

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

Basic Financial Statements

Fiscal Year Ended September 30, 2018

(With Independent Auditors' Report Thereon)

Prepared by the  
Finance Department

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**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**

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

Fiscal Year Ended September 30, 2018

Table of Contents

	<b>PAGE</b>
<b>I. FINANCIAL SECTION</b>	
Independent Auditors' Report	1
<b>A. MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	
(required supplementary information)	3
<b>B. BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	11
Statement of Activities	12
<b>Fund Financial Statements</b>	
<b>Governmental Fund Financial Statements</b>	
Balance Sheet	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to the Financial Statements	18
<b>C. REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)</b>	
<b>Budgetary Comparison Schedules</b>	
Northwest Community Redevelopment District Fund	36
East Community Redevelopment District Fund	37
<b>Notes to the Required Supplementary Information</b>	
Budgetary Information	38
<b>II. COMPLIANCE REPORT AND MANAGEMENT LETTER</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	39
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	41
Independent Accountants' Report on Compliance Pursuant to Section 218.415 Florida Statutes	43

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and CRA Director,  
**Pompano Beach Community Redevelopment Agency**  
Pompano Beach, Florida

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pompano Beach Community Redevelopment Agency (the Agency), a component unit of the City of Pompano Beach, Florida, as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency'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.

### *Auditors' 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 auditors' 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 Agency, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, and the budgetary comparison schedules for the Northwest Community Redevelopment District Fund and East Community Redevelopment District Fund on pages 36 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2019 on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting.

*Marcum LLP*

Fort Lauderdale, FL  
July 15, 2019

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
 (A Component Unit of the City of Pompano Beach, Florida)  
 Management Discussion and Analysis for the Fiscal Year Ended September 30, 2018  
 (Unaudited)

The Pompano Beach Community Redevelopment Agency (the "Agency") offers readers of its financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the financial statements.

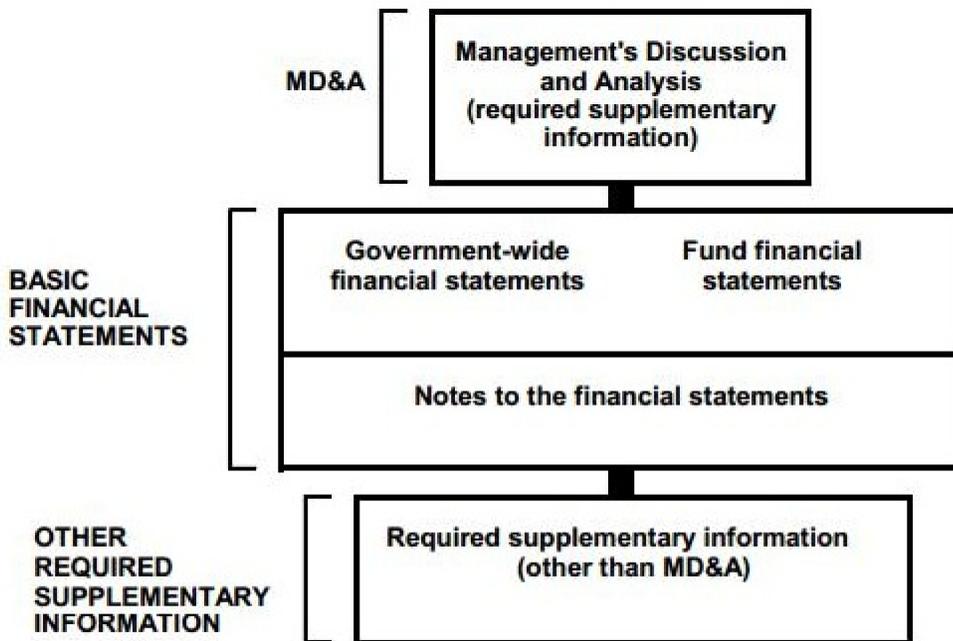
**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report follows a format consisting of three parts – Management’s Discussion and Analysis (this section), the Basic Financial Statements and Required Supplementary Information. The basic financial statements include two kinds of statements that present different views of the Agency.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Agency’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Agency, reporting the Agency’s financial position and activity in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another.

**FIGURE 1**



**FINANCIAL HIGHLIGHTS**

The assets of the Agency exceeded its liabilities at the close of the fiscal year by \$44.1 million. The Agency’s total net position increased by \$5.1 million, The increase noted was primarily due to the timing of capital outlay for land acquisition that was budgeted but not expended as of September 30, 2018.

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
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Management Discussion and Analysis for the Fiscal Year Ended September 30, 2018  
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The remaining increase is due to the decrease in liabilities related to the Agency's Tax Increment bonds.

At the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$51.6 million, representing a increase of \$2.3 million from the previous fiscal year. The increase is primarily due to the timing of capital outlay for land acquisition that was budgeted but not expended as of September 30, 2018

**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 similar to private-sector business.

The statement of net position presents information on all of the Agency's assets/deferred outflows and liabilities/deferred inflows, 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 the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both government-wide financial statements present functions of the Agency that are principally supported by taxes, intergovernmental revenues and various user fees and charges (governmental activities). The governmental activity of the Agency is economic environment.

The government-wide financial statements includes only the financial activities of the Agency. However the Agency is considered a component unit of the City of Pompano Beach, Florida (the City), and as such, the financial activities of the Agency is included in the City's Comprehensive Annual Financial Report in each fiscal year.

**FUND FINANCIAL STATEMENTS**

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Reconciliations of the Governmental Fund Financial Statements to the Government-wide Financial Statements are provided in the Basic Financial Statements to explain the differences between the governmental fund financial statements and the government-wide financial statements.

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2018  
(Unaudited)

**Governmental-wide Financial Analysis**

The following table provides a summary of the Agency's net position for the fiscal year ended September 30, 2018.

**TABLE 1**  
SUMMARY OF NET POSITION  
SEPTEMBER 30, 2018 and 2017

	Governmental Activities	
	2018	2017
Current and other assets	\$ 54,804,767	\$ 52,494,781
Capital assets	4,973,335	5,149,566
Total assets	59,778,102	57,644,347
Long-term liabilities	14,992,951	18,022,891
Other liabilities	714,391	625,101
Total liabilities	15,707,342	18,647,992
Net position:		
Investment in capital assets	4,973,335	5,149,566
Restricted	39,097,425	33,846,789
Total net position	\$ 44,070,760	\$ 38,996,355

At September 30, 2018, the Agency is able to report positive balances in each category of net position.

**Governmental Activities** – There was a increase of \$2.3 million in current and other assets for governmental activities. The increase is primarily due to the timing of capital outlay for land acquisition that was budgeted but not expended as of September 30, 2018

The decrease of \$3.0 million in long-term liabilities is primarily the result of the satisfaction of annual debt service related to the Agency's Northwest and East District Bonds.

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2018  
(Unaudited)

**Analysis of the Agency's Operations**

The following table provides a summary of the Agency's changes in net position for the fiscal year ended September 30, 2018.

**TABLE 2**  
SUMMARY OF CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 and 2017

	Governmental Activities	
	2018	2017
<b>Revenues</b>		
Program Revenues:		
Charges for services	\$ 232,585	\$ 163,658
Operating grants and contributions	11,930	5,585
Capital grants and contributions	-	138,495
General Revenues		
Tax increment revenue	11,146,362	9,827,906
Gain from sale of capital assets	130,000	3,500
Investment earnings	121,926	78,566
Other revenue	127,317	32,051
Total revenues	<u>11,770,120</u>	<u>10,249,761</u>
<b>Expenses</b>		
Economic environment	6,104,283	4,855,677
Interest costs	571,432	682,940
Total expenses	<u>6,675,715</u>	<u>5,538,617</u>
Increase (decrease) in net position before transfers	5,094,405	4,711,144
Transfers	(20,000)	-
Increase (decrease) in net position	5,074,405	4,711,144
Net position - beginning	38,996,355	34,285,211
Net position - ending	<u>\$ 44,070,760</u>	<u>\$ 38,996,355</u>

**Governmental Activities** – Governmental activities increased the Agency's net position by \$5.1 million.

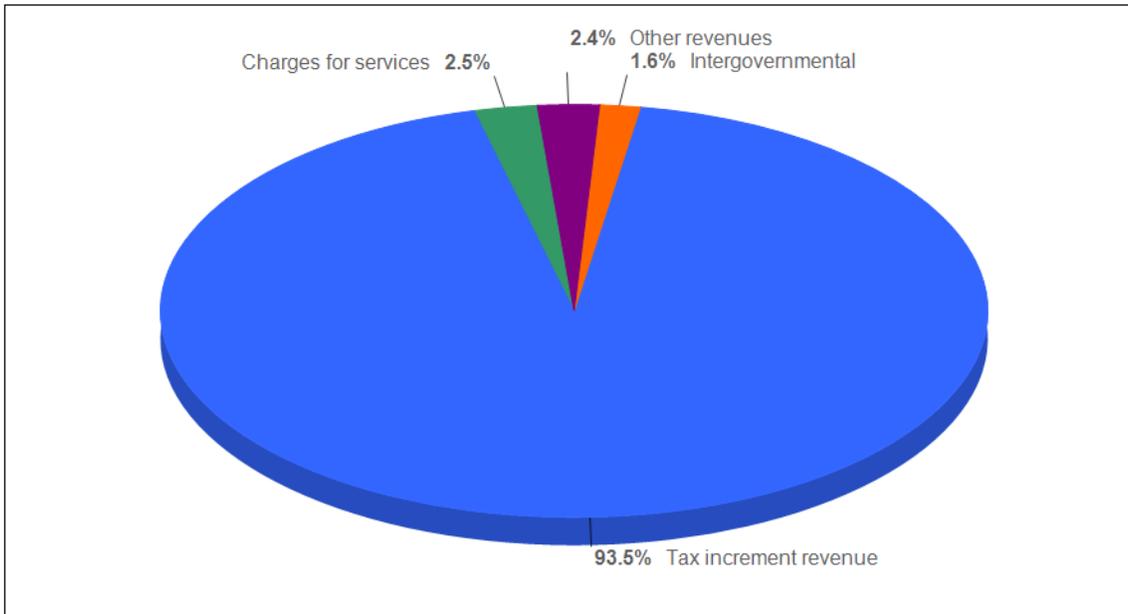
Tax increment revenue increased by \$1.3 million primarily due to an increase in the property values within the Pompano Beach Community Redevelopment Agency (CRA) Districts. Tax increment revenues is a function of the increase in the assessed values of properties within the CRA Districts above the base year valuation amounts, as well as the operating millage rate of each taxing district that contributes.

Economic environment expenses increased by \$1.2 million primarily due to the timing of the Atlantic Boulevard Bridge enhancements.

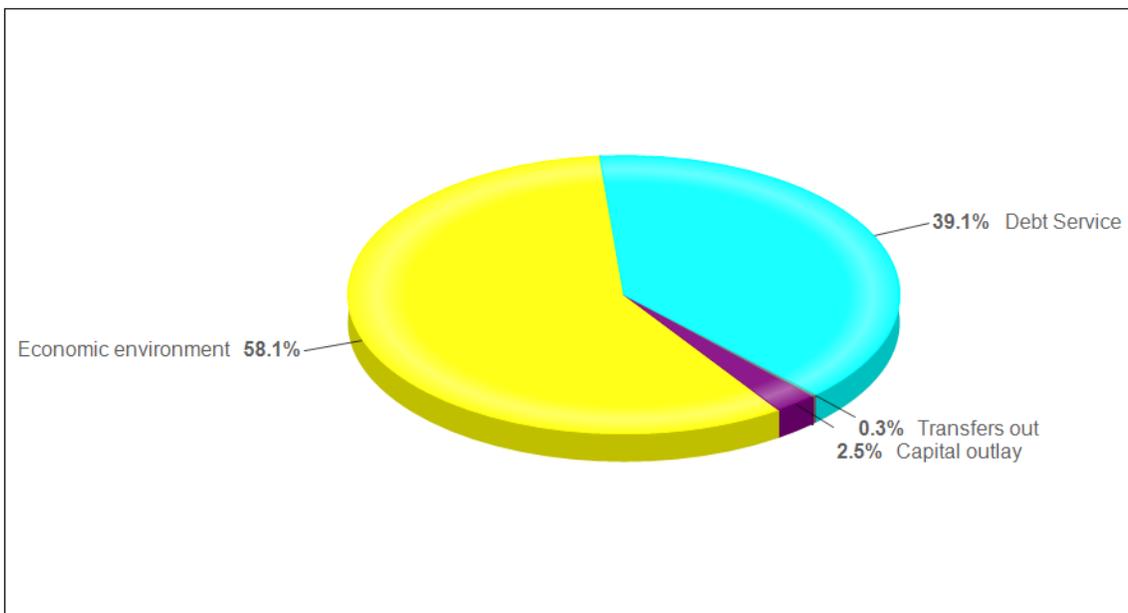
**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
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Management Discussion and Analysis for the Fiscal Year Ended September 30, 2018  
(Unaudited)

The following pie charts depict the breakdown of actual receipts by revenue source and expenditures by function for the Agency, for the fiscal year ended September 30, 2018:

**Revenues Received by Source**



**Actual Expenditures By Function**



**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2018  
(Unaudited)

**The Northwest Community Redevelopment Agency Northwest District Fund**

The fund balance of the Northwest CRA District Fund increased by \$2.5 million primarily due to the timing of capital outlay for land acquisition that was budgeted but not expended as of September 30, 2018.

**Final budget compared to actual**

Economic environment expenditures were \$0.5 million less than the final budget primarily due to the following:

- The timing of projects that were eligible for the Facade and Business Site Improvement Program.
- The timing of projects that were eligible for the Tenant Improvements Program.
- Plans for additional security for the Downtown Pompano target area were not finalized.

Capital outlay expenditures were \$5.1 million lower than the final budget primarily due to the timing of the following projects:

- The Downtown Pompano Beach Innovation District Project.
- Land Acquisition in the Downtown Pompano Transit Oriented Corridor.
- MLK Capital Project.
- 450 NW 27th Avenue Project.

**The East Community Redevelopment Agency East District Fund**

**Final budget compared to actual**

Economic environment expenditures were \$0.5 million less than the final budget primarily due to the following:

- The timing of projects that were eligible for the Facade and Business Site Improvement Program.
- The timing of projects that were eligible for the Business Attraction and Development Program.

Capital outlay expenditures were \$5.1 million lower than the final budget primarily due to the timing of the following projects:

- Public Parking and Capital Improvements Project.
- Atlantic Boulevard Bridge Enhancements Project.

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2018  
(Unaudited)

**Capital Assets**

The Agency's investment in capital assets for its governmental activities as of September 30, 2018, amounts to \$5.0 million, net of accumulated depreciation. This investment in capital assets includes construction in progress, buildings, improvements, and equipment

**TABLE 3**  
**CAPITAL ASSETS**  
(NET OF ACCUMULATED DEPRECIATION)  
September 30, 2018

	<b>Governmental Activities</b>	
	2018	2017
Construction in Progress	\$ 192,427	\$ 74,092
Buildings	3,968,351	4,206,275
Improvements	760,206	782,104
Machinery and Equipment	52,351	87,095
TOTALS	\$ 4,973,335	\$ 5,149,566

Additional information on the Agency's capital assets can be found in the notes to the financial statements, Note II (C).

**Outstanding Debt**

At the end of the current fiscal year the Agency had total debt of \$12,609,476 outstanding compared to \$15,522,891 last year, a 19% decrease.

**TABLE 4 - OUTSTANDING DEBT**  
September 30, 2018

	<b>Governmental Activities</b>	
	2018	2017
Tax increment bonds	\$ 11,320,542	\$ 14,192,704
Capital lease payable	1,288,934	1,330,187
Total	\$ 12,609,476	\$ 15,522,891

Additional information on the Agency's long-term debt can be found in the notes to the financial statements, Note II (E).

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**

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

Management Discussion and Analysis for the Fiscal Year Ended September 30, 2018

(Unaudited)

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET RATES**

**The Northwest Community Redevelopment Agency Northwest District Fund**

Tax increment for fiscal year 2019 is based on preliminary taxable value figures provided by the Broward County Property Appraiser and an estimate of contributing authority millage rates. Taxable value growth for fiscal year 2019 totals 10% with the Residential (11% growth) and Industrial (11% growth) market segments being the primary growth drivers.

The Northwest District’s adopted budget for fiscal year 2019 is \$16,882,035. The primary source of revenue for the District is derived of tax increment received from the City, County, North Broward Hospital District and Children’s Services Council. For fiscal year 2019 tax increment revenues for the District are as follows:

City of Pompano Beach	\$3,879,359
Broward County	4,139,399
North Broward Hospital District	819,891
Children’s Services Council	368,743
Total:	<u>\$9,207,392</u>

**The East Community Redevelopment Agency East District Fund**

Tax increment for fiscal year 2019 is based on preliminary taxable value figures provided by the Broward County Property Appraiser and an estimate of contributing authority millage rates. Taxable value growth for fiscal year 2019 totals 4% with the Commercial (5% growth) market segment being the primary growth driver.

The East District’s adopted budget for fiscal year 2019 is \$8,106,772. The primary source of revenue for the District is derived of tax increment received from the City, County and North Broward Hospital District. The fiscal year 2019 tax increment revenues for the District are as follows:

City of Pompano Beach	\$1,416,156
Broward County	1,510,785
North Broward Hospital District	299,300
Total:	<u>\$3,226,241</u>

**CONTACTING THE AGENCY’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Agency’s finances and to show the Agency’s accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the Agency’s Finance Department, at the City of Pompano Beach, 100 W. Atlantic Boulevard, Pompano Beach, Florida 33060.

## **BASIC FINANCIAL STATEMENTS**

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,329,064
Unrestricted investments	10,554,203
Restricted cash and cash equivalents	3,449,397
Interest receivable	30,788
Notes Receivable	130,000
Assets held for resale and redevelopment	38,311,315
Capital assets:	
Construction in progress	192,427
Other capital assets net of accumulated depreciation	<u>4,780,908</u>
Total capital assets net of accumulated depreciation	<u>4,973,335</u>
Total assets	<u>59,778,102</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 298,502
Accrued interest payable	65,867
Customer deposits payable	35,729
Unearned revenue	4,500
Liabilities payable from restricted assets:	
Accounts payable	309,793
Noncurrent liabilities:	
Due within one year:	
Bonds payable	1,275,542
Capital lease payable	44,852
Advances from city	111,032
Due in more than one year:	
Bonds payable	10,045,000
Capital lease payable	1,244,082
Advances from city	<u>2,272,443</u>
Total liabilities	<u>15,707,342</u>
<b>NET POSITION</b>	
Investment in capital assets	4,973,335
Restricted for:	
Community Redevelopment	<u>39,097,425</u>
Total net position	<u>\$ 44,070,760</u>

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

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**STATEMENT OF ACTIVITIES**  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u>
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities:				
Economic environment	6,104,283	232,585	11,930	(5,859,768)
Interest on long-term debt	<u>571,432</u>	<u>-</u>	<u>-</u>	<u>(571,432)</u>
Total governmental activities	<u>6,675,715</u>	<u>232,585</u>	<u>11,930</u>	<u>(6,431,200)</u>
General revenues:				
Tax increment revenue				11,146,362
Gain on sale of capital assets				130,000
Investment earnings				121,926
Other revenue				127,317
Transfers				<u>(20,000)</u>
Total General Revenues and Transfers				<u>11,505,605</u>
Change in Net Position				5,074,405
Net position-beginning				<u>38,996,355</u>
Net position, ending				<u>\$ 44,070,760</u>

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

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**BALANCE SHEET**  
**SEPTEMBER 30, 2018**

	<b>Northwest Community Redevelopment District</b>	<b>East Community Redevelopment District</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 218,919	\$ 2,110,145	\$ 2,329,064
Restricted cash and cash equivalents	-	3,449,397	3,449,397
Unrestricted investments	7,531,892	3,022,311	10,554,203
Interest receivable	24,107	6,681	30,788
Notes receivable	130,000	-	130,000
Assets held for resale and redevelopment	35,610,911	2,700,404	38,311,315
<b>Total assets</b>	<b>\$ 43,515,829</b>	<b>\$ 11,288,938</b>	<b>\$ 54,804,767</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 177,153	\$ 431,142	\$ 608,295
Advances from city	2,383,475	-	2,383,475
Deposits	32,124	3,605	35,729
Unearned revenue	4,500	-	4,500
<b>Total liabilities:</b>	<b>2,597,252</b>	<b>434,747</b>	<b>3,031,999</b>
Deferred inflows of resources:			
Unavailable revenue	130,000	-	130,000
<b>Fund balances:</b>			
Restricted	40,788,577	10,854,191	51,642,768
<b>Total fund balances</b>	<b>40,788,577</b>	<b>10,854,191</b>	<b>51,642,768</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 43,515,829</b>	<b>\$ 11,288,938</b>	<b>\$ 54,804,767</b>

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

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
 (A Component Unit of the City of Pompano Beach, Florida)  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

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Fund Balances - total governmental funds		\$ 51,642,768
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	6,278,423	
Less accumulated depreciation	<u>(1,305,088)</u>	4,973,335
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenue in the governmental funds financial statements:		
ETA Nu Foundation		130,000
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:		
Tax increment bonds	(11,320,542)	
Capital lease payable	(1,288,934)	
Accrued interest payable	(65,867)	<u>(12,675,343)</u>
Net position of governmental activities		<u>\$ 44,070,760</u>

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

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Northwest Community Redevelopment District</b>	<b>East Community Redevelopment District</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 8,078,016	\$ 3,068,346	\$ 11,146,362
Intergovernmental	138,495	-	138,495
Charges for services	214,098	18,487	232,585
Donations	11,930	-	11,930
Investment earnings	78,824	43,102	121,926
Other revenue	126,866	451	127,317
Total revenues	<u>8,648,229</u>	<u>3,130,386</u>	<u>11,778,615</u>
<b>EXPENDITURES</b>			
Current:			
Economic environment	3,572,543	2,203,633	5,776,176
Debt Service:			
Principal	2,203,415	710,000	2,913,415
Interest	202,605	387,498	590,103
Capital outlay	151,876	-	151,876
Total expenditures	<u>6,130,439</u>	<u>3,301,131</u>	<u>9,431,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,517,790</u>	<u>(170,745)</u>	<u>2,347,045</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balances	2,497,790	(170,745)	2,327,045
Fund balances - beginning	<u>38,290,787</u>	<u>11,024,936</u>	<u>49,315,723</u>
Fund Balances - ending	<u>\$ 40,788,577</u>	<u>\$ 10,854,191</u>	<u>\$ 51,642,768</u>

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

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**

(A Component Unit of the City of Pompano Beach, 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, 2018**

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Net change in fund balances - total governmental funds \$ 2,327,045

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 are capitalized and depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 151,876	
Less depreciation	<u>(328,107)</u>	(176,231)

Some revenues and expenses reported in the statement of activities are not reported in the funds because they have no effect on current financial resources.

Change in unavailable revenue	(8,495)	
Change in accrued interest	<u>18,671</u>	10,176

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position.

Principal payments		<u>2,913,415</u>
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Change in Net Position - Governmental Activities		<u>\$ 5,074,405</u>
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The accompanying notes are an integral part of the financial statements.

## **Notes to the Financial Statements**

**Pompano Beach Community Redevelopment Agency**  
(A Component Unit of the City of Pompano Beach, Florida)  
**Index to**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended September 30, 2018**

**Page No.**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Financial Reporting Entity	18
B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	19
C. Cash and Cash Equivalents	20
D. Investments	20
E. Capital Assets	20
F. Deferred Inflows of Resources	20
G. Risk Management	21
H. Long-term Obligations	21
I. Unearned/Unavailable Revenue	21
J. Advances to/from City	22
K. Fund Equity/Net Position	22
L. Accounting Estimates	22

**NOTE II - DETAILED NOTES ON ALL FUNDS**

A. Cash and Cash Equivalents and Investments	23
B. Receivables and Other Assets	27
C. Capital Assets and Construction Commitments	29
D. Advances to/from City & Transfers to/from City	30
E. Long-term Obligations	30
F. Incremental Property Tax Revenue	34

**NOTE III - OTHER INFORMATION**

A. Deposits to and withdrawals from the Agency	35
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**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**(I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of the Pompano Beach Community Redevelopment Agency (the "Agency") Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

**(A) The Financial Reporting Entity**

The City of Pompano Beach, Florida (the City) was delegated by the Broward County Board of County Commissioners (the County), the authority to exercise the powers of the Community Redevelopment Act by a resolution passed on October 14, 1980.

On March 17, 1981, by Resolution No. 81-139, the City Commission determined the existence of slum or blighted conditions within a portion of the City, which was then the Community Development Block Grant Target Area and designated such area as appropriate for community redevelopment. This area was generally bounded by Copans Road on the north, Powerline Road on the west, Atlantic Boulevard on the south, and the F.E.C. Railroad on the east.

An additional declaration of blight was made by the City Commission on December 13, 1988, by Resolution No. 89-45. This finding expanded the original redevelopment area to include areas annexed to the City subsequent to the original resolution.

Upon the proper delegation of authority from the County and upon a further finding that it is necessary in the public interest for a community redevelopment agency to be formed to function in the City, the City Commission may create a public body corporate and politic to be known as a "Community Redevelopment Agency" and prepare a Community Redevelopment Plan to carry out the Community Redevelopment purposes outlined in Florida Statutes Chapter 163, Part III.

The Community Redevelopment Agency is a separate legal entity which is comprised of a Northwest District and an East District. Each District does not constitute a separate legal entity unto itself. The Northwest District which was created by the City in 1988 (Ordinance No. 89-27) and the East District which was created by the City in 2001 (Resolution No. 2002-12), collectively referred to as the Agency, were charged with preparing a Community Redevelopment Plan that would meet the requirements of the appropriate state statutes to eliminate blight and slum conditions within the redevelopment areas of the Agency pursuant to the redevelopment plans of the Districts for new residential and commercial activity in the redevelopment area.

As the City and the Agency are separate legal entities, the parties also share the mutual goal of redeveloping the Community Redevelopment Agency areas. The City provides administrative support services in the same manner as provided by the City in the conduct of its own affairs or as otherwise provided by the Agency Plans or By-Laws. The Agency is charged by the City for the provision of these administrative support services in accordance with the Interlocal Agreement between the City and Agency.

The Agency has adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, for the purpose of evaluating whether it has any component units. Based on the criteria therein. The Agency has determined that there are no component units that meet criteria for inclusion in the Agency's financial statements.

The Board of Directors of the Agency (the "Board") is governed five members of the City

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Commission and the Mayor. Management of the City has operational responsibility for the Agency. The City is considered to be financially accountable for the Agency; the Agency is considered to be a blended component unit in the City's comprehensive annual financial report.

The following is a summary of significant accounting policies of the Agency.

**(B) Measurement focus, basis of accounting, and financial statement presentation**

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements report information on all of the activities of the Agency, using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position reports all financial and capital resources of the Agency. The statement of activities represents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Program revenues derive directly from a program itself. The Agency reports rental revenue and donations as program revenue. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Agency reports donated assets held for resale and redevelopment as program revenue-operating contributions. Incremental property taxes and other items, not properly included as program revenue are reported instead as general revenue. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Incremental property taxes are recognized as revenue in the year for which they are levied. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Their operating statements present sources (revenue and other financing sources) and uses (expenditures and other financing uses) of available spendable resources during the period. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Incremental property taxes, when levied. Rental revenue, proceeds from the sale of property and investment earnings associated with the current fiscal periods are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue is considered to be measurable and available only when cash is received by the Agency or property has legally transferred to the Agency. Expenditures, other than debt service are generally recorded when a liability is incurred, as under accrual accounting.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are necessary to explain the adjustments needed to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

The Agency reports the Northwest and East Districts as major governmental funds in the accompanying financial statements. The Northwest and East District funds account for the activity of the Agency, which uses tax-increment financing to encourage development in the

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Northwest and East community redevelopment areas.

**(C) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, time and demand deposits and short term investments with original maturity dates within three months of the date acquired by the Agency.

**(D) Investments**

Investments in participating interest-earning contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. All other investments are reported at fair value or amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

**(E) Capital Assets**

Capital assets recorded in the government-wide statements are stated at historical cost or estimated historical cost and include buildings, improvements and equipment. Contributed capital assets are recorded at acquisition value when received.

In governmental fund financial statements, the cost associated with the acquisition or construction of capital assets are shown as capital outlay expenditures. Capital assets are not shown on the governmental fund balance sheets and no depreciation expense is recognized in the governmental fund statement of revenues, expenditures and changes in fund balances.

Depreciation on all assets meeting the Agency's capitalization threshold of \$1,000 including those obtained through contributions is charged to operations.

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

Buildings	15-50 Years
Improvements other than buildings	5-50 Years
Machinery and equipment	3-15 Years

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

**(F) Deferred Inflows**

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

The governmental funds financial statements includes a separate section for deferred inflows of resources. Deferred Inflows of resources represent the acquisition of fund balance that is applicable to a future accounting period and will not be recognized as revenue until the future period to which it applies.

**(G) Risk Management**

The City's risk management funds charge the Agency insurance premiums. The amount of the annual premium charged to the Agency by the City represents the maximum liability of the Agency for any related losses incurred for the fiscal year ended September 30, 2018. Consequently, the Agency does not retain its own liability on outstanding cases or claims against it beyond the maximum premium paid.

The City, which includes the Agency, is self-insured for automobile liability, general liability, including public official's liability and property damage claims pursuant to Florida Statute Section 768.28 (Waiver of Sovereign Immunity in Tort Actions; Recovery Limits; Limitation on Attorney Fees; Statute of Limitations; Exclusions; Indemnification; Risk Management Programs). Per Florida Statute Section 768.28, the City has sovereign immunity up to \$100,000 per person/\$200,000 per occurrence (\$200,000 and \$300,000, respectively effective October 1, 2011). The City is also self-insured for workers' compensation claims, in accordance with Florida Statute Section 440. Workers' compensation claims are self-insured up to \$500,000 per occurrence and property damage (buildings and contents) up to \$100,000, with property damage claims, related to named hurricane/windstorm, having a 5% of total location value deductible. Excess insurance policies apply above these self-insured levels.

**(H) 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 and gain/loss on bond refunding are deferred and amortized over the life of the bonds using the straight line method, which is not materially different than the effective interest method. Bonds payable are reported net of the unamortized amount of the applicable bond premium/discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Payments on debt are recorded as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred in government-wide statements. Prepaid insurance costs are reported as an asset and recognized as an expense over the duration of the related debt.

**(I) Unearned/Unavailable Revenue**

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the government-wide and the governmental fund financial statements. These amounts represent rent deposits. In addition, amounts related to governmental fund receivables that are measurable, but not available (not received within 60 days from fiscal year end), are recorded as unavailable (a deferred inflow of resources) in the governmental fund financial statements.

**(J) Advances to/from City**

Activity between the City and Agency that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Advances To City" or "Advances From City" as applicable.

**(K) Fund Equity/Net Position**

In the governmental fund financial statements, fund balance classifications are as follows:

- Restricted Fund Balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

- Investment in Capital Assets – consists of capital assets, net of accumulated depreciation.
- Restricted Net Position – amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation's. These amounts are reduced by liabilities and deferred inflows of resources related to those assets.

**(L) Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**(II) DETAILED NOTES ON ALL FUNDS**

**(A) Cash and Cash Equivalents and Investments**

The following are components of the Agency's cash, cash equivalents and investments at September 30, 2018:

	<u>Unrestricted</u>		<u>Restricted</u>		<u>Total cash, cash equivalents and investments</u>
	<u>Cash and cash equivalents</u>	<u>Investments</u>	<u>Cash and cash equivalents</u>	<u>Investments</u>	
Governmental activities:					
Northwest Community Redevelopment District	\$ 218,919	\$ 7,531,892	\$ -	\$ -	7,750,811
East Community Redevelopment District	2,110,145	3,022,311	3,449,397	-	8,581,853
Total governmental	<u>\$ 2,329,064</u>	<u>\$ 10,554,203</u>	<u>\$ 3,449,397</u>	<u>\$ -</u>	<u>16,332,664</u>

**Public Deposits:**

At September 30, 2018, the book balance of the Agency's deposits was \$5,778,461 and the bank balance was \$5,644,758. Deposits whose balance exceeds the limits of federal depository insurance are collateralized pursuant to Florida Statutes, Chapter 280, Florida Security for Public Deposits Act (the Act). Under this Act, financial institutions which are qualified as public depositories place with the State Board of Administration ("SBA"), securities which have a market value equal to 50 percent of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Deposit Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. It is the Agency's practice to ensure that all its public deposits are maintained with a qualified depository and as a result, all Agency depositories at fiscal year end were designated as qualified public depositories in accordance with Florida Statute.

**Investment Authorization:**

The Agency's investment program is established in accordance with the Agency's investment policy, which was adopted via resolution by the Board, and Florida State Statute Chapter 218.415, Local Government Investment Policies, which establishes investment plan guidelines for local governments in Florida. Authorized investments include Florida Local Government Surplus Trust Fund, United States Government securities, United States Government Agency securities with the full faith and credit of the United States Government, Federal Instrumentalities (Government Sponsored Enterprises), Repurchase Agreements, Commercial Paper, Corporate Notes, Asset Backed Securities, Banker Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Money Market Mutual Funds, Intergovernmental Investment Pools and Savings Accounts of financial institutions that are Qualified Public Depositories, in accordance with Florida State Statute Chapter 280.01, Security for Public Deposits.

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

The Agency's investment policy stipulates the following maximum portfolio percentages:

<b>Authorized Investments</b>	<b>Maximum % Portfolio Composition</b>	<b>Maximum % Individual Issuers</b>	<b>Maximum % Individual Sectors</b>
Florida Local Government Surplus Funds Trust Fund	25%	NA	NA
U.S. Government Securities	100% (1)	NA	NA
U.S. Government Agencies	50%	10%	NA
U.S. Sponsored Agencies	80%	25%	NA
Interest Bearing Time Deposit	10%	10%	NA
Repurchase Agreements	20% (2)	5%	NA
Commercial Paper	25%	2%	10%
Corporate Notes	25%	2%	10%
Asset Backed Securities	10%	2%	5%
Bankers' Acceptances	15%	5%	NA
State/Local Government Taxable/Tax Exempt general obligation bonds	25%	NA	NA
State/Local Government Taxable/Tax Exempt revenue/excise tax bonds	10%	NA	NA
Money Market Mutual Funds	35%	15%	NA
Intergovernmental Investment Pools	25%	NA	NA

(1) 10% for treasury strips

(2) excludes one (1) business day agreements and overnight sweep agreements

NA-not applicable

At September 30, 2018 the Agency held investments in the Florida Municipal Investment Trust (FMIT), which is a local government investment pool authorized under Section 218.415, Florida Statutes, Local Government Investment Policies, for units of local government in Florida. The operation and administration of the FMIT is the responsibility of a Board of Trustees who are selected from the ranks of elected officials of governmental entities participating in the FMIT.

**Security:**

The Agency has a third party custodial arrangement with certain financial institutions to accept securities on a delivery vs. payment basis for direct purchase agreements. Securities purchased in the Agency's name are registered in the name of the Agency by an agent of these entities and are confirmed with safekeeping statements.

**Fair Value Measurement**

The Agency categorizes its fair value measurements within the fair value hierarchy

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Intergovernmental Investment Pool invests mainly in US government and agency securities and asset-backed securities. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted. As such, this is reported as level 2, since the value is based on market-corroborated data. The Agency does not value any of its investments using level 1 or level 3 inputs.

The Agency has the following recurring fair value measurements as of September 30, 2018:

Investments by fair value level	Reported Value	Fair Value Hierarchy		
		Quotes Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Notes	\$ 5,764,287	\$ -	\$ 5,764,287	\$ -
U.S. Sponsored Agencies	2,313,943	-	2,313,943	-
Asset Backed Securities	149,090	-	149,090	-
Corporate Bonds	1,721,388	-	1,721,388	-
Intergovernmental Investment Pool	605,495	-	605,495	-
Total investments by fair value level	10,554,203	-	\$ 10,554,203	-
Demand Deposits	5,353,477			
Money Market Mutual Funds	424,984			
Total Government-wide	<u>\$ 16,332,664</u>			

**Risk Disclosures:**

*Interest Rate Risk* – Interest rate risk is the risk that changes in 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 changes in market interest rates.

The Agency employs multiple investment duration and investment management strategies which seek to minimize the Agency’s portfolio interest rate risk. The Agency maintains sixty days or more of liquidity in overnight investments and remaining assets are invested in short term securities with maturity and diversification limitations to further minimize changes in market price, as interest rates change.

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity at September 30, 2018:

Investment Type	Reported Value	Remaining Maturity (in years)					
		Less than 1	1 to 2	2 to 3	3 to 4	4 to 5	5+ Years
U.S. Treasury Notes	\$ 5,764,287	\$ 4,458,489	\$ 1,305,798	\$ -	\$ -	\$ -	\$ -
U.S. Sponsored Agencies	2,313,943	2,013,624	300,319	-	-	-	-
Asset Backed Securities	149,090	-	92,180	56,910	-	-	-
Corporate Bonds	1,721,388	1,571,115	150,273	-	-	-	-
Money Market Mutual Funds	424,984	424,984	-	-	-	-	-
Intergovernmental Investment Pool	605,495	-	605,495	-	-	-	-
	<u>\$ 10,979,187</u>	<u>\$ 8,468,212</u>	<u>\$ 2,454,065</u>	<u>\$ 56,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Breakdown Government-wide							
Investments --							
(subject to interest rate risk)	\$ 10,979,187						
Deposits --							
(not subject to interest rate risk)							
Demand Deposits	<u>5,353,477</u>						
Total Cash, Cash Equivalents and Investments	<u>\$ 16,332,664</u>						

**Credit Risk** – This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. One measure of the perceived credit risk of an issuer is the credit rating. The Agency's investment policy provides strict guidelines and limits investments to highly rated securities with minimum ratings of AAA for money market funds, AA for corporate notes, A-1 for commercial paper and AAA for U.S. Agencies and U.S. Treasuries. To further minimize credit risk the Agency's investment policy also provides asset allocation limits for each security type. Issuer limits are also provided for certain investment types. Corporate notes limits (25%) and commercial paper limits (25%) are established with additional asset allocation limits for the sector (10%) and issuer (2%). Asset backed securities (10%) are established with additional asset allocation limits for the sector (5%) and issuer (2%). The following table discloses composite credit ratings by investment type for the Agency as rated by Moody's or Standard & Poor's (Fitch for LGIP) at September 30, 2018:

Investment Type	Reported Value	Rating at September 30, 2018			
		AAAm	P-1	Aaa/AAA/Aa1/Aa2 Aa3/A1/A2/A3	AAAf/S2
U.S. Treasury Notes	\$ 5,764,287	\$ -	\$ -	\$ 5,764,287	\$ -
U.S. Sponsored Agencies	2,313,943	-	898,850	1,415,093	-
Asset Backed Securities	149,090	-	-	149,090	-
Corporate Bonds	1,721,388	-	-	1,721,388	-
Money Market Mutual Funds	424,984	424,984	-	-	-
Local Gov't Investment Pool (LGIP)	605,495	-	-	-	605,495
<b>Total Investments with Credit Risk</b>	<u>10,979,187</u>	<u>\$ 424,984</u>	<u>\$ 898,850</u>	<u>\$ 9,049,858</u>	<u>\$ 605,495</u>
Demand Deposits	<u>5,353,477</u>				
<b>Total Agency Portfolio</b>	<u>\$ 16,332,664</u>				

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**(B) Receivables and Other Assets, net**

Receivables at fiscal year-end for the Agency's governmental individual major funds are as follows:

<b>Governmental</b>	<b><u>NW CRA</u></b>
ETA NU Foundation	<u>\$ 130,000</u>
Total governmental receivables	<u><u>\$ 130,000</u></u>

On May 15, 2018 the Agency provided a \$150,000 economic development loan to the ETA NU Education Foundation. The loan is non-interest bearing as it is provided to carry out the objectives for the Agency.

The loan payments are as follows:

<b>Fiscal Year Ending</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2019	\$ 18,600	\$ -	\$ 18,600
2020	18,600	-	18,600
2021	18,600	-	18,600
2022	18,600	-	18,600
2023	18,600	-	18,600
2024	18,600	-	18,600
2025	18,400	-	18,400
Total	<u><u>\$ 130,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 130,000</u></u>

**Mortgages**

The Northwest Community Redevelopment District (the Northwest District) provided qualified individuals with loans/grants to build new homes at the Canal Point (10 year amortization period), Sabal Chase (30 year amortization period), and Ortanique Estates (30 year amortization period) subdivisions which were reported as community redevelopment expenses/expenditures. In addition, the Northwest District also provided similar grants for various infill housing projects during the current fiscal year. The Northwest District has placed a mortgage lien on these new homes with a covenant that the owner must reside at the property for the respective period of time in order to remain eligible for the grant. The Northwest District's reasonable assumption is that the homeowner will reside at the home for the stipulated period. The Northwest District maintains a memorandum record of the outstanding mortgage amounts related to these grants. These amounts are reduced ratably over the 10 year period as it relates to the grants for the Canal Point subdivision and the infill housing projects. Should the homeowner move, sell or refinance, the Northwest District is paid a prorated amount of

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
 (A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

the initial grant. After the 10 year period the amounts relating to these mortgages are forgiven. As it relates to the Sabal Chase and Ortanique Estates grants, these amounts are not amortized over the 30 year period. After the 30 year period the amounts relating to these mortgages are forgiven. During fiscal year 2018, no one defaulted on the terms of the grants and consequently, the Northwest District did not receive any repayments related to these grants. At September 30, 2018 the unamortized amount outstanding related to these grants was \$2,149,836. Due to the reasonable assumption made above of expected homeowner residence for the grant period a receivable has not been recorded.

**Assets Held for Resale and Redevelopment**

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

Assets held for resale and redevelopment activity for the fiscal year ended September 30, 2018 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Assets held for resale and redevelopment	\$ 37,466,855	\$ 1,087,692	\$ 243,232	\$ 38,311,315

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**(C) Capital Assets and Construction Commitments**

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Construction in progress	\$ 74,092	\$ 133,327	\$ 14,992	\$ 192,427
Capital assets, being depreciated:				
Buildings	4,872,837	-	-	4,872,837
Improvements other than buildings	934,116	24,302	-	958,418
Machinery and equipment	245,502	9,239	-	254,741
Total capital assets being depreciated	<u>6,052,455</u>	<u>33,541</u>	<u>-</u>	<u>6,085,996</u>
Less accumulated depreciation for:				
Buildings	666,562	237,924	-	904,486
Improvements other than buildings	152,012	46,200	-	198,212
Machinery and equipment	158,407	43,983	-	202,390
Total accumulated depreciation	<u>976,981</u>	<u>328,107</u>	<u>-</u>	<u>1,305,088</u>
Total capital assets being depreciated, net	<u>5,075,474</u>	<u>(294,566)</u>	<u>-</u>	<u>4,780,908</u>
Governmental activities capital assets, net	<u>\$ 5,149,566</u>	<u>\$ (161,239)</u>	<u>\$ 14,992</u>	<u>\$ 4,973,335</u>

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

<b>Governmental activities:</b>	
Economic environment	\$ 328,107
Total depreciation expense - governmental activities	<u>\$ 328,107</u>

The Agency has active construction projects as of September 30, 2018. Significant projects that were ongoing as of September 30, 2018 for governmental activities with significant commitments, were as follows:

Project	<u>Expended through September 30, 2018</u>	<u>Remaining Commitments</u>
Waterfront Promenade	\$ 276	\$ 758,860
Atlantic Blvd. Bridge	1,817,662	2,463,489
	<u>\$ 1,817,938</u>	<u>\$ 3,222,349</u>

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**(D) Advances to/from City and Transfers to/from City**

The composition of advances to/from City as of September 30, 2018, is as follows:

<b>Advances to Agency</b>	<b>Advances From City</b>	<b>Amount</b>
City of Pompano Beach	Northwest CRA District Fund	<u>\$ 2,383,475</u>

This amount represents a long-term payable to the Agency to cover the purchase of two (2) properties that would enable the development of a 30 acre Commerce Park at the northeast quadrant of Atlantic Boulevard and Interstate 95. The loan has a fixed annual interest rate of 2.91%, amortized over a 20 year term.

The annual requirements to pay on the advance from the City to the NW CRA District Fund are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 111,032	\$ 69,359	\$ 180,391
2020	114,263	66,128	180,391
2020	117,588	62,803	180,391
2021	121,010	59,381	180,391
2022	124,532	55,859	180,391
2024-2025	<u>1,795,050</u>	<u>145,413</u>	<u>1,940,463</u>
	<u>\$ 2,383,475</u>	<u>\$ 458,943</u>	<u>\$ 2,842,418</u>

**Transfers in/out are as follows:**

<b>Transfers out</b>	<b>Transfers In:</b>
	<u>City</u>
Northwest CRA District Fund	<u>\$ 20,000</u>

The transfer from the Northwest CRA District Fund to the City were for the City's participation in National Rebuilding Day in the Collier City area of the Northwest CRA for CRA eligible services (landscaping, irrigation, sidewalks and driveways, fascia board and painting the exterior of the homes abut a public street.

**(E) Long-term Obligations**

Summarized below are the Agency's debt issued to finance the acquisition of properties for community development and construction of capital facilities, which were outstanding at September 30, 2018.

**Governmental Activities Debt:**

- On December 16, 2003, the Pompano Beach Community Redevelopment Agency (the Agency) authorized the issuance of Tax Increment Bond – Series 2003A in an original principal amount not to exceed \$10,000,000, with Wachovia Bank, National Association (the Bank) being the registered holder of the bond. On

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

December 22, 2003, the Agency also entered into a non-revolving line of credit agreement (line of credit) with the Bank, not to exceed \$10,000,000, which represents the Bank's obligation to fund advances of principal of the Series 2003A Bond. The Series 2003A Bond represent the Agency's obligation to reimburse the Bank for up to \$10,000,000 of drawings made under the line of credit. The line of credit is secured by a senior lien on all tax increment revenues generated within the Agency's Northwest District's Redevelopment Area boundaries on a parity with the lien of the Agency's Series 2004A Bond as discussed below. At September 30, 2018 the Agency had \$270,271 outstanding related to this line of credit. Proceeds of these draws were used to finance the current refunding of the Agency's Special Obligation Bonds – Series 1999, the cost of redevelopment projects in the Northwest District Redevelopment Area and costs of issuance. Interest on the 2003A Bond is at a fixed rate of 5.34%, with a final maturity date of November 1, 2018. Principal and interest on the Series 2003A Bond is due and payable quarterly.

- On January 21, 2004, the Agency authorized the issuance of Tax Increment Bonds – Series 2004A in an original principal amount not to exceed \$10,000,000, with Wachovia Bank, National Association (the Bank) being the registered holder of the Series 2004A Bond. On January 21, 2004, the Agency also entered into a non-revolving line of credit agreement (line of credit) with Wachovia Bank, National Association (the Bank), in an amount not to exceed \$10,000,000, representing the Bank's obligation to fund advances of principal of the Series 2004A Bond. The Series 2004A Bond represents the Agency's obligation to reimburse the Bank for up to \$10,000,000 of drawings made under the line of credit. The line of credit is secured by a senior lien on all tax increment revenues generated within the Agency's Northwest District Redevelopment Area boundaries, on a parity with the Agency's Series 2003A Bond, as discussed above. At September 30, 2018 the Agency had \$270,271 outstanding related to this line of credit. Proceeds of these draws were used to finance the cost of redevelopment projects in the Northwest District Redevelopment Area. Interest on the Series 2004A Bond is at a fixed rate of 5.34%, with a final maturity date of November 1, 2018. Principal and interest on the Series 2004A Bond is due and payable quarterly.

For the Series 2003A & 2004A bonds, principal and interest paid for the current fiscal year and total tax increment revenues were \$2,253,309 and \$8,078,016, respectively. At September 30, 2018, total principal and interest remaining on the bonds is \$547,752 payable through November 2018.

- On April 23, 2013 the Pompano Beach Community Redevelopment Agency Board authorized the issuance of tax increment revenue bonds – Series 2013A and B (collectively known as the Series 2013 bonds). The Series 2013 bonds were subsequently issued on June 20, 2013. The Series 2013A bonds were issued at a fixed rate of 3.48%, with a final maturity of February 1, 2030, for the purpose of

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

refunding and redeeming the Agency's outstanding tax increment revenue bonds, Series 2010A, which bore an interest rate of 5.13% and had outstanding balance of \$9,055,000. As a result of the refunding the Series 2010A bonds are considered fully refunded and the outstanding balance has been removed from the financial statements. The Series 2013B bonds were issued at a fixed interest rate of 2.83% and a final maturity of February 1, 2030, to finance the cost of community projects in the East District Redevelopment Area and to cover related costs of issuance in the original aggregate principal amount of \$5,000,000.

At September 30, 2018, the Agency had \$10,780,000 outstanding related to this obligation. Principal and interest paid for the current fiscal year and total tax increment revenues were \$1,097,498 and \$3,068,346, respectively. At September 30, 2018, total principal and interest remaining on the bonds is \$13,185,898 payable through February 2030.

**Changes in long-term liabilities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
Tax increment bonds-East District	\$ 11,490,000	\$ -	\$ 710,000	\$ 10,780,000	\$ 735,000
Tax increment bonds-NW District	2,702,704	-	2,162,162	540,542	540,542
Total bonds payable	14,192,704	-	2,872,162	11,320,542	1,275,542
Capital lease payable:					
Building	1,330,187	-	41,253	1,288,934	44,852
Total capital lease payable	1,330,187	-	41,253	1,288,934	44,852
Total long-term liabilities	<u>\$ 15,522,891</u>	<u>\$ -</u>	<u>\$ 2,913,415</u>	<u>\$ 12,609,476</u>	<u>\$ 1,320,394</u>

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

The annual requirements to pay principal and interest on bonds and notes at September 30, 2018 are as follows:

**Bonds:**

	<b>Governmental Activities</b>						<b>Total Governmental Activities</b>
	<b>Northwest (NW) CRA District</b>			<b>East CRA District</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Subtotal NW District</b>	<b>Principal</b>	<b>Interest</b>	<b>Subtotal East District</b>	
2019	\$ 540,542	\$ 7,210	\$ 547,752	\$ 735,000	\$ 362,355	\$ 1,097,355	\$ 1,645,107
2020	-	-	-	765,000	336,255	1,101,255	1,101,255
2021	-	-	-	790,000	309,198	1,099,198	1,099,198
2022	-	-	-	820,000	281,184	1,101,184	1,101,184
2023	-	-	-	845,000	252,213	1,097,213	1,097,213
2024 - 2028	-	-	-	4,700,000	790,134	5,490,134	5,490,134
2029 - 2030	-	-	-	2,125,000	74,559	2,199,559	2,199,559
	<u>\$ 540,542</u>	<u>\$ 7,210</u>	<u>\$ 547,752</u>	<u>\$10,780,000</u>	<u>\$2,405,898</u>	<u>\$ 13,185,898</u>	<u>\$ 13,733,650</u>

**Capital Lease**

On September 16, 2014 the Pompano Beach Community Redevelopment Agency entered into an agreement as lessee for the lease of a 6,098 square foot building located at 11 NE 1st Street in downtown Pompano. The lease is for twenty (20) years and is subject to annual rent increases of 3%. The annual interest rate on the lease is 2.91%. The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date.

Future minimum lease obligations are as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Governmental Activities</b>
2019	\$ 82,360
2020	84,831
2021	87,376
2022	89,997
2023	92,697
2024 - 2028	506,906
2029 - 2033	587,643
2034 - 2034	128,315
Total minimum lease payments	<u>1,660,125</u>
Less: Amount represent interest	<u>371,191</u>
Present value of minimum lease payments	<u>\$ 1,288,934</u>

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**(F) Incremental Property Tax Revenue**

The Agency's primary source of revenue is tax-increment funds. This revenue is computed by applying the respective operating tax rates for the City, the County, the Children's Service Council and the North Broward Hospital District, multiplied by the increased value of property located within the boundaries of the redevelopment areas of the Agency in excess of the base property value, minus 5%. The City, the County, the Children's Service Council and the North Broward Hospital District are required to fund this amount annually without regard to tax collections or other obligations.

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**(III) OTHER INFORMATION**

**(A) Deposits to and withdrawals from the Agency**

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the Agency for the fiscal year ended September 30, 2018:

	<b>NW CRA</b>	
	<b>Deposits</b>	<b>Withdrawals</b>
Sources of deposits:		
Tax increment revenues	\$ 8,078,016	
Investment income	78,824	
Facility rentals & concessions	214,098	
Other revenue	277,291	
Purpose of withdrawals:		
Debt service - principal		\$ 2,203,415
Debt service - interest		202,605
Professional services		255,656
Other contractual		1,143,051
Reimbursement for services		397,962
Administrative and overhead		237,319
Utilities		29,766
Rentals and leases		143,053
Insurance premiums		19,379
Economic development		1,494,206
Advertising		6,616
Supplies		8,253
Miscellaneous		9,158
<b>Total</b>	<b>\$ 8,648,229</b>	<b>\$ 6,150,439</b>

	<b>East CRA</b>	
	<b>Deposits</b>	<b>Withdrawals</b>
Sources of deposits:		
Tax increment revenues	\$ 3,068,346	
Investment income	43,102	
Other revenue	18,938	
Purpose of withdrawals:		
Debt service - principal		\$ 710,000
Debt service - interest		387,498
Professional services		129,061
Other contractual		664,784
Reimbursement for services		46,643
Administrative and overhead		32,404
Rentals and leases		5,544
Insurance premiums		8,867
Economic development		1,301,124
Advertising		5,191
Supplies		2,954
Miscellaneous		7,061
<b>Total</b>	<b>\$ 3,130,386</b>	<b>\$ 3,301,131</b>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach, Florida)  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS**  
**NORTHWEST COMMUNITY REDEVELOPMENT DISTRICT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 8,045,489	\$ 8,045,489	\$ 8,078,016	\$ 32,527
Intergovernmental	-	-	138,495	138,495
Charges for services	299,867	299,867	214,098	(85,769)
Investment earnings	30,000	30,000	78,824	48,824
Other revenue	10,000	10,000	138,796	128,796
Total revenues	<u>8,385,356</u>	<u>8,385,356</u>	<u>8,648,229</u>	<u>262,873</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	4,363,198	4,618,743	3,697,862	920,881
Capital outlay	6,121,203	6,069,115	311,010	5,758,105
Debt service:				
Principal	2,319,885	2,319,885	2,203,415	116,470
Interest & other charges	324,514	324,514	202,605	121,909
Total expenditures	<u>13,128,800</u>	<u>13,332,257</u>	<u>6,414,892</u>	<u>6,917,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,743,444)</u>	<u>(4,946,901)</u>	<u>2,233,337</u>	<u>7,180,238</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	-
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	-
Net change in fund balances	<u><u>\$ (4,763,444)</u></u>	<u><u>\$ (4,966,901)</u></u>	<u>2,213,337</u>	<u><u>\$ 7,180,238</u></u>
<b>FUND BALANCE - BEGINNING</b>			<u>38,290,787</u>	
<b>FUND BALANCE - ENDING</b>			<u><u>\$ 40,504,124</u></u>	

The above schedule reflects certain adjustments to actual expenditures to present data on a basis comparable to the adopted budget. See notes to required supplementary information.

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
 (A Component Unit of the City of Pompano Beach, Florida)  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS  
 EAST COMMUNITY REDEVELOPMENT DISTRICT FUND  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 3,047,575	\$ 3,047,575	\$ 3,068,346	\$ 20,771
Investment earnings	45,000	45,000	43,102	(1,898)
Charges for services	21,000	21,000	18,487	(2,513)
Other revenue	-	-	451	451
Total Revenues	<u>3,113,575</u>	<u>3,113,575</u>	<u>3,130,386</u>	<u>16,811</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	2,760,252	2,760,477	2,268,270	492,207
Debt service:				
Principal	710,000	710,000	710,000	-
Interest & other charges	387,498	387,498	387,498	-
Capital outlay	<u>8,326,389</u>	<u>8,326,389</u>	<u>3,225,249</u>	<u>5,101,140</u>
Total expenditures	<u>12,184,139</u>	<u>12,184,364</u>	<u>6,591,017</u>	<u>5,593,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,070,564)</u>	<u>(9,070,789)</u>	<u>(3,460,631)</u>	<u>5,610,158</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Net Change in Fund Balances	<u>\$ (9,070,564)</u>	<u>\$ (9,070,789)</u>	<u>(3,460,631)</u>	<u>\$ 5,610,158</u>
<b>FUND BALANCE - BEGINNING</b>			<u>11,024,936</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 7,564,305</u>	

The above schedule reflects certain adjustments to actual expenditures to present data on a basis comparable to the adopted budget. See notes to required supplementary information.

**POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Pompano Beach)  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)  
**SEPTEMBER 30, 2018**

**Budgetary Information**

The Agency is required to establish a budgetary system and an approved annual budget for the Northwest District Fund and East District Fund. The Agency's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board.

The Agency adopts an annual budget for each District. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except the budgets for each district includes encumbrances as the equivalent of expenditures. A budgetary comparison schedule is presented for each District. Expenditures may not exceed the budget and are controlled at the fund level.

Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board. The reported budgetary data represents the final approved budget after amendments adopted by the Board.

Adjustments necessary to convert the Northwest District and East District Fund's results of operations and change in fund balances at September 30, 2018 from the accounting principles generally accepted in the United States of America basis of accounting to the budget basis are as follows:

	<u>Revenues/ Other Financing Sources</u>	<u>Expenditures/ Other Financing Uses</u>	<u>Change in Fund Balances</u>
<b>Northwest Community Redevelopment District</b>			
GAAP Basis	\$ 8,648,229	\$ 6,150,439	\$ 2,497,790
Encumbrances	-	284,453	(284,453)
Budgetary Basis	<u>\$ 8,648,229</u>	<u>\$ 6,434,892</u>	<u>\$ 2,213,337</u>
<b>East Community Redevelopment District</b>			
GAAP Basis	\$ 3,130,386	\$ 3,301,131	\$ (170,745)
Encumbrances	-	3,289,886	(3,289,886)
Budgetary Basis	<u>\$ 3,130,386</u>	<u>\$ 6,591,017</u>	<u>\$ (3,460,631)</u>

**COMPLIANCE REPORT  
AND  
MANAGEMENT LETTER**

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

To the Board of Directors and CRA Director  
**City of Pompano Beach Community Redevelopment Agency**  
Pompano Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Pompano Beach Community Redevelopment Agency (the Agency), a component unit of the City of Pompano Beach, Florida, as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated July 15, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Fort Lauderdale, FL  
July 15, 2019

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

To the Board of Directors and CRA Director  
**City of Pompano Beach Community Redevelopment Agency**  
Pompano Beach, Florida

***Report on the Financial Statements***

We have audited the financial statements of the Pompano Beach Community Redevelopment Agency (the Agency), a component unit of the City of Pompano Beach, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated July 15, 2019.

***Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated July 15, 2019, 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 of the City of Pompano Beach, Florida as it relates to the Agency.

### ***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 I 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 Agency 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 Agency 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 Agency. It is management's responsibility to monitor the Agency'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, Federal and other granting 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.

*Marcum LLP*

Fort Lauderdale, FL  
July 15, 2019

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

To the Board of Directors and CRA Director  
**City of Pompano Beach Community Redevelopment Agency**  
Pompano Beach, Florida

We have examined the Pompano Beach Community Redevelopment Agency (the Agency), a component unit of the City of Pompano Beach, Florida compliance with Section 218.415 Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2018. Management of the Agency is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency'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 Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Agency complied, in all material respects, with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2018.

This report is intended solely to describe our testing of compliance with Section 218.415, Florida Statutes, and it is not suitable for any other purpose.

*Marcum LLP*

Fort Lauderdale, FL  
July 15, 2019