of the Hollywood, Florida Community Redevelopment Agency's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Hollywood, Florida Community Redevelopment Agency at 1948 Harrison St, Hollywood, FL 33020 or the City of Hollywood's Finance Department at 2600 Hollywood Blvd., Room 119, Hollywood, FL 33020.



# Financial Section

(Continued)

## Basic Financial Statements and Notes



**Hollywood, Florida Community Redevelopment Agency**  
**(A component Unit of the City of Hollywood, Florida)**  
**STATEMENT OF NET POSITION**  
**September 30, 2021**

	<b>Primary Government</b>
	<b>Governmental</b>
	<b>Activities</b>
<b>ASSETS</b>	
Cash	\$ 400
Investments	42,916,675
Accounts receivable - net	29,495
Due from City	144,000
Restricted Assets:	
Investments	6,747,344
Capital Assets:	
Non depreciable	29,158,072
Depreciable - net	18,962,202
Total assets	97,958,188
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
OPEB	35,381
SWAP	134,041
Unamortized refunding costs	552,476
Total deferred outflows of resources	721,898
<b>LIABILITIES</b>	
Accounts payable	856,000
Accrued Wages and Leave	122,937
Construction Contracts Payable	94,632
Accrued interest payable	108,744
Deposits Payable	3,577
Due within one year:	
Compensated absences	33,057
Bonds and loans payable	8,418,249
Due in more than one year	
Compensated absences	388,376
Bonds and loans payable	15,110,869
Total other post employment liability (OPEB)	212,882
Total liabilities	25,349,323
<b>DEFERRED INFLOWS OF RESOURCES</b>	
OPEB	48,675
Total deferred inflows of resources	48,675
<b>NET POSITION</b>	
Net investment in capital assets	31,930,385
Restricted for:	
Future debt service	6,747,344
Future community redevelopment	34,604,359
Total net position	\$ 73,282,088

Please refer to the Notes to the Financial Statements.

Hollywood, Florida Community Redevelopment Agency  
(A component Unit of the City of Hollywood, Florida)  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Position
					Primary Government
					Governmental
					Activities
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 17,284,525	\$ -	\$ -	\$ -	\$ (17,284,525)
Public safety	29,774	-	-	-	(29,774)
Physical environment	461,735	-	-	-	(461,735)
Economic environment	783,504	-	-	-	(783,504)
Culture and recreation	509,636	-	-	-	(509,636)
Interest on long-term debt	985,779	-	-	-	(985,779)
Total governmental activities	<u>20,054,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,054,953)</u>
Total primary government	<u>\$ 20,054,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(20,054,953)</u>
General revenues:					
Taxes:					
Tax increment					38,442,269
Miscellaneous					47,644
Gain (loss) on sale of capital assets					(3,923)
Unrestricted investment earnings					145,826
Contribution to Primary Government					(92,141)
Total general revenues and contributions					<u>38,539,675</u>
Change in net position					<u>18,484,722</u>
Net position - beginning					<u>54,797,366</u>
Net position - ending					<u>\$ 73,282,088</u>

Please refer to the Notes to the Financial Statements.

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

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2021**

	Beach Community Redevelopment Agency	Downtown Community Redevelopment Agency	Total Governmental Funds
<b>Assets:</b>			
Cash	\$ 200	\$ 200	\$ 400
Investments	31,540,078	11,376,597	42,916,675
Accounts Receivable - Net of Allowances	22,020	7,475	29,495
Due from City	-	144,000	144,000
<b>Restricted Assets:</b>			
Investments	6,747,344	-	6,747,344
<b>Total Assets</b>	<b>\$ 38,309,642</b>	<b>\$ 11,528,272</b>	<b>\$ 49,837,914</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 741,632	\$ 114,367	\$ 855,999
Accrued Wages and Leave	91,782	31,155	122,937
Construction Contracts Payable	94,632	-	94,632
Deposits Payable	-	3,577	3,577
<b>Total Liabilities</b>	<b>928,046</b>	<b>149,099</b>	<b>1,077,145</b>
<b>Fund Balances:</b>			
Restricted	37,381,596	11,379,173	48,760,769
<b>Total Fund Balances</b>	<b>37,381,596</b>	<b>11,379,173</b>	<b>48,760,769</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 38,309,642</b>	<b>\$ 11,528,272</b>	<b>\$ 49,837,914</b>

Please refer to the Notes to the Financial Statements.

**Hollywood, Florida Community Redevelopment Agency**  
**(A component Unit of the City of Hollywood, Florida)**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2021**

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**Total fund balances - governmental funds** \$ 48,760,769

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

Capital assets, net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds 48,120,274

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(20,109,041)	
Loans payable	(2,748,333)	
Net premium on bonds	(671,744)	
Compensated absences	(421,433)	
Accrued interest payable	(108,745)	
OPEB	(212,882)	
Total long term liabilities	(24,272,178)	(24,272,178)

In governmental funds, deferred outflows and inflows of resources relating to pensions and deferred refunding costs are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred refunding costs	552,476	
Deferred outflows relating to SWAP	134,041	
Deferred outflows of resources relating to OPEB	35,381	
Deferred inflows of resources relating to OPEB	(48,675)	
	673,223	673,223

**Net position of governmental activities** \$ 73,282,088

Please refer to the Notes to the Financial Statements.



**Hollywood, Florida Community Redevelopment Agency**  
(A component Unit of the City of Hollywood, Florida)  
**Statement of Revenues, Expenses, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2021**

	Beach Community Redevelopment Agency	Downtown Community Redevelopment Agency	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 15,663,481	\$ 5,634,937	\$ 21,298,418
Intergovernmental	12,549,583	4,594,268	17,143,851
Investment Revenue	127,077	18,749	145,826
Miscellaneous	26,346	21,301	47,647
<b>Total Revenues</b>	<b>28,366,487</b>	<b>10,269,255</b>	<b>38,635,742</b>
<b>EXPENDITURES</b>			
General Government	9,233,384	5,136,566	14,369,950
Public Safety	29,774	-	29,774
Public Works	-	-	-
Transportation	-	-	-
Economic Environment	514,658	268,846	783,504
Physical Environment	206,283	255,452	461,735
Culture and Recreation	509,636	-	509,636
Capital Outlay			
General Government	-	-	-
Public Safety	35,602	-	35,602
Transportation	53,970	-	53,970
Physical Environment	2,839,107	-	2,839,107
Culture and Recreation	48,147	-	48,147
Economic Environment	-	178,322	178,322
Principal	6,035,000	1,696,667	7,731,667
Interest and Fiscal Charges	1,153,842	219,943	1,373,785
<b>Total Expenses</b>	<b>20,659,403</b>	<b>7,755,796</b>	<b>28,415,199</b>
<b>Net Change in Fund Balances</b>	<b>7,707,084</b>	<b>2,513,459</b>	<b>10,220,543</b>
<b>Beginning Fund Balance</b>	<b>29,674,512</b>	<b>8,865,714</b>	<b>38,540,226</b>
<b>Ending Fund Balance</b>	<b>\$ 37,381,596</b>	<b>\$ 11,379,173</b>	<b>\$ 48,760,769</b>

Please refer to the Notes to the Financial Statements.

**Hollywood, Florida Community Redevelopment Agency**  
**(A component Unit of the City of Hollywood, Florida)**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2021**

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**Net change in fund balances - total governmental funds** **\$ 10,220,543**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 3,155,148	
Contributions of capital assets to the City	(92,141)	
Deletions	(3,923)	
Depreciation expense	<u>(2,823,798)</u>	
Excess of capital outlay over depreciation expense		235,286

The issuance of long-term debt (e.g. bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations is an expenditure in the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

In the current year, these amounts consist of:

Bonds principal retirement	7,731,667	
Amortization of unamortized refunding costs	(184,161)	
Amortization of net bond premium(s)	535,468	
OPEB	<u>14,476</u>	
Total long term-debt retirement and related transactions		8,097,450

Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

These activities consist of:

Increase in compensated absences	(105,253)	
Increase in accrued interest expense	<u>36,696</u>	
Total additional expense		(68,557)

**Change in net position of governmental activities** **\$ 18,484,722**

Please refer to the Notes to the Financial Statements.

**Note 1: Summary of Significant Accounting Policies**

This summary of the Hollywood, Florida Community Redevelopment Agency's (the Agency or CRA) Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other data in this report. The Agency is a component unit of the City of Hollywood, Florida (the City). The Agency's policies mimic those of the City. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

Component units, although legally separate entities, are in substance part of the City's operations.

The basic financial statements include both government-wide and fund financial statements. The government-wide focus is more on the sustainability of the Agency 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.

The Agency's policies, ERP system, and procedures are commingled with those of the City. The City's policies are located at <https://www.hollywoodfl.org/538/Annual-Financial-Pension-Fund-Reports> and are incorporated via reference.

**A. Financial Reporting Entity:**

The Agency was created in 1979 with the establishment of the Downtown District. In 1997, the Beach District was established. Under one agency, the two districts' budgets are managed separately to best meet the objectives of fighting slum and blight confronting each area.

The Downtown Community Redevelopment Agency (DCRA) and Beach Community Redevelopment Agency (BCRA) are districts of the Hollywood, Florida Community Redevelopment Agency (CRA), which is legally separate from 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 CRA, whose board members are the same as the members of the City Commission, provides services that exclusively benefit the City's downtown and beach areas. The City has financial and operational responsibility of the CRA. The DCRA and BCRA are blended as other governmental fund component units into the primary government.

Created in 1979 and encompassing Downtown Hollywood's central business district and nearby residential neighborhoods, the District boundaries include approximately 580 acres, including the 10- acre Arts Park at Young Circle. The boundaries are, Washington Street to the south, 22nd Avenue to the west, and Johnson Street to the north. The eastern boundaries are, 14th Avenue from Johnson Street south to Polk Street, 16th Avenue from Polk Street to Van Buren Street, and 17th Avenue from Van Buren Street to Washington Street.

The Beach District includes approximately 293 acres from Sherman Street south to the southern property line of the Westin Diplomat Resort and Spa, and from the Intracoastal Waterway east to the Atlantic Ocean.

Revenues for the CRA Districts are generated primarily from Tax Increment Financing (TIF). This is a unique tool available to cities and counties for redevelopment activities. It is used to leverage public funds to promote private sector activity in the targeted area. The dollar value of all real property in the Community Redevelopment Area is determined as of a fixed date "base year," also known as the "frozen value." The base year of the Beach District is 1997 and the Downtown District is 1979. Taxing authorities that contribute to the tax increment continue to receive property tax revenues based on the frozen value. These frozen value revenues go to their general funds and are available for general government purposes. However, any tax revenues from increases in real property value, referred to as "increment," are deposited into the Community Redevelopment Agency Trust Fund and dedicated to the redevelopment area.

The trust fund revenues generated through tax increment are contributed by four taxing authorities including the City of Hollywood (City), Broward County (County) Children's Services Council of Broward County (CSC), and South Broward Hospital District (Hospital).

B. Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the Agency. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Agency does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the Agency's governmental funds. Major individual governmental funds are reported as separate columns in the fund 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 are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the way these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental activities column, a reconciliation is presented, which briefly explains the adjustments necessary to reconcile funds based on financial statements with the governmental activities column of the government-wide presentation. Under this basis, revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government 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. However, debt service expenditures, as well as expenditures related to compensated absences, other post-employment benefits, pensions, and claims and judgments, are recorded only when payment is due.

Tax increment when levied for and interest associated with the current fiscal period, are all considered to be measurable and so 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. All taxes are included in general revenues.

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

The Agency reports the following major governmental funds:

The Beach Community Redevelopment Fund accounts for governmental revenue and grants for financing redevelopment projects within the Beach redevelopment district.

The Downtown Community Redevelopment Fund accounts for governmental revenue and grants for financing redevelopment projects within the downtown redevelopment district.

#### D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

##### 1. Cash and Investments

The Agency's cash and demand deposits are cash on hand. The City established an investment policy in accordance with Section 218.415, State Statutes that allows the City to invest in relatively low risk securities. The Agency relies on the City's policy. Investments are stated at fair value based on quoted market prices. Resources of all funds have been combined into investment pools for the purpose of maximizing investment yields; this does not include assets that are restricted for bonds or other means. Investment revenue is comprised of interest and realized and unrealized gains and losses on investments. Investment revenue on pooled investments is allocated monthly based upon equity balances of the respective funds. As required by GASB Statements these notes include a presentation of deposit and investment risk disclosures.

##### 2. Accounts and Notes Receivable

If applicable, all accounts and tax increment receivables are shown net of an allowance for uncollectible accounts. Accounts receivable in excess of 90 days comprise the accounts receivable allowance for uncollectible accounts. All receivables are related for accruals of estimated employee deductions for the fiscal year ended September 30, 2021.

##### 3. Due to/from City

The Agency and City have interrelated goals and transactions. The Agency provided the City an advance for the sale of a joint property(ies).

##### 4. Restricted Assets

Certain bond proceeds and 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.

##### 5. Capital Assets

Capital assets, which include property, plant, equipment, intangible, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 \$5,000 (amount not rounded) 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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

The Agency records impairment losses on long-lived assets used in operations when events or circumstances indicate the assets might be impaired. No impairment losses have been recorded.



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

<u>Asset Class</u>	<u>Years</u>
Buildings	15 to 40
Buildings and Improvements	5 to 40
Infrastructure	20 to 50
Vehicles	3 to 20
Office Equipment	2 to 15
Computer Software/ Hardware	2 to 6

#### 6. 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 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 Agency reports the following deferred outflows of resources: interest rate swap, deferred charge on refunding, and deferred OPEB outflows. The interest rate swap represents the fair value balance of the outstanding derivative instrument. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. Deferred outflows relating to OPEB represent changes in actuarial assumptions and are amortized over a closed period equal to the average of the remaining services lives of all active and inactive employees that are provided with OPEB.

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 applicable to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Agency reports the following deferred inflows of resource relating to other postemployment benefits (OPEB). Deferred Inflows related to OPEB are due to change in assumptions which are deferred and amortized similarly to the deferred outflows of resources for OPEB.

#### 7. Compensated Absences

The Agency's participates in the City's compensated absence plan. It is the City'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 and proprietary fund financial 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 are reported as debt service expenditures. Payments related to the swap are netted by each party to the other and made on a quarterly basis.

## 9. Fund Equity

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. The Agency has disclosed information about governmental fund balance reporting as required in the Notes to the Financial Statements.

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 fund balance 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 Agency/City Commission 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 Commission takes action to remove or change the constraint.
- Assigned Fund Balance includes resources the Agency intends to use for a specific purpose that are not classified as nonspendable, restricted or committed. Encumbrances are recorded within an assigned fund balance category. Assignments are recommended by the CRA Board based on the CRA Board direction during the annual budget process, and the CRA Board authorizes assignments by the adoption of a resolution.
- Unassigned Fund Balance only for General Fund, includes the remaining fund balance, or net resources, available for any purpose. Unassigned fund balance represents amounts that are not constrained in any way.

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

Net position of the government-wide statements is categorized as investment in capital assets, reduced by accumulated depreciation, any outstanding debt incurred and related deferred inflows/outflows to acquire, construct or improve those assets excluding un-expended bond proceeds, restricted or unrestricted to arrive at net investment in capital assets. This category represents net position related to property, plant, equipment, intangible, and infrastructure. The restricted category represents the balance of net position restricted by requirements of debt indentures and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consists of all net position that does 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, liabilities and deferred inflows/outflows 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.

**Note 2: Cash and Investments**

Cash

The Agency’s bank balances were entirely insured either by federal depository insurance or via the banks’ participation as qualified public depositories pursuant to Florida Statutes, Chapter 280, “Security for Public Deposits” as of September 30, 2021. The City’s cash and demand deposits are considered cash on hand.

Investments

The Agency adopted the City’s Investment Policy and Ordinances. The comprehensive investment policy was established in accordance with Section 218.415, Florida Statutes and has been revised periodically as required to reflect changes to those statutes. The Agency participates in the City’s internal investment pool. The City also separately invests any debt-related cash reserves that are required by debt covenant, in accordance with the terms of the respective debt agreements. The Agency’s total deposits and investments, including their investment maturities, are shown in this note classified by pooled versus non-pooled investments.

The investment policy allows for the following investments: SBA Investment Pool, United States government securities, United States government agencies, federal instrumentalities, interest bearing time deposits or savings accounts, including certificates of deposit and demand deposits, repurchase agreements, commercial paper, mutual funds consisting of United States government obligations, registered investment companies (money market mutual funds) and intergovernmental investment pools. The City did not invest in any repurchase agreements, commercial paper or mutual funds during 2021.

At September 30, 2021, the Agency had the following maturities and credit ratings for cash and investments:

	Investment Maturities				
	Reported Value	Less Than 1 Year	Credit Rating	Average Maturity in Months	Percent Distribution
Agency Cash and Investments:					
Non-Pooled Investments:					
Demand Deposits	\$ 19,579,380	\$19,579,380			39.42
Money Market Accounts	30,084,639	30,084,639			60.58
Total Non-Pooled Investments	49,664,019	49,664,019			
Cash on Hand	400	400			0.00
Total Cash and Investments	\$ 49,664,419	\$49,664,419			100.00 %

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in the market interest rates. As a means of limiting its exposure to interest rate risk, the Agency diversifies its investments by security type and institution. The Agency also attempts to match investment

maturities with known cash needs and anticipated cash flow requirements. In addition, the investment policy limits the maturities to three years from the date of purchase. The Agency's investments are considered readily liquid and all have a maturity of less than 1 year.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policy limits its investment to a grade of A or higher. Most of the Agency's investments were comprised of demand deposits and money market accounts.

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The investment policy requires securities, with the exception of certificates of deposit and overnight repurchase agreements (one business day), to be held with a third party custodian; and that all securities purchased by, and all collateral obtained by or on behalf of the Agency be properly designated as an asset of the Agency. The securities are held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the federal government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. As of September 30, 2021, the investment portfolios were held with a third-party custodian as required by the City's investment policy.

Concentration of Risk

The investment policy has established asset allocation limits on the following investments designed to reduce concentration of credit risk of the investment portfolio. A maximum of 100% of available funds may be invested in the SBA Investment Pool and United States government securities. Ninety percent (90%) of available funds may be invested in United States government agencies and instrumentalities, one hundred percent (100%) of available funds may be invested in non-negotiable interest bearing time deposits or savings accounts, twenty percent (20%) of available funds may be invested in each of the following categories: repurchase agreements, highest grade commercial paper, mutual funds consisting of U.S. government obligations, registered investment companies and intergovernmental investment pools.

Restricted Assets:

Borrowing agreements require the restriction of certain assets. Amounts required to be restricted totaled \$6,747,344. The composition of restricted assets is shown below:

Beach Community Redvelopment:	
2015 Beach CRA Refunding Bonds Debt Service	\$ 5,877,934
2015 Beach CRA Refunding Bonds Construction	869,410
	<u>\$ 6,747,344</u>

**Note 3: Capital Assets**

Capital asset activities for the year ended September 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 13,653,947	\$ -	\$ -	\$ 13,653,947
Construction In Progress	12,510,383	2,993,742	-	15,504,125
Non-Depreciable Assets	<u>26,164,330</u>	<u>2,993,742</u>	<u>-</u>	<u>29,158,072</u>
Depreciable Assets:				
Buildings and Improvements	42,325,845	-	-	42,325,845
Equipment	909,388	161,406	133,493	937,301
Depreciable Assets	<u>43,235,233</u>	<u>161,406</u>	<u>133,493</u>	<u>43,263,146</u>
Total Gross Assets	<u>69,399,563</u>	<u>3,155,148</u>	<u>133,493</u>	<u>72,421,218</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	20,836,097	2,750,922	-	23,587,019
Equipment	678,478	72,876	37,429	713,925
Total Accumulated Depreciation	<u>21,514,575</u>	<u>2,823,798</u>	<u>37,429</u>	<u>24,300,944</u>
Total Depreciable Assets - Net	<u>21,720,658</u>	<u>(2,662,392)</u>	<u>96,064</u>	<u>18,962,202</u>
Total Capital Assets, net	<u>\$ 47,884,988</u>	<u>\$ 331,350</u>	<u>\$ 96,064</u>	<u>\$ 48,120,274</u>

Depreciation expense was charged to functions of the Agency as follows:

Depreciation by Function:	
Governmental Activities	<u>\$ 2,823,798</u>

**Note 4: Commitments**

The City has outstanding commitments for construction and acquisition of capital assets. These commitments were fully funded through bond proceeds and other reserves for the respective funds at September 30, 2021:

Beach Community Redevelopment Agency	\$28,168,970
Downtown Community Redevelopment Agency	<u>10,391,748</u>
	<u>\$38,560,718</u>

**Note 5: Long-Term Liabilities/Obligations**

\$49,075,000 Community Redevelopment Agency Redevelopment Revenue and Refunding Bonds, Series 2015 – On October 29, 2015, the City of Hollywood’s Beach Community Redevelopment Agency (BCRA) issued the Series 2015 bonds for the purpose of refunding the Redevelopment Revenue Bond – Series 2004, advance refunding of the Redevelopment Revenue Bond – Series 2007, 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, fully fund the Series 2015 Debt Service Reserve Fund, and to pay for issuance costs related to the bonds. Of the \$55,287,321 of proceeds and premium plus \$3,816,694 of other available resources, \$39,205,979 was used in the refunding, \$14,000,000 was for capital items, \$5,528,732 was to fund the Series 2015 debt service reserve, and the remaining balance was for costs related to the debt. Per the City’s and Agency’s “Bond Resolution”, in the event of default, applicable loans and bonds may become immediately due and payable.



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\$39,205,979 was used in the refunding, \$14,000,000 was for capital items, \$5,528,732 was to fund the Series 2015 debt service reserve, and the remaining balance was for costs related to the debt. The Series 2015 bonds are payable solely from and secured by BCRA revenues and assets. The City and BCRA have also entered an Interlocal Agreement pursuant to which the City covenants to pledge certain designated non-ad valorem revenues of the City to the payment of the Series 2015 bonds under certain conditions. 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.

Annual debt service requirements to maturity for the community Redevelopment Agency Redevelopment Revenue and Refunding Bonds, Series 2015:

Fiscal Year Ending: September 30,	Principal	Interest	Total
2022	6,335,000	840,375	7,175,375
2023	6,655,000	515,625	7,170,625
2024	6,985,000	174,625	7,159,625
	<u>19,975,000</u>	<u>1,530,625</u>	<u>21,505,625</u>
Premium(Discourt)	671,744	-	-
	<u>\$ 20,646,744</u>	<u>\$ 1,530,625</u>	<u>\$ 21,505,625</u>

\$33,500,000 Community Redevelopment Agency Loans – Loans committed to fund certain redevelopment projects and/or redevelopment incentives of the Downtown Community Redevelopment Agency as approved by its governing board. The DCRA has pledged its tax increment revenues for repayment of these loans. The interest rates on \$2,500,000, \$4,000,000 and \$2,000,000 of these loans are fixed at 5.44%, 5.61% and 2.84%. The interest rates on the remaining outstanding borrowings are variable and equal to the one-month London Interbank Offered Rate (LIBOR) as published periodically in the Wall Street Journal plus 1.75%. Interest rate on these borrowings was 1.90% at September 30, 2021. For the \$2,000,000, upon default, the loan's interest rate will increase to the maximum allowed per law. In addition, a late fee of 4.00% may be applied to late payments. For the \$4,000,000 loan, upon default, a late fee of 0.10% may be applied to payments due but not paid. For each of the loans, the outstanding balance of the obligation may be declared immediately due and payable upon default.

Annual debt service requirements to maturity for the Community Redevelopment Agency Loans

Fiscal Year Ending: September 30,	Principal	Interest	Total
2022	1,706,667	113,003	1,819,670
2023	686,667	23,644	710,311
2024	354,999	7,596	362,595
	<u>\$ 2,748,333</u>	<u>\$ 144,243</u>	<u>\$ 2,892,576</u>

On September 22, 2006, the Downtown District of the Hollywood, Florida Community Redevelopment Agency issued its Promissory Note, Series 2006A (2006A Note) in the principal amount of \$20,500,000 for the purpose of refunding its Promissory Notes Series, 2004B, 2005A and 2005B (Previous Notes) also totaling \$20,500,000. The 2006A Note and the Previous Notes carry the same interest rate, 175 basis points over the 1-month LIBOR, and all were issued as bank loans/lines of credit by the same financial institution. The only cost of issuance for both the 2006A Note and the Previous Notes was limited to minimal counsel fees which were fully expended the year transactions were entered. There was no gain or loss as a result of this refunding which basically consolidated three notes into one with no other financial reporting effect.

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This transaction constitutes an interest rate swap which is accounted for as an effective hedge as further described below.

On September 22, 2006 the DCRA entered into a fixed payer swap with Bank of America for the purpose of fixing its debt payments to manage the interest rate risk associated with variable rate debt. The swap is related to the 2006A Note described above, resulting in a synthetic fixed rate debt. The swap's notional amount as of September 30, 2006 was \$20,500,000. The swap has an effective date of September 22, 2006 and a termination date of November 1, 2022. The DCRA pays a fixed rate of 7.075% and receives the 1-month LIBOR plus 1.75%. Payments are netted by each party to the other and made on a quarterly basis. There was no cash paid or received when the swap was initiated.

At September 30, 2021, the underlying swap with Bank of America had a fair value of (\$134,041). The notional value of \$3,075,000 of this borrowing is included in bonds, loans and leases payable in the statement of net position. This fair value was obtained from the counterparty's mark to market report submitted to the DCRA.

The swap counterparty's ratings at September 30, 2021 by Moody's/Standard and Poor's were A2/A-. The DCRA will have a market breakage risk if it decides to unwind the swap in a lower rate environment. The transaction has no basis risk since the swap payments the DCRA receives match the payments it is making on the underlying loan and both use the same index. There is no tax risk since the swap is indexed to LIBOR, a taxable index.

Using rates at September 30, 2021, the debt service requirements of the DCRA's variable-rate debt and related swap are as follows. As rates vary, variable-rate bond interest payments will vary.

Fiscal Year Ending:	SWAP Rate			
September 30,	Principal	Interest	Interest	Total
2021	\$ 1,366,667	\$ 91,650	\$ 73,532	\$ 1,531,849
2022	1,366,667	38,001	30,489	1,435,157
2023	341,665	1,118	897	343,680
	<u>\$ 3,074,999</u>	<u>\$ 130,769</u>	<u>\$ 104,918</u>	<u>\$ 3,310,686</u>

The following is a summary of changes in the long-term liabilities for the year ended September 30, 2021:

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	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds Payable:					
Redevelopment Revenue Bonds	\$26,010,000	\$ -	\$ 6,035,000	\$ 19,975,000	\$ 6,335,000
Bond Premium	1,207,213	-	535,469	671,744	376,582
Total Bonds Payable	<u>27,217,213</u>	<u>-</u>	<u>6,570,469</u>	<u>20,646,744</u>	<u>6,711,582</u>
Direct Borrowings:					
Redevelopment Loans	4,445,000	-	1,696,667	2,748,333	1,706,667
Total Direct Borrowings	<u>4,445,000</u>	<u>-</u>	<u>1,696,667</u>	<u>2,748,333</u>	<u>1,706,667</u>
Total Bonds and Direct Borrowings	<u>31,662,213</u>	<u>-</u>	<u>8,267,136</u>	<u>23,395,077</u>	<u>8,418,249</u>
Other Liabilities:					
Compensated Absences	316,180	350,790	245,537	421,433	33,057
Other Postemployment Benefits Obligation	212,700	182	-	212,882	-
Total Other Liabilities	<u>528,880</u>	<u>350,972</u>	<u>245,537</u>	<u>634,315</u>	<u>33,057</u>
Total Governmental	<u>\$32,191,093</u>	<u>\$350,972</u>	<u>\$ 8,512,673</u>	<u>\$ 24,029,392 (*)</u>	<u>\$ 8,451,306</u>

(\*) - Variance between long-term liability on Statement of Net Position and this note is due to fair value of the DCRA swap agreement related to Series 2006A Promissory Note of (\$134,041).

**Note 6: Related Party Transactions**

The Agency participates in certain programs provided by the City. The City provides Information Technology, Records, and Self-Insurance Services to the Agency. For the fiscal year, the Agency expended \$902,147 for these services.

**Note 7: Transfers and Contributions**

The Agency had no cash transfers between the Agency and the City other than Capital Contributions. The Agency contributed \$92,141 of capital assets to the City for the fiscal year ended September 30, 2021. The Agency contributed \$35,603 in central vehicles and \$56,538 in infrastructure.

**Note 8: Receivables**

As of fiscal yearend, The Agency has \$144,000 due from the City of Hollywood's Special Program's Fund. Per Resolution 2018-363, the Agency loaned the City \$144,000 to facilitate the sale of the property "Pinnacle at Peacefield". The loan is to be repaid by June 30, 2025.

The Agency has \$3.50 million in Notes receivable. An allowance equal to the \$3.50 million has been established as the full note is deemed uncollectible and/or forgivable. The notes receivable in the Downtown Community Redevelopment Fund consist of loans to developers and others to assist in approved projects. Loans are secured by mortgages on real property and repayable over various time periods at various interest rates.

Accounts receivable of \$29,495 related to employee accruals for payroll deductions.

**Note 9: Fund Balance**

Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) provides a structured classification of fund balance to improve the usefulness of fund balance reporting to the users of the City's financial statements. The reporting standard

establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. These classifications are detailed in Note 1.

The following table shows the Agency’s fund balance classifications for its governmental funds as of September 30, 2021:

	Beach Community Redevelopment	Downtown Community Redevelopment	Total
Restricted for:			
Debt Covenants	\$ 6,747,344	\$ -	\$ 6,747,344
Grants & Special Programs	10,859,000	-	10,859,000
Public Safety Projects	9,700	-	9,700
Transportation Projects	91,500	-	91,500
Redevelopment Projects	19,674,052	11,379,173	31,053,225
Total Fund Balances - Restricted	<u>\$ 37,381,596</u>	<u>\$ 11,379,173</u>	<u>\$ 48,760,769</u>

**Note 10: Other Post-Employment Benefits (OPEB)**

The Agency’s Executive Director participates in the City’s OPEB Plan. The Agency and City account for postemployment health care benefits provided in accordance with GASB 75. The below has been taken directly from the City’s financial statement footnotes.

Plan Description

The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the City. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the City may continue to participate in the City’s self-funded health and hospitalization plan for medical, prescription and drug coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

Certain Other Post-Employment Benefits (OPEB) are available to all employees retiring from the City under the provisions of disability, early or normal retirement. The OPEB benefits include lifetime access to coverage for the retiree and dependents under the medical and prescription plans as well as participation in dental, vision and group life insurance plans sponsored by the City for employees.

Eligible retirees may choose the same medical plan available to active employees of the City. Dependents of retirees may be covered at the retiree’s option the same as dependents of active employees. Prescription drug coverage is automatically extended to retirees and their dependents who continue coverage under the Medical Plan. Covered retirees and their dependents are subject to all the same medical and prescription benefits and rules for coverage are as active employees. Retirees and their dependents age 65 and over are required to enroll in Medicare Part B in order to remain covered under the program. The plan pays as secondary for claims otherwise covered under Medicare.

Deferred retirement is not allowed to elect coverage at the time of retirement.

Employees covered by benefit terms. At September 30, 2021, the Agency had only 1 active employee in the plan.

Total OPEB Liability

The City's total OPEB liability of \$564,350,282 was determined by an actuarial valuation at March 1, 2020 for the measure date of September 30, 2021. The Agency's share of the total liability is \$212,882 or 0.05%.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs which were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2.19%
Healthcare cost trend rates	Developed using the SOA long term medical trend model
Retirees' share of benefit-related costs	25 percent of projected health insurance premiums for retirees

The discount rate of 2.19% was based on the 20-year general obligation index at September 30, 2021. Mortality rates were based on the Fully Generational MP2019 Mortality Improvement Scale.

The actuarial assumptions used on the September 30, 2021 measurement were based on pre and post-Medicare claims for the fiscal years 2018 through 2021.

OPEB Sensitivity to changes in the Discount Rate

Sensitivity of the total OPEB liability to Changes in the discount rate. The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate.

	1% Decrease 1.19%	Discount Rate 2.19%	1% Increase 3.19%
Total OPEB Liability	\$ 256,220	\$ 212,882	\$ 179,374

OPEB Sensitivity to changes in the Healthcare Cost Trend Rate

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00%	Healthcare Cost Trend Rates 4.00%	1% Increase 5.00%
Total OPEB Liability	\$ 175,081	\$ 212,882	\$ 262,700

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2021, the City recognized an OPEB expense of \$16,626,670. The Agency's share of the expense is approximately 0.05 percent or about \$7,810. OPEB is allocated based on each fund's proportionate share of the total active and retiree employee counts. At September 30, 2021 the Agency reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 29,638
Changes of Assumptions	30,061	13,717
Changes in each Fund's proportionate share	<u>5,320</u>	<u>5,320</u>
Total	<u>\$ 35,381</u>	<u>\$ 48,675</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30:</u>	<u>Amount</u>
2022	\$ (2,852)
2023	(2,852)
2024	(1,054)
2025	(7,598)
2026	1,063
Thereafter	<u>-</u>
Total	<u>\$ (13,294)</u>

**Note 11: Tax Abatements**

Downtown CRA Ad Valorem Tax Incentive Developer Agreements:

In order to encourage the development of specific projects in the Downtown CRA district, the Downtown CRA has entered into development agreements with developer(s) whereby the developer agrees to complete a development project in exchange for a percentage repayment of the increase in ad valorem taxes that projects would generate in the Downtown CRA district in future years. The duration of the tax rebate and percentage of tax increase rebated is negotiated between the CRA and developer and is approved via resolution by the Downtown CRA board. All agreements have a not to exceed amount of taxes that can be rebated during the life of the agreement. At present the Downtown CRA has three agreements in place that are still active and are as follows:

1. Agreement between the City, Downtown CRA and SFD@Hollywood, LLC for a mixed-use development project to be located on the Great Southern Hotel site. This agreement was entered on July 20, 2004 and amended and restated on April 4, 2012 pursuant to Section 163.370 FS, Section 163.358 FS and 166.021 FS. The developer agreed to maximize the preservation and restoration of the historical components of the Great Southern Hotel and expend millions of dollars

in order to accomplish the task. Commencing in the year when the CRA first received tax increment funds from the completed project, the Downtown CRA will pay the developer an amount equal to 50% of the annual projects' ad valorem tax increment: All obligations for payment to the developer under this section shall terminate immediately upon payment by the CRA of the amount due resulting from receipt by the CRA of the last tax increment monies based on a September 30, 2025 termination of existence. Should the Downtown District of the CRA continue to exist beyond calendar year 2025, developer shall have the right to request the CRA continue to pay beyond calendar year 2025.

- a. The total sum of \$11,200,000 has been paid to the developer in the aggregate, or
- b. Twenty years of the annual payments described above have been made to the developer.

In FY 2021 a total of \$0 was rebated to the developer since development has yet to be completed.

2. Agreement between the City, Downtown CRA and SFD@Hollywood, LLC for the Block 55 Redevelopment Project. This agreement was entered on July 20, 2004, and amended and restated on April 4, 2012 whereby the developer agreed to complete the construction of residential and commercial properties to significantly reduce blight in the City's Downtown CRA and enhance the City and CRA areas around Young Circle Arts Park. This agreement would also bring synergy and critical mass to those areas. Commencing in the year when CRA first receives tax increment funds from the completed project, the Downtown CRA will pay the developer an amount equal to 50% of the annual project ad valorem tax increment: All obligations for payment to the developer under this section shall terminate immediately upon payment by the CRA of the amount due resulting from receipt by the CRA of the last tax increment monies based on a September 30, 2025 termination of existence. Should the Downtown District of the CRA continue to exist beyond calendar year 2025, developer shall have the right to request the CRA continue to pay beyond calendar year 2025.

In FY 2021, a total of \$797,685 was rebated to the developer.

3. Agreement between the City, Downtown CRA and H3 Hollywood, LLC for a residential development project to be located on the SW corner of Dixie Highway and Hollywood Boulevard. This agreement was entered on June 16, 2004 between the City, Downtown CRA and Hollywood Dixie Associates, LLC, and amended on June 17, 2021 by first amendment to the development agreement. On February 1, 2018, the second amendment to the development agreement was entered between the City, Downtown CRA and H3, Hollywood, LLC, the successor in interest in Hollywood Dixie Associates, LLC for Phase III of the project, The agreement states that the CRA shall provide H3 Hollywood, LLC a total cash incentive of \$1,300,000 to be distributed as follows:
  - a. In the first year following issuance of the first certificate of occupancy for phase III and the development becomes subject to ad valorem real property taxes as a completed development, the CRA shall pay H3 50% of the tax increment attributable to Phase III.
  - b. On April 1, in the first year following the first incentive payment for Phase III, and every April 1, thereafter until the total amount of the incentive has been paid, the CRA shall pay H3 50% of the tax increment.
  - c. No individual annual incentive payment will exceed \$450,000 and in the event Phase III is not completed on or before the deadline of February 1, 2021, the incentive will be reduced to a total of \$1,000,000.

In FY 2021, a total of \$0 was rebated to the developer since development has yet to be completed.

Other CRA Business Incentive Programs:

Hotel Improvements Programs – The Hotel Improvement Program (HIP) has been established as an incentive for owners and tenants of small properties defined as hotel/motel, inn, or bed and breakfast,

located in both the Downtown and Beach districts of the Hollywood CRA. This program provides a 33% reimbursement grant of up to \$250,000 or 20% of the assessed value, whichever is lower, for comprehensive fixed capital improvements to both the interior and exterior of the property. As part of receiving this grant, the property must become certified as a Superior Small Lodging or an AAA Diamond Rated Property.

Property Improvement Program – The Property Improvement Program (PIP) is an incentive grant program of the CRA for owners and tenant buildings located within the CRA districts. It provides a 50% reimbursement grant of up to \$50,000 for comprehensive fixed capital improvements to the exterior of the property. The goal of this program is to encourage commercial multi-family and single-family rental properties to renovate, restore and improve their property by enhancing its visual quality and attractiveness.

Paint Only Program – The Paint Only Program (POP) is an incentive grant program of the CRA for owners and tenants of buildings located in the CRA districts. It provides a 50% reimbursement grant up to \$10,000 for cleaning, patching and painting of a building's exterior when done by a licensed contractor.

In FY 2021, a total of \$226,646 was expended for the PIP and POP programs. There were no funds expended for the HIP program.

**Note 12: Defined Contribution Pension Plan**

The Agency participates in a 401(a) plan; the agreement is between the Hollywood, Florida Community Redevelopment Agency and ICMA-RC covering the executive director and employees of the agency. 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 return. The plan does not require nor permit employee contributions. During fiscal year 2021, the Agency contributed approximately \$292,274 to the defined contribution plan. Plan participants become fully vested in the plan upon entry. The plan was established by City Commission resolutions. The Agency does not have control over the assets of the defined contribution plans and, accordingly, the plans are not reported in the accompanying financial statements.

**Note 13: Subsequent Events and Contingencies**

Management is currently monitoring the effects of COVID-19 on the Agency's operations and the community in general.

Management is not aware of any other subsequent events.

The Agency is often 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 affected funds.

The Agency often participates in federal, state and local grant assistance programs. The grants are subject to audit by the granting agencies to determine if activities undertaken by the Agency comply with conditions of the grant. Management believes that no material liability will arise from any such audits.



# Required Supplementary Information

Other than the MD&A

Unaudited



Hollywood, Florida Community Redevelopment Agency  
(A Component Unit of the City of Hollywood, Florida)  
**Required Supplementary Information**  
(Unaudited)

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	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Agency's proportion of the Total OPEB Liability	0.05%	0.05%	0.05%	0.05%
Agency's proportionate share of the Total OPEB Liability	\$ 212,882	\$ 212,700	\$ 295,240	\$ 298,458
Agency's Covered-Employee Payroll	\$ 197,850	\$ 179,816	\$ 176,280	\$ 171,142
Total OPEB Liability as a Percentage of Covered-Employee Payroll	107.60%	118.29%	167.48%	174.39%

The years will be populated each year until 10 years are presented.

Hollywood, Florida Community Redevelopment Agency  
(A Component Unit of the City of Hollywood, Florida)  
Required Supplementary Information  
(Unaudited)

Budgetary Comparison Schedule  
Beach Community Redevelopment Fund  
For the Fiscal Year Ended September 30, 2021  
Unaudited

	Original Budget	Revised Budget	Actual Amounts	Variance with Final Budget Positive/(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 15,673,063	\$ 15,663,481	\$ 15,663,481	\$ -
Intergovernmental	12,558,813	12,549,584	12,549,583	1
Investment Revenue	160,000	160,000	127,077	32,923
Miscellaneous	-	-	26,346	(26,346)
<b>Total Revenues</b>	<b>28,391,876</b>	<b>28,373,065</b>	<b>28,366,487</b>	<b>6,578</b>
<b>EXPENDITURES</b>				
General Government	10,707,031	10,161,480	9,233,384	928,096
Public Safety	-	33,080	29,774	3,306
Economic Environment	1,269,192	1,862,904	514,658	1,348,246
Physical Environment	350,000	218,678	206,283	12,395
Culture and Recreation	615,000	605,938	509,636	96,302
CO_General Government	191,000	193,000	-	-
CO_Public Safety	50,000	-	35,602	(35,602)
CO_Transportation	10,912,970	10,912,970	53,970	10,859,000
CO_Physical Environment	16,422,917	18,559,272	2,839,107	15,720,165
CO_Culture and Recreation	632,000	632,000	48,147	583,853
CO_Economic Environment	860,150	860,150	-	860,150
Principal	6,035,000	6,035,000	6,035,000	-
Interest and Fiscal Charges	1,152,125	1,153,842	1,153,842	-
<b>Total Expenses</b>	<b>49,197,385</b>	<b>51,228,315</b>	<b>20,659,403</b>	<b>30,375,911</b>
<b>Net Income</b>	<b>(20,805,509)</b>	<b>(22,855,250)</b>	<b>7,707,084</b>	<b>(30,369,333)</b>
<b>Beginning Fund Balance</b>	<b>29,674,512</b>	<b>29,674,512</b>	<b>29,674,512</b>	
<b>Ending Fund Balance</b>	<b>\$ 8,869,003</b>	<b>\$ 6,819,262</b>	<b>\$ 37,381,596</b>	

Hollywood, Florida Community Redevelopment Agency

(A Component Unit of the City of Hollywood, Florida)

Required Supplementary Information

(Unaudited)

Budgetary Comparison Schedule  
Downtown Community Redevelopment Fund  
For the Fiscal Year Ended September 30, 2021  
Unaudited

	Original Budget	Revised Budget	Actual Amounts	Variance with Final Budget Positive/(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 5,639,262	\$ 5,634,937	\$ 5,634,937	\$ -
Intergovernmental	4,598,626	4,594,268	4,594,268	-
Investment Revenue	50,000	50,000	18,749	31,251
Miscellaneous	25,000	25,000	21,301	3,699
<b>Total Revenues</b>	<b>10,312,888</b>	<b>10,304,205</b>	<b>10,269,255</b>	<b>34,950</b>
<b>EXPENDITURES</b>				
General Government	5,972,075	5,984,119	5,136,566	847,553
Economic Environment	291,873	275,369	268,846	6,523
Physical Environment	450,000	350,000	255,452	94,548
Capital Outlay	-	-	-	-
CO_Economic Environment	10,189,280	10,547,507	178,322	10,369,185
Principal	1,696,667	1,696,667	1,696,667	-
Interest and Fiscal Charges	220,481	221,913	219,943	1,970
<b>Total Expenses</b>	<b>18,820,376</b>	<b>19,075,575</b>	<b>7,755,796</b>	<b>11,319,779</b>
<b>Net Income</b>	<b>(8,507,488)</b>	<b>(8,771,370)</b>	<b>2,513,459</b>	<b>(11,284,829)</b>
<b>Beginning Fund Balance</b>	<b>8,865,714</b>	<b>8,865,714</b>	<b>8,865,714</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ 358,226</b>	<b>\$ 94,344</b>	<b>\$ 11,379,173</b>	<b>\$ -</b>

## NOTES TO THE BUDGETARY COMPARISON SCHEDULE

### Budgetary Information

Budgets are legally adopted for the Beach and Downtown Community Redevelopment Agencies. Budgets are adopted on a basis consistent with generally accepted accounting principles. The level of budgetary control is the department. The CRA Board is authorized to transfer budgeted amounts within departments. Revisions increasing or decreasing the total budget for a department or fund require CRA Board approval. The Agency has supplemental appropriations in both CRA Funds. Appropriations in annually budgeted funds, except for amounts corresponding to outstanding encumbrances, lapse at year-end.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors and CRA Director  
Hollywood, Florida Community Redevelopment Agency (Beach and Downtown Districts)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Hollywood, Florida Community Redevelopment Agency (the CRA), a component unit of the City of Hollywood, Florida, as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated March 14, 2022.

***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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 CRA'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 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the CRA'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 CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above the typed location and date information.

Hollywood, Florida  
March 14, 2022

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE  
AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors and CRA Director  
Hollywood, Florida Community Redevelopment Agency (Beach and Downtown Districts)

***Report on the Financial Statements***

We have audited the financial statements of the Hollywood, Florida Community Redevelopment Agency (the CRA), a component unit of the City of Hollywood, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 14, 2022.

***Auditor's Responsibility***

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

***Other Reporting Requirements***

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements with Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 14, 2022, 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 annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

***Official Title and Legal Authority***

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

***Financial Condition and Management***

Section 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the CRA. 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 review of financial information provided by same. Our assessment was performed as of the fiscal year end.

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.

***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, and other regulatory agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above the typed name and date.

Hollywood, Florida  
March 14, 2022

## **INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTES**

To the Board of Directors and CRA Director  
Hollywood, Florida Community Redevelopment Agency (Beach and Downtown Districts)

We have examined the Hollywood, Florida Community Redevelopment Agency (the CRA), a component unit of the City of Hollywood, Florida compliance with Section 218.415, Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2021. We also examined the CRA's compliance with Sections 163.387(6) and 163.387(7), Florida Statutes for the fiscal year ended September 30, 2021. Management of the CRA is responsible for the CRA's compliance with the specified 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 judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the CRA's compliance with the specified requirements.

In our opinion, the CRA complied, in all material respects, with Sections 218.415, 163.387(6) and 163.387(7), Florida Statutes for the fiscal year ended September 30, 2021.

This report is intended solely to describe our testing of compliance with aforementioned sections of the Florida Statutes, and is not suitable for any other purpose.

*S. Davis & Associates, P.A.*

Hollywood, Florida  
March 14, 2022









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