



COMMUNITY REDEVELOPMENT AGENCY

ANNUAL FINANCIAL REPORT

Fiscal Year Ended
September 30, 2015

FORT LAUDERDALE
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Fort Lauderdale, Florida)

REPORT ON BASIC FINANCIAL STATEMENTS

Fiscal Year Ended
September 30, 2015



Prepared by
The Finance Department

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

CRA BOARD OF COMMISSIONERS

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FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
City Commission and City Manager
City of Fort Lauderdale, Florida
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fort Lauderdale Community Redevelopment Agency (the "Agency"), a component unit of the City of Fort Lauderdale, Florida, as of and for the year ended September 30, 2015, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency'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, 2015, 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.

Emphasis of Matter

In June 2012 the GASB issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." Also, in November 2013 the GASB issued GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." As disclosed in Note 8, Statements 68 and 71 are effective for the Authority's fiscal year ending September 30, 2015. These Statements replace the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and Statement No. 50, "Pension Disclosures." Statements 68 and 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about pensions are also addressed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion analysis, budgetary comparison schedule, schedule of Agency's proportionate share of the net pension liability, and schedule of Agency contributions on pages 3 to 8 and 30 to 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2016 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.


Crowe Horwath LLP

Fort Lauderdale, Florida
March 10, 2016

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

The Management's Discussion and Analysis section provides a narrative overview of the Fort Lauderdale Community Redevelopment Agency (CRA) financial activities for fiscal year ending September 30, 2015. This discussion is broken down into three components:

- An overview of the Agency.
- A brief overview of the financial statements, including how they relate to each other and the significant differences in information they provide.
- A concise, condensed financial report that summarizes the results of operations and a narrative financial analysis of the CRA's overall financial condition and results of operations, supported by additional consolidated information about specific services provided by the CRA.

OVERVIEW

The purpose of the Community Redevelopment Agency of the City of Fort Lauderdale, Florida (the "Agency") is to eliminate identified slum and blighted conditions within identified redevelopment areas pursuant to the redevelopment plans of the Agency.

The Agency's primary source of revenue is tax increment funds. The revenue for Central Beach and Northwest-Progresso-Flagler Heights is computed by applying the operating tax rate for the City of Fort Lauderdale, Broward County, North Broward Hospital District (HD), and the Children's Services Council (CSC), multiplied by the increased value of the property located within the boundaries of the redevelopment areas of the Agency, over the base property value, minus 5% for early payment. The Central City Area receives the City contribution only. The City, County, HD and CSC are required to fund this amount annually without regard to tax collections or other obligations.

Further, the Agency's policy is set by a board of directors comprised of five (5) members of the Commission of the City of Fort Lauderdale with the Mayor serving as the Chairman. The City Manager serves as the Executive Director of the Board. The Board is separate, distinct and independent from the governing body of the City of Fort Lauderdale. The Agency's management plan is executed by a small management staff led by the Community Redevelopment Agency Manager.

The Agency was established in 1989 by the City of Fort Lauderdale, Florida under the provisions of Section 163.330, Florida Statutes. Fort Lauderdale has three (3) CRA target areas. They are Central Beach Area which was established in 1989, Northwest-Progresso-Flagler Heights which was created in 1995, and Central City which was created in 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's basic financial statements are comprised of three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The nature of these three components of the report is described as follows:

Government-wide financial statements

There are two financial statements in this section that address the financial position and results of operations of the Agency taken as a whole: the Statement of Net Position and the Statement of Activities.

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

These two financial statements are prepared using the "full accrual" method (basis) of accounting. This is the same accounting method used by most private-sector companies to determine whether they earn a profit in any given year, and to measure the net worth of the company as of the end of the year. Under the full accrual basis of accounting, some cash flows into the organization and some of the cash flows out of the organization are not considered operating revenues or operating expenses and accordingly do not appear on a profit and loss statement. For example, under the full accrual basis of accounting, the purchase of capital assets (e.g. equipment, land, buildings that have a useful life beyond one year) is not considered an operating expense when purchased.

The statement of net position is similar to a balance sheet in that it separately identifies the assets (what the Agency owns) from the liabilities (what the Agency owes) and the net difference between the two. Cash, receivables, land, buildings and equipment are examples of assets. Bonds, notes, and payables are examples of liabilities. The increase or decrease in net position from one year to the next indicates whether the Agency's financial position is improving or deteriorating.

The statement of activities explains how or why the net position have increased or decreased during the year. The statement of activities resembles a profit and loss statement because it compares the total expenses of the government to the total revenues, with the difference between the two, equaling the increase or decrease in net position over the course of the year.

Fund financial statements

Governmental Funds (beginning on page 12) are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the previous statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison highlights the long-term impact of the Agency's near term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances offer a reconciliation to assist with this comparison.

The Agency maintains 3 individual governmental funds. All governmental funds of the Agency are considered major funds and thus are reflected separately in the fund financial statements.

Notes to the financial statements

The third section of the basic financial statements is the notes to the financial statements. This section provides a further level of detail necessary to better understand the information provided within the government-wide financial statements and fund financial statements.

In addition to the three major types of data included in the basic financial statements (as defined on the preceding pages), this annual financial report also includes required supplementary information regarding the results of operations of the Agency.

Required supplementary information

Included in this section of the report are the Budgetary Comparison Schedule, Schedule of Agency's Proportionate Share of the Net Pension Liability and Schedule of Agency Contributions.

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015

CONDENSED FINANCIAL INFORMATION

This section presents condensed financial information from the government-wide financial statements that compares the current year to the prior year. The analysis highlights economic factors that significantly affected operating results during the year. The following condensed information is derived from the government-wide financial statements for the Fort Lauderdale Community Redevelopment Agency.

CONDENSED STATEMENT OF NET POSITION (in thousands)

	Governmental Activities	
	2015	2014*
Assets and Deferred Outflows		
Current and Other Assets	\$ 66,252	\$ 60,231
Capital Assets (Net)	24,026	20,028
Deferred Outflows	528	-
Total Assets and Deferred Outflows	90,806	80,259
Liabilities		
Current and Other Liabilities	1,317	713
Long-Term Liabilities	7,891	182
Deferred Inflows	36	-
Total Liabilities and Deferred Inflows	9,244	895
Net Position		
Net Investment in Capital Assets	16,423	20,028
Restricted	65,139	59,336
Total Net Position	\$ 81,562	\$ 79,364

*FY2014 as restated due to a change in accounting principle per GASB 68.

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

CONDENSED CHANGES IN NET POSITION (in thousands)

	Governmental Activities	
	2015	2014*
Revenues		
Program Revenues:		
Operating Grants and Contributions	\$ 8,144	\$ 7,563
Capital Grants and Contributions	1,434	-
General Revenues:		
Property Taxes	4,485	4,052
Other	721	368
Total Revenues	14,784	11,983
Expenses		
Economic Environment	12,418	5,018
Interest on Long-Term Debt	168	-
Total Expenses	12,586	5,018
Change in Net Position	2,198	6,965
Beginning Net Position	79,364	72,399
Ending Net Position	\$ 81,562	\$ 79,364

*FY2014 as restated due to a change in accounting principle per GASB 68.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2015, results of operations of the Agency viewed on a government-wide basis reflects relatively strong financial performance.

The Agency's statement of net position serves as a useful indicator of a government's financial position as of a specific point in time. The relative composition of assets versus liabilities as shown on this report is indicative of a healthy (versus a tenuous) financial position. This analysis is most easily accomplished by converting this data into ratios.

One such ratio reflects the ability of the government to meet immediate cash demands – the ratio of current assets to current liabilities:

A comparison of current assets to current liabilities as of September 30, 2015:

	2015	2014
Current and Other Assets	\$ 66,252,374	\$ 60,231,153
Current and Other Liabilities	1,317,153	713,576
Net Current Assets	\$ 64,935,221	\$ 59,517,577
Ratio	50.30	84.41

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015

FUND FINANCIAL ANALYSIS

The fund financial statements for governmental funds provide information on the near-term outflows, inflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. The CRA Trust Funds balance at September 30, 2015 was \$65.4 million, an increase of \$5.9 million from the prior year balance of \$59.5 million. The Special Revenue Fund is used to account for the operating activities of the Agency. Operating revenues for FY2015 totaled \$12.9 million and operating expenditures totaled \$10.8 million.

A summary of the operations of Agency, including a comparison to the approved budget, is as follows:

	SPECIAL REVENUE FUND		
	Final Budget	Actual Amounts	Variance with Budget -
REVENUES			
Property Taxes	\$ 4,485,378	\$ 4,485,378	\$ -
Intergovernmental Revenues:			
Broward County	5,888,483	5,893,203	4,720
North Broward Hospital District	1,902,553	1,723,127	(179,426)
Children's Services Council	529,126	527,781	(1,345)
Miscellaneous:			
Interest Income	34,084	84,785	50,701
Other Miscellaneous Revenues	157,468	151,675	(5,793)
Total Revenues	12,997,092	12,865,949	(131,143)
EXPENDITURES			
Current:			
Economic Environment	12,322,363	10,802,401	1,519,962
Total Expenditures	12,322,363	10,802,401	1,519,962
Excess of Revenues Over Expenditures	674,729	2,063,548	1,388,819
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(12,703,470)	(12,703,470)	-
Proceeds from Debt Issuance	7,544,568	7,544,568	-
Total Other Financing Sources and (Uses)	(5,158,902)	(5,158,902)	-
Net change in Fund Balance	\$ (4,484,173)	\$ (3,095,354)	\$ 1,388,819

For more detailed budget information, please see the Budgetary Comparison Schedule in Required Supplementary Information.

As noted earlier, the Agency has three specific redevelopment areas: the Central Beach Redevelopment Area, the Northwest-Progresso-Flagler Heights Redevelopment Area, and the Central City Redevelopment Area.

The following discussion addresses these redevelopment areas within the CRA fund:

1. The Central Beach Redevelopment Area

The Central Beach Redevelopment area is a special district whose mission is to eliminate slum and blight, stimulate redevelopment of the core area as a catalyst for the revitalization of the entire Central Beach area.

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

2. The Northwest-Progresso-Flagler Heights Redevelopment Area

The Northwest-Progresso-Flagler Heights Redevelopment area is a special district whose mission is to promote economic development in the blighted Northwest section of the city.

3. The Central City Redevelopment Area

The Central City Redevelopment area is a special district whose mission is to invigorate the existing businesses, attract new businesses and investment, and provide a neighborhood commercial center for the surrounding neighborhoods.

Capital Assets

The Agency's investment in capital assets, net of accumulated depreciation, for governmental activities increased by \$4.0 million in FY2015. Additional information about the Agency's capital assets can be found in Note 4 to these financial statements.

Debt Administration

During the current fiscal year, the Agency issued a Tax Increment Revenue Note, Series 2015 for \$7.6 million. Additional information about the Agency's long-term debt can be found in Note 6 to these financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Fort Lauderdale Community Redevelopment Agency's finances and was prepared by the Finance Department of the City. Requests for additional information should be addressed to the Finance Director at 100 North Andrews Avenue, Fort Lauderdale, Florida, 33301.

***BASIC FINANCIAL
STATEMENTS***

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
September 30, 2015

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 59,040,801
Accounts Receivable (Net)	2,356
Properties Held for Resale	7,208,292
Prepaid Items	925
Capital Assets Not Being Depreciated	
Land	2,051,784
Construction in Progress	4,782,360
Capital Assets, Net of Accumulated Depreciation	
Buildings	290,399
Improvements	4,318,291
Infrastructure	12,551,616
Machinery, Equipment and Vehicles	31,228
Total Assets	<u><u>90,278,052</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Assumption Changes Pensions	34,755
Investment Losses Pensions	493,611
Total Deferred Outflows of Resources	<u><u>528,366</u></u>
LIABILITIES	
Accounts Payable	788,291
Accrued Liabilities	34,738
Due to City of Fort Lauderdale	25,000
Accrued Interest Payable	100,423
Long-Term Liabilities:	
Due Within One Year	368,701
Due in More Than One Year	7,891,178
Total Liabilities	<u><u>9,208,331</u></u>
DEFERRED INFLOWS	
Difference Between Expected and Actual Experience	36,585
Total Deferred Inflows	<u><u>36,585</u></u>
NET POSITION	
Net Investment in Capital Assets	16,422,678
Restricted for:	
Redevelopment Projects	64,782,980
Debt Service	355,844
Total Net Position	<u><u>\$ 81,561,502</u></u>

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

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

BASIC FINANCIAL STATEMENTS

**STATEMENT OF ACTIVITIES
For Fiscal Year Ended September 30, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Primary Government				Governmental Activities
Economic Environment	\$ 12,471,181	\$ 8,144,111	\$ 1,433,378	\$ (2,893,692)
Interest on Long-term Debt	115,152	-	-	(115,152)
Total Governmental Activities	\$ 12,586,333	\$ 8,144,111	\$ 1,433,378	(3,008,844)
General Revenues:				
Property Taxes				4,485,378
Interest Revenue				569,471
Miscellaneous				151,675
Total General Revenues/Transfers				<u>5,206,524</u>
		Change in Net Position		2,197,680
		Net Position - Beginning, as Restated (Note 8)		<u>79,363,822</u>
		Net Position - Ending		<u>\$ 81,561,502</u>

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

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

BASIC FINANCIAL STATEMENTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015**

	Major Funds			Total CRA Trust Funds
	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
ASSETS				
Cash and Cash Equivalents	\$ 2,803,153	\$ 456,267	\$ 55,781,381	\$ 59,040,801
Accounts Receivable (Net)	2,356	-	-	2,356
Properties Held for Resale	7,208,292	-	-	7,208,292
Prepaid Items	925	-	-	925
Total Assets	\$ 10,014,726	\$ 456,267	\$ 55,781,381	\$ 66,252,374
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 119,389	\$ -	\$ 668,902	\$ 788,291
Accrued Liabilities	34,738	-	-	34,738
Due to City of Fort Lauderdale	25,000	-	-	25,000
Total Liabilities	179,127	-	668,902	848,029
Fund Balances:				
Restricted for				
Redevelopment Projects	9,835,599	-	55,112,479	64,948,078
Debt Service	-	456,267	-	456,267
Total Restricted	9,835,599	456,267	55,112,479	65,404,345
Total Fund Balances	9,835,599	456,267	55,112,479	65,404,345
Total Liabilities and Fund Balances	\$ 10,014,726	\$ 456,267	\$ 55,781,381	\$ 66,252,374

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

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

BASIC FINANCIAL STATEMENTS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION September 30, 2015

Total fund balances of governmental funds		\$	65,404,345
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 funds.			24,025,678
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities.			
Notes Payable	\$	(7,603,000)	
Net Pension Liability		(526,316)	
Net OPEB Obligation		(36,250)	
Compensated Absences and Longevity		(94,313)	
Accrued Interest Payable		(100,423)	
			(8,360,302)
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds:			
Investment Loss	\$	493,611	
Expected vs Actual Experience		(36,585)	
Assumption Change		34,755	
			491,781
Total net position of governmental activities		\$	81,561,502

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

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

BASIC FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For Fiscal Year Ended September 30, 2015

	Major Funds			Total CRA Funds
	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
REVENUES				
Property Taxes	\$ 4,485,378	\$ -	\$ -	4,485,378
Intergovernmental Revenues				
Broward County	5,893,203	-	-	5,893,203
North Broward Hospital District	1,723,127	-	-	1,723,127
Children's Services Council	527,781	-	-	527,781
Interest Income	84,785	-	484,686	569,471
Other Miscellaneous	151,675	-	-	151,675
Capital Contributions	-	-	1,433,378	1,433,378
Total Revenues	12,865,949	-	1,918,064	14,784,013
EXPENDITURES				
Economic Environment	10,802,401	-	225,802	11,028,203
Interest and Fiscal Charges	-	14,729	-	14,729
Bond Issuance Cost	-	53,440	-	53,440
Capital Outlay	-	-	5,403,873	5,403,873
Total Expenditures	10,802,401	68,169	5,629,675	16,500,245
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,063,548	(68,169)	(3,711,611)	(1,716,232)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	466,004	12,703,470	13,169,474
Transfers (Out)	(12,703,470)	-	(466,004)	(13,169,474)
Proceeds from Debt Issuance	7,544,568	58,432	-	7,603,000
Total Other Financing Sources (Uses)	(5,158,902)	524,436	12,237,466	7,603,000
Net Change in Fund Balances	(3,095,354)	456,267	8,525,855	5,886,768
Fund Balances - Beginning	12,930,953	-	46,586,624	59,517,577
Fund Balances - Ending	\$ 9,835,599	\$ 456,267	\$ 55,112,479	\$ 65,404,345

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

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

BASIC FINANCIAL STATEMENTS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For Fiscal Year Ended September 30, 2015

Net change in fund balances of governmental funds **\$ 5,886,768**

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

Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases exceed depreciation in the current year.

Capital Outlay	\$ 4,974,590	
Depreciation Expense	<u>(977,120)</u>	3,997,470

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

Accrued Interest Payable	\$ (100,423)	
Change in Pension Expense	(42,297)	
Other Post-Employment Benefits	(7,362)	
Compensated Absences and Longevity Pay	<u>66,524</u>	(83,558)

The issuance of long-term debt (e.g., bonds, capital leases) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts (except for issuance costs) are capitalized and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(7,603,000)

Change in net position of governmental activities **\$ 2,197,680**

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

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

BASIC FINANCIAL STATEMENTS

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FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fort Lauderdale Community Redevelopment Agency's (the Agency) financial statements are prepared in accordance with United States Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The Fort Lauderdale Community Redevelopment Agency was established in 1989 by the City of Fort Lauderdale, Florida (the City) under the provisions of Section 163.330, Florida Statutes. The City has created a total of three (3) Community Redevelopment Areas; Central Beach (1989), Northwest-Progresso-Flagler Heights (1995), and Central City (2012).

The board of directors of the Agency is comprised of five (5) members of the City Commission of the City and is separate, distinct, and independent from the governing body of the City.

For financial reporting purposes, the Agency is a component unit of the City and is thus included in the City's comprehensive annual financial report as a blended component unit. This report is not a complete presentation of the City of Fort Lauderdale.

B. Government-wide and Fund Financial Statements, and their underlying Basis of Accounting

The Agency's basic financial statements are presented in two separate and distinct formats. These consist of government-wide statements and fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Agency does not have any business-type activities and has only governmental activities. The accounts of the Agency are reported as special revenue funds.

Government-wide Statements In the Government-wide Statement of Net Position, the government activities are presented on a consolidated basis. This statement is prepared using the *economic resources* measurement focus, meaning all assets and liabilities (including capital assets and long-term debt) are included in the Statement of Net Position. This accounting methodology is more consistent with the methodology used for business accounting in the private sector than "traditional" governmental accounting methodology.

Within this statement, the net position of the Agency (assets and deferred outflows of resources minus liabilities and deferred inflows resources) is reported in two separate components – net investment in capital assets and restricted net position.

The Government-wide Statement of Activities reports the degree to which the gross expenses, including depreciation, of the significant governmental functions provided by the Agency, are financed by the program revenues and the operating and capital grants directly related to the costs of providing each function. The statement then reports the extent to which the resulting net costs of these functions (gross expenses less directly-related program revenues and grants) are financed by general revenues of the Agency (i.e. taxes, interest income, etc.) This statement is prepared using the *full accrual* basis of accounting, which determines the timing of the recording of revenues and expenses. Under this basis of accounting, revenues are recorded when earned, and expenses are recorded when an obligation is incurred.

Fund Financial Statements These statements report information at a higher level of detail, focusing on separate reporting of individual major funds, rather than consolidating financial data into the broad category of governmental activities.

The financial transactions of the Agency are reported in individual funds within the City's accounting system. Each fund is accounted for by providing a separate, self-balancing set of accounts comprised of the assets, liabilities, reserves, fund equity, revenues and expenditures of each fund. For purposes of this report, all of the Agency's funds are classified as major governmental funds.

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Governmental Funds – Within the fund financial statements, the accounting policies applied to governmental funds is intended to capture only those transactions that will occur in the short-term, and the ability to finance those activities as needed. The financial focus applied to governmental funds is called the modified accrual basis of accounting. Revenues are susceptible to accrual in the accounting period in which they become available and measurable, which generally means those revenues that are collected within 60 days after year end. The Agency accrues an asset equal to the value of all material revenue to which it is entitled. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Within governmental fund types, assets and liabilities are recorded using the *flow of current financial resources* measurement focus, meaning only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources".

The governmental fund types utilized by the Agency are broken down as follows:

Special Revenue Fund – account for the proceeds of specific revenue sources from tax increment and property taxes that are legally restricted to expenditures for community redevelopment.

Debt Service Fund – account for resources that are restricted to payment of principal, interest and other expenditures on long-term debt.

Capital Projects Fund – account for financial resources segregated for the acquisition or construction of major capital facilities and redevelopment area improvements.

C. Budget Policy and Budgetary Data

The City prepares an annual operating budget for the Fort Lauderdale Community Redevelopment Agency. These budgets are prepared on the modified accrual basis of accounting.

The level of control (level at which expenditures may not exceed budget) is the department. The City Manager is authorized to transfer budgeted amounts within departments of any fund. The City Commission must approve any revisions that alter the total expenditures of any department.

Annual budgets are adopted for all governmental funds except the capital project funds. The original and final budgets, as presented, include re-appropriated encumbrances of the prior year. The budgets have been adopted on a basis consistent with GAAP with the following exceptions: Budgetary expenditures include GAAP expenditures adjusted for encumbrances at September 30, 2015. Unencumbered balances of appropriations lapse at year-end.

As of September 30, 2015, there were no material violations of budgetary requirements.

D. Cash and Cash Equivalents

The Agency considers cash on hand, cash with fiscal agents, demand deposits, certificates of deposit and bank repurchase agreements as cash and cash equivalents. Each fund's equity in the City's investment pool has been treated as a cash equivalent since cash may be deposited or withdrawn from the pool at any time without prior notice or penalty.

E. Receivables

Receivables are reported net of allowances for uncollectibles where applicable.

F. Properties Held for Resale

Inventories in the governmental funds are composed of land held for redevelopment or resale and are stated at cost.

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS September 30, 2015

G. Unrestricted and Restricted Assets

In cases in which both unrestricted and restricted assets are available to finance an expense or program, the Agency's policy is to utilize restricted assets first whenever possible.

H. Capital Assets

Capital assets, including land, buildings, improvements other than buildings, infrastructure (that is, roads, bridges, street lighting and other similar items) and equipment, are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. The Agency defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are stated at cost or estimated historical cost. Contributions or donations of capital assets received from federal, state or local sources are recorded as contributions when received and are stated at estimated fair value. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40-50 years
Improvements	20-50 years
Infrastructure	15-50 years
Machinery, Equipment and Vehicles	3-15 years

The Agency follows the requirements of GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" regarding potential impairment of capital assets.

Depreciation expense on assets used in governmental activities is included in the expenses of each governmental function on the government-wide Statement of Activities. Depreciation on general infrastructure assets is included within the economic environment.

I. Tax Increment Revenues

The Agency's primary source of revenue is tax increment funds. The tax increment is made up of property taxes contributed by the City, County, North Broward Hospital District and the Children's Services Council to the Community Redevelopment Trust Fund. The tax increment is calculated annually based on increases to property values within the designated CRA districts using the year in which they were established as the "base year". For example, if an unimproved property was valued at \$10,000 in the base year and a new house is built on the property tomorrow, the new value of the property is \$25,000. The incremental difference in value (new assessed value – base year value) is \$15,000. Taxes collected on the property will be split amongst the City, County and various agencies. The CRA receives all taxes assessed on the incremental increase of \$15,000. Revenues generated by improvements in the CRA districts are to be reinvested in the district to continue to spur redevelopment.

Substantially all governmental fund revenues are accrued. Property taxes, which are levied annually based on the value of real property and tangible personal property as assessed on January 1 and are payable from November through the following March, are recognized in the same fiscal period in which payment is due.

The property tax calendar for 2015 is as follows:

Lien date	November 1, 2015
Levy date	November 1, 2015
Due dates	November 1, 2015 through March 31, 2016
Delinquent date	April 1, 2016
Tax certificate sale	On or before June 1, 2016

Contributions to the CRA must be made by January 1st or there is a 5% penalty.

NOTES TO THE FINANCIAL STATEMENTS
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In the Government-wide Statement of Activities, revenue that is derived directly from the program itself or from outside sources, if restricted to a specific program, is called program revenue. Program revenue is classified as either charges for services, operating grants or capital grants. Charges for services is revenue received by a particular function for the services that it provides to both entities outside of the City and to other City functions. Operating grant revenues come from other government entities to support the operation costs of particular functions and also from the earnings of permanent funds that are legally restricted to a particular function. Capital grants come from other government entities for the purpose of constructing or purchasing capital assets.

J. Indirect Expenses

Within the government-wide Statement of Activities, indirect expenses are not allocated to the functions of governmental activities. All expenses represent only direct expenses of each function.

K. Use of Estimates

Management has made estimates and assumptions relating to the reporting of assets and liabilities in conformity with GAAP. Actual results may differ.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The CRA reports change in pension assumptions and loss on pension investments. Changes in pension plan assumptions are deferred and amortized over the expected remaining service lives of employees that are provided with pensions through the pension plan (active employees and inactive employees). Loss on pension investments are deferred and amortized over five years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that period. The CRA has one item that qualifies for reporting in this category, certain amounts related to pensions must be deferred. Differences between expected and actual experience are deferred and amortized over the expected remaining service lives of employees that are provided with pensions through the pension plan (active employees and inactive employees).

M. Fund Balance

In the governmental funds, fund balances are reported as nonspendable if they are not in spendable form or are legally or contractually required to be maintained intact. In addition, fund balances are reported as restricted to specific purposes based upon the extent to which the Agency is bound to honor constraints placed on those funds.

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbered amounts for specific purposes are reported within the applicable restricted, committed or assigned fund balance classifications.

Net position of the government-wide fund is categorized as net investment in capital assets; restricted or unrestricted. Net investment in capital assets consists of capital assets reduced by the outstanding debt issued to acquire, construct or improve those assets, less any unspent debt proceeds. Restricted net position has regulatory or third party limitations on its use.

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The governmental fund balance in detail as of September 30, 2015 is as follows:

	<u>Governmental Funds</u>
Fund Balances:	
Restricted for:	
Redevelopment Projects	\$ 64,948,078
Debt Service	456,267
Total Fund Balance	<u>\$ 65,404,345</u>

N. Compensated Absences and Longevity

Agency employees are granted sick, vacation, and longevity pay in varying amounts based on length of service, date of hire, and employee group. Compensatory time is granted to employees in lieu of overtime pay at the employees' request. Sick leave payments to terminated employees are based on length of service and usage on a last in, first out basis. Unused vacation pay and compensatory time are paid upon an employee's termination. Longevity pay is paid to eligible employees annually based on length of service. Accumulated compensated absences and longevity are recorded as expenses in the government-wide fund financial statements when earned. Expenditures for accumulated compensated absences and longevity have been recorded in the governmental funds only for amounts payable to employees who have terminated as of the end of the fiscal year.

O. Net OPEB Obligation

The Agency participates in the City's other post-employment benefit plan. The Agency has an allocated portion of the City's total net OPEB obligation. However, the amount of the obligation is not considered material and therefore, the Agency has not included related note disclosure or required supplementary information.

P. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the General Employees' Retirement System (GERS) and additions to/deductions from the GERS plan net position has been determined on the same basis as they are reported by the GERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – CASH AND CASH EQUIVALENTS

A. Deposits

The Agency's cash as of September 30, 2015, consisted of equity in pooled cash in the amount of \$59,040,801. The Agency has elected to pool its cash with the City of Fort Lauderdale. The collateral consists of insurance provided by the FDIC and securities held by the State of Florida Public Deposit Security Trust Fund.

Custodial Credit Risk

Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution; a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The City's investment policy requires that the City's public deposits be held in a State Qualified Public Depository as defined in Section 280.02, Florida Statutes. At September 30, 2015, \$58,790,801 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department, but not in the City's name.

As of September 30, 2015, the bank balances totaled \$59,040,801, of which \$58,790,801 was deposited in a State Qualified Public Depository and the remainder was insured by the Federal Depository Insurance Corporation (FDIC). The carrying value of cash is \$59,040,801.

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

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NOTE 3 – INTER-FUND TRANSFERS

The composition of inter-fund transfers for the year ended September 30, 2015 was as follows:

Transfers Out	Transfers In		
	Debt Service Fund	Capital Projects Fund	Total
Governmental Funds			
Special Revenue Funds	\$ -	\$ 12,703,470	\$ 12,703,470
Capital Projects Funds	466,004	-	466,004
	<u>\$ 466,004</u>	<u>\$ 12,703,470</u>	<u>\$ 13,169,474</u>

The Agency transfers funds from the Capital Projects Fund to the debt service fund to meet debt service requirements. Other transfers to the capital projects funds provide funding for specific projects within the Community Investment program. The \$12,703,470 transfer to the capital projects fund from the special revenue fund, represents the funding for the Agency’s capital projects.

NOTE 4 – CAPITAL ASSETS

A. Capital Activity

Capital assets of the Agency as of September 30, 2015, consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,051,784	\$ -	\$ -	\$ 2,051,784
Construction in progress	2,147,114	4,974,590	2,339,344	4,782,360
Total capital assets not being depreciated	<u>4,198,898</u>	<u>4,974,590</u>	<u>2,339,344</u>	<u>6,834,144</u>
Capital assets being depreciated				
Buildings	395,999	-	-	395,999
Improvements	2,637,760	2,330,457	-	4,968,217
Infrastructure	15,017,812	-	-	15,017,812
Equipment	36,755	8,887	-	45,642
Total capital assets being depreciated	<u>18,088,326</u>	<u>2,339,344</u>	<u>-</u>	<u>20,427,670</u>
Less accumulated depreciation for:				
Buildings	96,800	8,800	-	105,600
Improvements	401,515	248,411	-	649,926
Infrastructure	1,748,247	717,949	-	2,466,196
Equipment	12,454	1,960	-	14,414
Total accumulated depreciation	<u>2,259,016</u>	<u>977,120</u>	<u>-</u>	<u>3,236,136</u>
Total capital assets being depreciated, net	<u>15,829,310</u>	<u>1,362,224</u>	<u>-</u>	<u>17,191,534</u>
Net Capital Assets	<u>\$ 20,028,208</u>	<u>\$ 6,336,814</u>	<u>\$ 2,339,344</u>	<u>\$ 24,025,678</u>

B. Depreciation Expense

Included in the government-wide Statement of Activities is depreciation expense for the year ended September 30, 2015, distributed to governmental functions as follows:

Governmental Activities:	
Economic Environment	\$ 977,120
Total depreciation expense - governmental activities	<u>\$ 977,120</u>

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

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NOTE 5 – RISK FINANCING ACTIVITIES

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has established a self-insurance fund that is used to account for and finance both uninsured and insured risks of loss. Coverage is provided for workers' compensation, employment practices, public officials' liability, general liability, automobile liability, and certain medical benefits. The City has obtained insurance coverage for workers' compensation claims in excess of \$1.0 million for employees with statutory limits per occurrence. Property insurance has been purchased for City structures with a standard peril deductible of \$50,000, a named windstorm deductible of \$5,000,000 per loss on both the utility and non-utility property programs, and a flood deductible of either \$50,000 or \$5,000 per location, depending on the location. Commercial, specific, stop-loss insurance is also purchased for medical benefits claims in excess of \$250,000. The City also has insurance coverage for employment practices liability with a \$150,000 deductible, public officials' liability coverage with a \$100,000 deductible and a \$4.0 million combined coverage limit for both policies. Settlements have not exceeded the retention for each of the past ten fiscal years.

The Agency participates in the City's self-insurance program and made insurance premium payments in the amount of \$10,294. There is no insurance claims payable at September 30, 2015. Refer to the City of Fort Lauderdale, Florida Comprehensive Annual Financial Report (CAFR) for additional disclosures. The CAFR is located on the city's website at www.fortlauderdale.gov/departments/finance/financial-reports.

NOTE 6 – LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions of the Agency for the year ended September 30, 2015.

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due within One Year
Tax Increment Revenue Note, Series 2015	\$ -	\$ 7,603,000	\$ -	\$ 7,603,000	\$ 346,000
Net Pension Liabilities	-	526,316	-	526,316	-
Net OPEB Liabilities	28,888	18,027	10,665	36,250	-
Compensated Absences and Longevity	160,837	55,206	121,730	94,313	22,701
Total CRA	<u>\$ 189,725</u>	<u>\$ 8,202,549</u>	<u>\$ 132,395</u>	<u>\$ 8,259,879</u>	<u>\$ 368,701</u>

On April 9, 2015, the Agency issued CRA Tax Increment Revenue Note, Series 2015 for \$7,603,000. The proceeds were used to pay for costs related to the design and construction of the North loop of the WAVE modern streetcar project, which is located in the Northwest-Progresso-Flagler Heights area of the Agency. The Series 2015 note provides for semi-annual interest payments at a rate of 3.17% and annual principal payments until maturity in 2025. As of September 30, 2015, the Agency's liability for the note totaled \$7,603,000.

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**NOTES TO THE FINANCIAL STATEMENTS
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The requirement to repay all long-term debt outstanding as of September 30, 2015 (in thousands) is summarized in the following table:

Year Ending September 30	Governmental Activities	
	Tax Increment Note	
	Principal	Interest
2016	\$ 346	\$ 236
2017	628	220
2018	648	200
2019	669	179
2020	690	157
2021-2025	3,790	440
2026 - 2031	832	13
Total	<u>\$ 7,603</u>	<u>\$ 1,445</u>

NOTE 7 – PENSION PLAN

A) Defined Benefit Plan – Plan Description and Funding Policies

Substantially all full-time employees of the Agency are provided with pensions through the City of Fort Lauderdale General Employees’ Retirement System (the Plan) – a single employer defined benefit pension plan administered by the City of Fort Lauderdale, Florida. The Plan issues a publicly available financial report that can be obtained at www.citypension.com or by writing the Board of Trustees:

Board of Trustees of the City of Fort Lauderdale General Employees’ Retirement System
316 NE Fourth Street, Suite 2
Fort Lauderdale, FL 33301

The benefit provisions and all other requirements are established and may be amended by City ordinance.

The plan provides for retirement benefits as well as death and disability benefits at three different tiers depending on when the members entered the Plan:

The General Employees’ Retirement System is a single-employer defined benefit plan administered by an eight-member board of trustees, which covers City employees, except police and firefighters. Through collective bargaining with the general, supervisory and professional City employees, a new single-employer defined contribution pension plan was established for Teamster Union employees hired on or after October 1, 2007, Supervisory Union employees hired on or after November 7, 2007, and all other Non-Union employees hired on or after February 20, 2008. The General Employees Retirement System was then closed to new entrants.

Under the vesting provisions of the plan, employees are entitled to 100% of normal retirement benefits after 5 years of service. Members who terminate prior to vesting are entitled to a refund of employee contributions plus interest at 3% per year. Employees are eligible to retire after 30 years of service, regardless of age, or at age 55 with 5 years of service. Members who continue in employment past normal retirement may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (DROP). Each participant in the DROP has an account credited with benefits not received plus interest. Participation in the DROP must end no later than 36 months after normal retirement. Certain employees hired on or after October 1, 1983 electing reduced benefits are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 65. These benefit provisions and all other requirements are established by City ordinance.

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Contributions

The Agency is to contribute such amounts as are necessary to maintain the actuarial soundness of the Plan and to provide the Plan with assets sufficient to meet the benefits to be paid to the members. All members who participate are required to contribute 4% to 6% of their covered salary to the Plan.

For the fiscal year ended September 30, 2015, the Agency was required to make contributions of \$141,061 or 26.82% of covered payroll to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of September 30, 2014. The Agency contributed \$141,061 to the Plan during fiscal year 2015.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – At September 30, 2015, the Agency reported a liability of \$526,316 or 0.91% as its proportionate share of the City’s net pension liability.

For the year ended September 30, 2015, the Agency recognized pension expense of \$181,799. At September 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 36,585
Changes in Assumptions	34,755	-
Net Difference Between Projected and Actual Earnings on Pension Investments	493,611	
Total	\$ 528,366	\$ 36,585

Net deferred outflows and inflows of resources at September 30, 2015, related to pensions will be recognized in pension expense in future periods as follows:

Year Ended September 30:		
2016	\$	122,386
2017		122,589
2018		123,403
2019		123,403
	\$	491,781

Actuarial assumptions - The total pension liability was determined by an actuarial valuation and measurement date as of September 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Inflation	3.25%
Salary Increases	4.00% to 9.50% depending on age, including inflation
Investment Rate of Return	7.55%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected to all future years after 2000 using Scale AA.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap Equity	40.0%	11.1%
SMid Cap Equity	5.0%	12.5%
Small Cap Equity	5.0%	9.8%
International Equity	15.0%	7.1%
Emerging Markets Equity	15.0%	9.6%
Real Estate	5.0%	9.7%
Timber	5.0%	8.4%
Fixed Income	10.0%	6.2%
Total	<u>100.00%</u>	

Discount rate - This single discount rate was based on the expected rate of return on Pension Plan investments of 7.55%. The projection of cash flows used to determine this single discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Pension Plan investments (7.55%) was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's proportionate share of the net pension liability to changes in the discount rate - The Agency's proportionate share of the net pension liability has been calculated using a discount rate of 7.55%. The following presents the Agency's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate:

	1% Decrease 6.55%	Current Discount Rate 7.55%	1% Increase 8.55%
Proportionate Share of the Collective Net Pension Liability	\$ 1,119,744	\$ 526,316	\$ 23,175

Summary Pension Plan Information:

	<u>Agency's Pension Plan Information</u>
Net Pension Liability	\$ 526,316
Deferred Outflows of Resources	528,366
Deferred Inflows of Resources	36,585
Pension Expense	181,799

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial report.

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

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B) Defined Contribution Plans

1. General Employees Defined Contribution Plan

The General Employees Defined Contribution Plan is a single-employer defined contribution plan administered by the City, which covers all Agency employees hired on or after October 1, 2007, except police and fire. The Agency contribution requirement of 9% on earnings of participants was paid on a biweekly basis and amounted to \$12,103 for the current year. Employee contributions are neither required nor permitted under the plan. Employees become fully vested in the plan upon entry. These benefit provisions and all other requirements are established by City ordinance.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended September 30, 2015, the Agency implemented the requirements of GASB Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”.

The effect of the change in accounting principle resulted in an increase of \$7,762 in governmental activities. A reconciliation for net position from the 2014 financial statements to beginning net position as reported on the 2015 financial statements is as follows:

Beginning net position	\$ 79,356,060
Change in accounting principle, GASB 68	7,762
Beginning net position as restated	<u>\$ 79,363,822</u>

NOTE 9 – FUTURE COMMITMENTS

The Agency currently has the following future commitments included in the City’s Community Investment Plan (CIP) segregated by the specific redevelopment area:

<u>CRA Area</u>	<u>Amount</u>
Central Beach	\$ 23,565,530
Northwest-Progresso-Flagler Heights	16,346,789
Central City	1,314,511
	<u>\$ 41,226,830</u>

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NOTE 10 – ACCOUNTING AND REPORTING CHANGES

New Accounting Pronouncements

Implemented

In June 2012, the GASB issued Statement No. 68, “Accounting and Financial Reporting for Pensions”. This Statement replaces the requirements of GASB Statement No. 27 and Statement No. 50, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB Statement 68 requires governments providing defined benefit pensions to recognize their long term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions of this Statement are effective for the Agency’s fiscal year ending September 30, 2015. See Note 8 – Prior Period Adjustment for financial impact.

In January 2013, the GASB issued Statement No. 69, “Government Combinations and Disposals of Government Operations”. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. This Statement also requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this Statement are effective for the Agency’s fiscal year ended September 30, 2015, with earlier application being encouraged. It was determined that this Statement did not have an impact on the financial statements.

In November 2013, the GASB issued Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68 and are effective for the Agency’s financial year ending September 30, 2015. See Note 8 – Prior Period Adjustment for financial impact.

***REQUIRED
SUPPLEMENTARY
INFORMATION***

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

Budget Basis

For the Year Ended September 30, 2015

	SPECIAL REVENUE FUND			
	Original Budget	Final Budget	Actual Amounts	Variance with Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 4,485,378	\$ 4,485,378	\$ 4,485,378	\$ -
Intergovernmental Revenues:				
Broward County	5,888,483	5,888,483	5,893,203	4,720
North Broward Hospital District	1,902,553	1,902,553	1,723,127	(179,426)
Children's Services Council	529,126	529,126	527,781	(1,345)
Miscellaneous:				
Interest Income	34,084	34,084	84,785	50,701
Other Miscellaneous Revenues	157,468	157,468	151,675	(5,793)
Total Revenues	<u>12,997,092</u>	<u>12,997,092</u>	<u>12,865,949</u>	<u>(131,143)</u>
EXPENDITURES				
Current:				
Economic Environment	12,264,850	12,322,363	11,205,982	1,116,381
Total Expenditures	<u>12,264,850</u>	<u>12,322,363</u>	<u>11,205,982</u>	<u>1,116,381</u>
Excess of Revenues Over Expenditures	<u>732,242</u>	<u>674,729</u>	<u>1,659,967</u>	<u>985,238</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(12,703,470)	(12,703,470)	(12,703,470)	-
Proceeds from Debt Issuance	-	7,544,568	7,544,568	-
Total Other Financing Sources and (Uses)	<u>(12,703,470)</u>	<u>(5,158,902)</u>	<u>(5,158,902)</u>	<u>-</u>
Net change in Fund Balance	<u>\$ (11,971,228)</u>	<u>\$ (4,484,173)</u>	<u>(3,498,935)</u>	<u>\$ 985,238</u>
Fund Balance - Beginning			<u>12,930,953</u>	
Fund Balance - Ending			<u>\$ 9,432,018</u>	
Comparison of Budget to Actual Results				
Statement of Revenues, Expenditures and Changes in Fund Balance - Ending Balance			\$ 9,835,599	
Basis of accounting adjustments				
Encumbrances as of September 30, 2015			<u>(403,581)</u>	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual			<u>\$ 9,432,018</u>	

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FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

GENERAL EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years*
(Dollar amounts in thousands)

	<u>2015</u>
Agency's proportion of the net pension liability (asset)	0.91%
Agency's proportionate share of the net pension liability (asset)	\$ 526,316
Agency's covered-employee payroll	\$ 526,022
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100.06%
Plan fiduciary net position as a percentage of the total pension liability	90.51%

* This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF FORT LAUDERDALE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AGENCY CONTRIBUTIONS

GENERAL EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years*
(Dollar amounts in thousands)

	<u>2015</u>
Actuarially Determined Contribution	\$ 141,061
Actual Contribution	<u>141,061</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Agency's Covered-employee Payroll	\$ 526,022
Contributions as a Percentage of Covered-employee Payroll	26.82%

* This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Data

The Agency follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted.
3. Prior to October 1, the budget is legally enacted.
4. The level of control (level at which expenditures may not exceed budget) is the department. The City Manager is authorized to transfer budgeted amounts within departments of any fund. The City Commission must approve any revisions that alter the total expenditures of any department.
5. Annual budgets are adopted for all governmental funds except the capital project funds. The original and final budgets, as presented, include re-appropriated encumbrances of the prior year. The budgets have been adopted on a basis consistent with GAAP with the following exceptions: Budgetary expenditures include GAAP expenditures adjusted for encumbrances at September 30, 2015. Unencumbered balances of appropriations lapse at year-end.

The reported budgetary data represents the final approved budget after amendments adopted by the Agency. Individual amendments were not material in relation to the original adopted budget.

As of September 30, 2015, there were no material violations of budgetary requirements.

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

To the Honorable Mayor,
City Commission and City Manager
City of Fort Lauderdale, Florida
Fort Lauderdale, 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 Fort Lauderdale Community Redevelopment Agency (the Agency) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 10, 2016.

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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as finding 2012-006 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of 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*.

The Agency's Responses to Findings

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control 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 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.



Crowe Horwath LLP

Fort Lauderdale, Florida
March 10, 2016

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Fort Lauderdale, Florida)

SCHEDULE OF FINDINGS

YEAR ENDED SEPTEMBER 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency identified not considered to be material weakness	Yes
Noncompliance material to financial statements noted	No

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency

2012-006 IT Controls

Criteria: Information systems controls should reasonably assure that electronic information is not compromised by unauthorized access to systems and that access is granted only as needed for individuals within the entity to perform their assigned responsibilities while maintaining adequate segregation of duties.

Condition: We noted the following with respect to the City's information systems:

SumTotal (formerly Cyborg)

During our review of SumTotal access we noted the following:

- Five employees with user accounts having access to source code and the UNIX account allowing them to both modify source code and move changes into production. In addition, there are no production monitoring controls. The lack of controls increases the risk of inappropriate or unauthorized changes being moved into production.
- Five accounting users have access to modify source code within the system. Only authorized IT employees should have the ability to modify source code.

Cash Cloud

We noted one individual user account and one group account that have administrator access allowing them to modify source code and move changes into production. In addition, there are no production monitoring controls in place to detect inappropriate activity. We also noted the same employee is Windows administrator and a database administrator, allowing the individual full access to the application, operating system and database.

Context: Not applicable

Cause: Select individuals have access to modify and move changes into production resulting in a lack of controls and segregation of duties.

Effect: Individuals could modify source code and move into production without the proper approvals.

FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Fort Lauderdale, Florida)

SCHEDULE OF FINDINGS

YEAR ENDED SEPTEMBER 30, 2015

Significant Deficiency

2012-006 IT Controls (Continued)

Recommendation: Our recommendations are as follows:

SumTotal (formerly Cyborg)

We recommend that management improve the user administration process to ensure that user access is restricted to only those employees that require such access for their job responsibility and to ensure that terminated employees are removed in a timely manner. Additionally, management should implement controls to restrict users from having the ability to modify source code and move changes into production and also implement monitoring controls to track changes that are moved into production.

Cash Cloud

We recommend that management restrict users from having the ability to modify source code and move changes into production. Additionally, management should implement monitoring controls to track changes that are moved into production to reduce the risk of inappropriate changes going undetected.

Management's
Response:

SumTotal - User access will be reviewed by the SumTotal Administrator and super user access (double star security) will be removed from all users except the users within IT with legitimate need for Administrative access. Other users requiring write access will be placed into security groups which enforce least privilege access dependent on specific job duties.

Sumtotal - SumTotal Administrator will be notified via electronic notification when an employee is no longer with the City of Fort Lauderdale. The notification will provide details of user access and various application accounts, including SumTotal, that need to be disabled. The electronic notification will also be provided to Human Resources, Finance, for proper deactivation of account access for separated employees. For tracking purposes of user disabled accounts an Excel spreadsheet with email for backup will be maintained by the appropriate IT staff.

Sum Total Source Code Access – A built-in HPUX utility will be configured to monitor file system changes. The Security Analysts will review the policy around the configuration and monitoring of this tool.

Cash Cloud Source Code Access – A Windows tool will be purchased, installed, and tested by September 2016 to track file system changes on these servers. The Security Analysts will review the policy around the configuration and monitoring of this tool.

Cash Cloud Source Code Access- The database will be moved to another server under the direct control of the Database Administrator. Windows Administration will be moved under the control of the Systems Administrator, leaving control of the application to the Web Engineer for modification and maintenance, adhering to proper segregation of duties.

SumTotal/Cash Cloud- All audit findings will be remediated by September 30, 2016.

To the Honorable Mayor,
City Commission and City Manager
City of Fort Lauderdale, Florida
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the financial statements of the Fort Lauderdale Community Redevelopment Agency (the Agency) as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 10, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's 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, the Schedule of Findings, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 10, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

There were no prior year findings to report.

Official Title and Legal Authority

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

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations. Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Fort Lauderdale, Florida
March 10, 2015

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTION 218.415, *FLORIDA STATUTES***

To the Honorable Mayor,
City Commission and City Manager
City of Fort Lauderdale, Florida
Fort Lauderdale, Florida

We have examined the Fort Lauderdale Community Redevelopment Agency's (the "Agency") compliance with Section 218.415, *Florida Statutes*, concerning the investment of public funds during the year ended September 30, 2015. Management is responsible for the Agency's compliance with those 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 and, accordingly, included examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.



Crowe Horwath LLP

Fort Lauderdale, Florida
March 10, 2016



**City of Fort Lauderdale
Community Redevelopment Agency (CRA)**

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