



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

## **Financial Report**

For the Year Ended September 30, 2015



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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Hallandale Beach Community Redevelopment Agency  
(A Component Unit of the City of Hallandale Beach, Florida)  
For the Year Ended September 30, 2015  
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**FINANCIAL SECTION**



## **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Executive Director  
**Hallandale Beach Community Redevelopment Agency**

### *Report on the Financial Statements*

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

### *Management's Responsibility for the Financial Statements*

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

### *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 previously present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the CRA, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the CRA recorded a prior period adjustment to properly account for the Hazard Mitigation Grant, as well as to properly present the assets held for resale. 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 and analysis and budgetary comparison information on pages 4 - 10 and 28 - 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 CRA's internal control over financial reporting and compliance.

*Marcum LLP*

Fort Lauderdale, Florida  
June 30, 2016





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

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**For the Year Ended September 30, 2015**  
**Management's Discussion and Analysis**

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This section of the report presents our discussion and analysis of the performance of the Hallandale Beach Community Redevelopment Agency (CRA) during the year that ended September 30, 2015. Please read it in conjunction with the CRA's financial statements, which follow this section.

### **Financial Highlights**

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by \$25.9 million (net position). Of this amount, \$7.6 million (unrestricted net position) may be used to meet the CRA's ongoing obligations to citizens and creditors.
- The CRA's total net position increased by \$1.8 million over the course of this year's operations.
- The CRA's operating fund reported an ending fund balance of \$7.5 million, a reduction of \$3.1 million from the prior year restated beginning fund balance of \$10.6 million.

### **Overview of the Financial Statements**

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

### **Basic Financial Statements**

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

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

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

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

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

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**For the Year Ended September 30, 2015**  
**Management's Discussion and Analysis**

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

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

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

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

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

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

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

Hallandale Beach Community Redevelopment Agency  
(A Component Unit of the City of Hallandale Beach, Florida)  
For the Year Ended September 30, 2015  
Management's Discussion and Analysis

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**Government-Wide Financial Analysis**

The table below presents a summary of net position as of September 30, 2015 and 2014, derived from the government-wide Statement of Net Position:

Net Position (In Thousands)		
Governmental Activities		
	2015	2014
Current and Other Assets	\$ 12,995	\$ 17,534
Capital Assets	29,561	29,510
Total Assets	42,556	47,044
Long-Term Liabilities	11,125	11,911
Other Liabilities	5,448	11,305
Total Liabilities	16,573	22,946
<b>Net Position</b>		
Net Investment in Capital Assets	18,326	17,201
Unrestricted	7,657	6,897
Total Net Position	\$ 25,983	\$ 24,098

As noted earlier, net position may serve, over time, as a useful indication of the CRA's financial position. At the close of the most recent fiscal year, the CRA's assets exceeded its liabilities by \$25.9 million.

The CRA's total net position is divided between unrestricted, at 29.5%, representing resources that are available for spending and net investment in capital assets at 70.5%. Net investment in capital assets reflects the CRA's investment in capital assets reduced by the amount of outstanding related liabilities used to acquire or construct these assets. Although the capital assets are shown net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

The CRA's current and other assets decreased by \$4.5 million from the previous year. The decrease was attributable to a decrease of \$8.5 million in cash and equivalents, a decrease of \$1.4 million in investments, a decrease of \$313,700 in due from City, and an increase of \$5.8 million in assets held for sale. Current liabilities decreased by \$5.5 million from the previous year due to a reduction in the amount owed to the City as of September 30, 2015.

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**For the Year Ended September 30, 2015**  
**Management's Discussion and Analysis**

The table below presents a summary of changes in net position for the years ended September 30, 2015 and 2014, as derived from the government-wide statement of activities:

<b>Changes in Net Position (In Thousands)</b>		
<b>Governmental</b>		
<b>Activities</b>		
	<b>2015</b>	<b>2014</b>
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$ 303	\$ 29
General Revenues:		
Property taxes	3,606	3,543
Intergovernmental revenue	4,339	3,904
Other revenue	798	407
Total Revenue	9,046	7,883
<b>Expenses:</b>		
General government	116	115
Public safety	2,177	2,085
Economic environment	6,102	6,551
Interest	708	985
Total Expenses	9,103	9,736
Change in Net Position	(56)	(1,853)
Net Position, Beginning as restated	26,039	25,951
Net Position, Ending	\$ 25,983	\$ 24,098

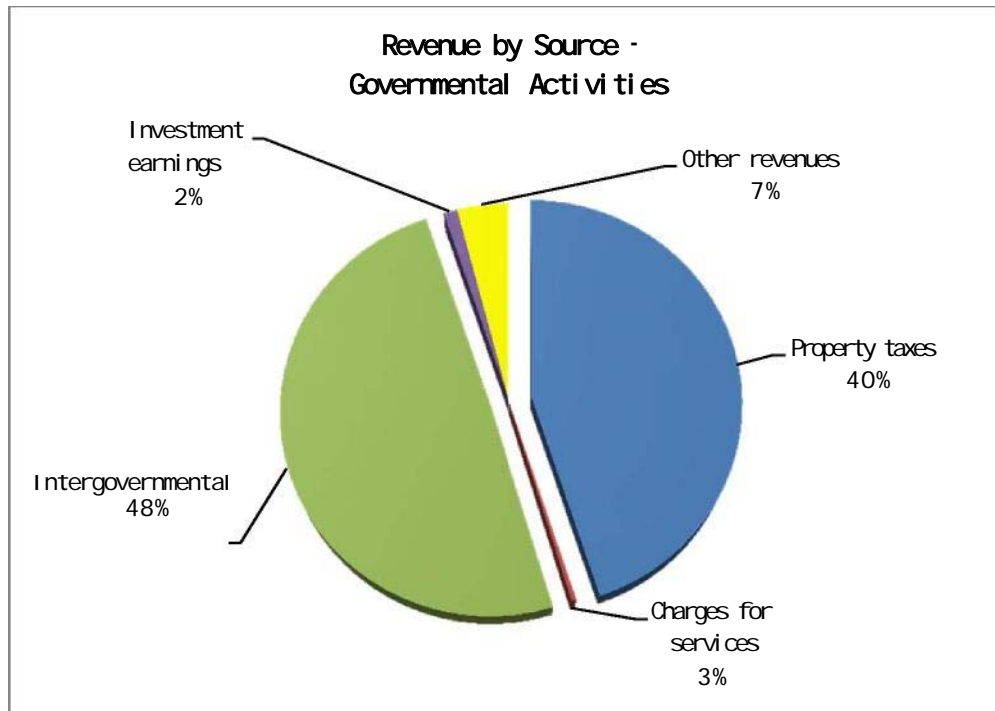
**Governmental activities**

Governmental activities decreased the CRA's net position by \$56,000, while in 2014 the reduction was \$1.8 million. Key elements to this change in net position are as follows:

- Economic environment program expenses were \$6.1 million; this represents a decrease of \$448,000 from the prior year, due mainly to amounts spent in FY15 for the In-Fill Housing Phase 2.
- Increase in public safety costs of approximately \$92,000 compared to 2014

Hallandale Beach Community Redevelopment Agency  
(A Component Unit of the City of Hallandale Beach, Florida)  
For the Year Ended September 30, 2015  
Management's Discussion and Analysis

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#### Financial Analysis of the CRA General Fund

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

The focus of the CRA's *general fund* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the CRA's financing requirements. In particular, *unassigned fund* balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The CRA's general fund reported an ending fund balance of \$7.5 million, a decrease of \$3.1 million from the prior year's restated ending fund balance. The fund balance is categorized to indicate whether it is not available for new spending because it represents resources that are non-spendable (\$7.8 million) and an unassigned fund deficit of (\$312,000).

The fund balance of the CRA fund decreased from operations by \$3.1 million during the fiscal year. Comparisons to prior year results include:

- A 1.8% or \$63,000 increase in the CRA's portion of the City's ad valorem tax revenue;
- A 11.1% or \$435,000 increase in Tax Increment Financing revenue from outside agencies;
- Other revenues increased by \$276,000 due mostly to loan repayments of approximately \$270,000.

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**For the Year Ended September 30, 2015**  
**Management's Discussion and Analysis**

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- Economic environment program expenditures were \$5.5 million; this represents an increase of \$671,000 compared to the previous fiscal year, due mainly to amounts spent in FY15 for the In-Fill Housing Phase 2 project.
- Public safety expenditures decreased by \$91,000 compared to the prior year, due mainly to a reduction in amounts expended towards the Memorandum of Understanding (MOU) agreements for Community Involvement Unit (CIU), Community Action Team (CAT), Project Management Services, Transit Services and Planning & Zoning.
- Capital Outlay decreased by \$3.7 million compared to the previous fiscal year. The reduction was attributable to a decrease in capital expenditures for parks, streets, and drainage improvements during fiscal year 2015.

**Budgetary Highlights**

Differences between the CRA's original budget and the final amended budget consist only of encumbrances and unexpended project budget amounts rolled forward from the prior to the current fiscal year. There was one subsequent amendment of \$193,233 derived from project savings to provide funding for additional Land Acquisition expenses.

**Capital Assets and Debt Administration**

**Capital assets.** As of September 30, 2015 and 2014, the CRA had \$29.5 million and \$29.5 million, respectively, invested in a variety of capital assets, as reflected in the following schedule:

**Capital Assets**  
**(In Thousands, Net of Depreciation)**  
**Governmental Activities**

	2015	2014*
Land	\$ 18,849	\$ 20,798
Construction in progress	4,774	7,289
Buildings	243	259
Improvements other than buildings	4,946	763
Vehicles and equipment	49	78
Infrastructure	700	323
<b>Total</b>	<b>\$ 29,561</b>	<b>\$ 29,510</b>

\* Amounts listed for fiscal year 2014 governmental activities above do not include the restatement in capital assets as explained in Note 6, Capital Assets.

Major capital asset events during the year included:

- \$2 million was added to construction in progress for various projects such as: Moffitt House Relo/Renov, Schoolhouse Restoration, Ansin Blvd Sidewalk Design, Wayfinding Signage Complete Streets, I-95 HBB Aesthetics Improvements and Hazard Mitigation SW/NE Drainage.

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

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**For the Year Ended September 30, 2015**  
**Management's Discussion and Analysis**

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**Long-term liabilities.** As of year-end, the CRA had \$11.0 million in estimated future principal payments to be transferred to the City. This compares with \$11.9 million in the prior year. The decrease was the result of making a \$798,000 principal payment during the year.

The long-term principal payments expected to be allocated to the CRA are summarized below. Additional information can be found in Note 9 Long-Term Liabilities:

**Allocation to CRA of Principal on Long-Term Debt**  
**(In Thousands)**  
**Governmental Activities**

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	<u>2015</u>	<u>2014</u>
Principal Allocation	\$ 11,097	\$ 11,895

**Contacting the CRA's Financial Management**

This financial report is designed to provide residents, taxpayers, customers and creditors with a general overview of the CRA's finances and to demonstrate the CRA's accountability. If you have questions about this report or need additional information, contact the Chief Financial Officer, 400 South Federal Highway, Hallandale Beach, Florida 33009.





## **BASIC FINANCIAL STATEMENTS**

Hallandale Beach Community Redevelopment Agency  
(A Component Unit of the City of Hallandale Beach, Florida)  
Statement of Net Position  
September 30, 2015

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 4,393,664
Loans receivable, net of allowances	1,252,948
Due from City	741,064
Assets held for resale	6,607,600
Capital assets, nondepreciable	23,623,442
Capital assets, net of accumulated depreciation	5,937,323
Total Assets	42,556,041
 <b>Liabilities</b>	
Accounts payable and accrued liabilities	680,117
Due to the City (Note 8)	4,767,433
 Noncurrent liabilities:	
Due within one year	839,800
Due in more than one year	10,285,744
Total Liabilities	16,573,094
 <b>Net Position</b>	
Net investment in capital assets	18,325,537
Unrestricted	7,657,410
Total net position	\$ 25,982,947

See Notes to Financial Statements

Hallandale Beach Community Redevelopment Agency  
(A Component Unit of the City of Hallandale Beach, Florida)  
Statement of Activities  
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenue Charges For Services	Net (Expense) Revenue and Changes in Net Position Total Government Activities
Governmental activities:			
General government	\$ 115,664	\$ --	\$ (115,664)
Public safety	2,177,026	--	(2,177,026)
Economic environment	6,102,120	302,845	(5,799,275)
Interest on long-term debt	707,807	--	(707,807)
<b>Total governmental activities</b>	<b>\$ 9,102,617</b>	<b>\$ 302,845</b>	<b>\$ (8,799,772)</b>

General revenue:	
Property taxes	3,605,781
Intergovernmental revenue (not restricted to specific programs)	4,339,182
Unrestricted investment earnings	200,056
Other revenue	798,580
Total general revenue	<u>8,743,542</u>
Change in net position	(56,230)
Net position – beginning as previously reported	24,098,161
Prior period adjustment (Note 13)	1,941,016
Net position – beginning as restated	<u>26,039,177</u>
Net position- ending	<u><u>\$ 25,982,947</u></u>

See Notes to Financial Statements

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**Balance Sheet - General Fund**  
**September 30, 2015**

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**Assets**

Cash	\$	4,393,664
Loans receivable, net of allowances		1,252,948
Due from City		741,064
Assets held for resale		6,607,600
Total assets	\$	<u>12,995,276</u>

**Liabilities and Fund Balance**

**Liabilities:**

Accounts payable and accrued liabilities	\$	680,117
Due to the City (Note 8)		<u>4,767,433</u>
Total liabilities		<u>5,447,550</u>

**Fund Balance:**

Non-spendable:

Assets held for resale		6,607,600
Long-term loans receivable		1,252,948

Unassigned:

		<u>(312,822)</u>
Total Fund Balance		<u>7,547,726</u>
Total Liabilities and Fund Balance	\$	<u>12,995,276</u>

See Notes to Financial Statements

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**Reconciliation of the Governmental Fund**  
**Balance Sheet to the Statement of Net Position**  
**September 30, 2015**

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**Total fund balance - governmental fund** **\$ 7,547,726**

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 general fund.

Governmental capital assets	\$ 30,647,409	
Less accumulated depreciation	<u>1,086,644</u>	29,560,765

Long-term liabilities are not due and payable in the current period and therefore are not reported in the general fund.

Allocation of principal on 2007A bonds	(11,097,200)	
Compensated absences	<u>(28,344)</u>	<u>(11,125,544)</u>

Net position of governmental activities		<u><u>\$ 25,982,947</u></u>
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See Notes to Financial Statements

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - General Fund**  
**For the Year Ended September 30, 2015**

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**Revenues:**

Property taxes	\$ 3,605,781
Intergovernmental	4,339,182
Charges for services	302,845
Investment earnings	200,056
Other revenues	598,521
Total revenues	9,046,385

**Expenditures:**

Current:

Public Safety	2,170,518
Economic environment	5,514,407

Debt Service:

Principal	798,000
Interest	707,807

Capital outlay

	2,935,159
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Total expenditures	12,125,891
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<b>Net Change in Fund Balance</b>	<b>(3,079,506)</b>
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Fund balance, beginning, as previously reported	6,498,493
Prior period adjustment (Note 13)	4,128,739
Fund balance, beginning, restated	10,627,232
Fund balance, ending	\$ 7,547,726

See Notes to Financial Statements

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

**Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental  
Fund to the Statement of Activities  
For The Year Ended September 30, 2015**

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Net change in fund balance - total governmental fund	\$ (3,079,506)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their useful lives as depreciation expense. In the current period, these amounts are:	
Capital outlay	\$ 2,935,159
Capital outlay transferred to City	(546,234)
Depreciation expense	(150,624)
	<hr/>
	2,238,301
Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:	
Payment to the City for bond principal	798,000
The change in compensated absence balances during the year has no effect on the expenditures in the governmental fund. The change is reported in the statement of activities.	<hr/>
	(13,025)
Change in net position of governmental activities	<hr/> <hr/> <u>\$ (56,230)</u>

See Notes to Financial Statements



## **NOTES TO BASIC FINANCIAL STATEMENTS**



**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**Notes to Financial Statements**

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

**A. Financial Reporting Entity**

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

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

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

The governmental fund financial statements (the General Fund) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

**D. Deposits**

The CRA considers cash on hand, cash with fiscal agents, and overnight investments with original maturities of less than three months to be cash and cash equivalents. In addition, the CRA'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. Interest earned on pooled cash and investments is allocated to the CRA based on average monthly balances. The CRA also maintains its own cash account which is used for the majority of CRA transactions.

**E. Investments**

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

**F. Receivables**

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

**G. Assets Held for Resale**

The assets held for resale represent properties purchased or acquired by the CRA with the express intent to resell. These properties are recorded at purchase cost (which approximates fair value), or if donated or foreclosed, at appraised value.

**H. Capital Assets**

Capital assets, including land, buildings and improvements, infrastructure, intangibles, and vehicles and equipment, are reported in the government-wide financial statements. Capital assets are those that have a useful life of greater than one year and a value of greater than \$1,000. Capital assets are stated at cost in the government-wide financial statements. Donated capital assets are stated at their fair value on the date contributed. Depreciation is recorded in the government-wide statements as an operating expense for all assets meeting the CRA's capitalization threshold. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but are expensed as incurred.

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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

**I. Compensated Absences**

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

**J. Long-Term Obligations**

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

**K. Fund Balance/Net Position**

In fund financial statements, the general fund reports fund classifications that comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints imposed on the use of resources reported. Amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Directors through a resolution are classified as committed fund balances. These constraints remain binding unless removed or changed in the same manner employed to commit those resources by resolution. Amounts that are constrained by the CRA's intent to be used for specific purposes, however, are neither restricted, nor committed are classified as assigned fund balances. Assignments are approved by the Board of Directors through adoption of the budget. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General fund. When both restricted and unrestricted fund balances are available for use, it is the CRA's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

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

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

The restricted category, if any, represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position represents resources that are available for spending.

**L. Use of Estimates**

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

**M. Risk Management**

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

**N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense /expenditure) until then. The CRA has no items that qualify for reporting in this category in the current year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The CRA has no items that qualify for reporting in the category in the current year.

**Hallandale Beach Community Redevelopment Agency  
(A Component Unit of the City of Hallandale Beach, Florida)  
Notes to Financial Statements**

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**Note 2. Tax Increment Revenue**

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

**Note 3. Deposits and Investments**

Cash balances of the CRA consist of the following at September 30, 2015:

Deposits with financial institutions	\$ 4,393,664
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Deposits: At September 30, 2015, the carrying amount of the Hallandale Beach Community Redevelopment Agency's bank deposits was \$4,393,664. These are defined as public deposits. All CRA public deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from 25% to 200% depending upon the depository's financial condition and the length of time that the depository has been established. All collateral must be deposited with an approved financial institution. Any losses to public depositors resulting from insolvency are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessment against other qualified public depositories of the same type as the depository in default. The CRA's bank balances were insured either by the federal depository insurance or collateralized in the bank's participation in the Florida Security for Public Deposits Act.

**Hallandale Beach Community Redevelopment Agency  
(A Component Unit of the City of Hallandale Beach, Florida)  
Notes to Financial Statements**

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**Note 3. Deposits and Investments (Continued)**

The CRA follows the City's investment policy which is in accordance with Florida Statute 218.415. The policy authorizes investments in certificates of deposit, obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, money market mutual funds, state and local government debt, corporate notes, and pooled investments of the SBA. In addition, the City's policy limits overall investment in any one issuer to 5% or less, except for United States Government Agencies, Federal Instrumentalities and Interest Bearing Time Deposits or Savings Accounts. The CRA did not hold any investment securities as of September 30, 2015.

**Note 4. Loans Receivable**

The CRA assists homeowners with loans for making exterior repairs and improvements to single-family residential properties up to \$30,000 and multi-family properties up to \$50,000. The CRA also assists commercial property owners with loans up to \$200,000 for exterior rehabilitation, expansion and or relocation costs. Loans receivable for the CRA fund, with the related allowance for uncollectible amounts, as of September 30, 2015 is as follows:

Governmental Activities		
CRA Loans	\$	1,368,730
Less: allowance for uncollectibles		(115,782)
Loans receivable, net	\$	1,252,948

**Note 5. Assets Held for Resale**

**Affordable Housing Loan Program**

The CRA assists homebuyers with the cost of construction of a new single family home or the purchase of an existing home, condominium or townhouse by providing a lump sum of \$25,000 or \$50,000 (or up to 50% of the purchase price, whichever is less). Loans are also approved for various types of home repairs. Repayment is not required if the resident remains in the home until the completion of ten years. The CRA does not report these amounts in their financial statements due to the uncertainty as to the date or amount of future collections. Assets held for resale consist of properties available for affordable housing.

During the year, the CRA restated the beginning fund balance of the governmental fund in the amount of \$3.9 million to properly reflect the balance of Assets Held for resale as of September 30, 2015. Activity for the year ended September 30, 2015 is summarized in the following table:

	Beginning Balance	Additions	Deletions	Ending Balance
Assets held for resale	\$ 4,727,566	2,077,923	197,889	\$6,607,600

**Hallandale Beach Community Redevelopment Agency  
(A Component Unit of the City of Hallandale Beach, Florida)  
Notes to Financial Statements**

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**Note 6. Capital Assets**

The following is a summary of capital asset activity for the year ended September 30, 2015:

	Beginning Balance	Additions and Transfers	Deletions	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	(1) \$ 18,610,061	\$ 239,139	\$ -	\$ 18,849,200
Construction in progress	7,288,565	2,098,656	4,612,979	4,774,242
Total capital assets not being depreciated	<u>25,898,626</u>	<u>2,337,795</u>	<u>4,612,979</u>	<u>23,623,442</u>
<b>Capital assets being depreciated:</b>				
Buildings	326,735	-	-	326,735
Improvements other than buildings	1,056,719	4,272,182	-	5,328,901
Vehicles and equipment	620,006	3,817	-	623,823
Infrastructure	356,397	388,111	-	744,508
Total capital assets being depreciated	<u>2,359,857</u>	<u>4,664,110</u>	<u>-</u>	<u>7,023,967</u>
Less accumulated depreciation for:				
Buildings	67,368	16,337	-	83,705
Improvements other than buildings	293,937	88,810	-	382,847
Vehicles and equipment	541,604	33,717	-	575,321
Infrastructure	33,111	11,760	-	44,771
Total accumulated depreciation	<u>936,020</u>	<u>150,624</u>	<u>-</u>	<u>1,086,644</u>
Total capital assets being depreciated, net	<u>1,423,837</u>	<u>4,513,486</u>	<u>-</u>	<u>5,937,323</u>
Governmental activities capital assets, net	<u>\$ 27,322,463</u>	<u>\$ 6,851,281</u>	<u>\$ 4,612,979</u>	<u>\$ 29,560,765</u>

(1) This amount was reduced by \$2,187,723 to account for the properties reclassified to property held for resale in the Hallandale Beach Community Redevelopment Agency.

Depreciation expense was charged to function/programs of the CRA as follows:

Governmental activities:	
General government	\$ 115,664
Public safety	6,508
Economic environment	28,452
Total depreciation expense, governmental activities	<u>\$ 150,624</u>

Hallandale Beach Community Redevelopment Agency  
(A Component Unit of the City of Hallandale Beach, Florida)  
Notes to Financial Statements

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**Note 7. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities for the CRA as of September 30, 2015 were as follows:

Vendor payables	\$	652,953
Retainage payable		27,164
<b>Total payables</b>	<b>\$</b>	<b>680,117</b>

**Note 8. Due to the City**

Amounts due to the City consist of \$4,767,433 for the payment of administrative fees approved based on a memorandum of understanding (MOU) effective October 1, 2014 as well as various expenditures paid by the City's pooled cash account and not yet reimbursed by the CRA back to the City.

**Note 9. Long-Term Liabilities**

Long-term liabilities consist mainly of the allocation of the CRA's portion of principal due on the City's 2007A bonds. This is based on the percentage of bond proceeds spent on park lands that lie within the boundaries of the CRA. Future principal payments are to be re-allocated as the ratio of CRA to non-CRA spending is accumulated. When the bond proceeds are fully expended, the ratio over the life of the bond issue is expected to be approximately 76% and 24% for CRA and non-CRA properties, respectively.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Long-term liabilities:					
Principal allocation	\$ 11,895,200	\$ -	\$ 798,000	\$ 11,097,200	\$ 839,800
Compensated absences	15,318	44,496	31,471	28,344	-
Long-term liabilities	<u>\$ 11,910,518</u>	<u>\$ 44,496</u>	<u>\$ 829,471</u>	<u>\$ 11,125,544</u>	<u>\$ 839,800</u>



**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**Notes to Financial Statements**

**Note 9. Long-Term Liabilities (Continued)**

A summary of expected annual transfers to the City for debt service as of September 30, 2015 is as follows:

Year Ending September 30,	Revenue Bonds Series 2007A		
	Principal	Interest	Total
2016	\$ 839,800	\$ 655,500	\$ 1,495,300
2017	881,600	613,510	1,495,110
2018	927,200	569,430	1,496,630
2019	969,000	528,865	1,497,865
2020	1,014,600	485,260	1,499,860
2021-2025	3,770,000	1,205,235	4,975,235
2026-2027	2,695,000	273,875	2,968,875
	\$ 11,097,200	\$ 4,331,675	\$ 15,428,875

**Note 10. Pension Plan**

**Money-Purchase Plan and Trust**

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

The CRA's contributions were calculated using the covered payroll amount of \$258,791. In fiscal year 2015, the CRA's contribution amounted to \$26,145 or 10.1% of current covered payroll.

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

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**Notes to Financial Statements**

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**Note 11. Deposits and Withdrawals**

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from the Community Redevelopment Agency Funds (CRA) for the year ended September 30, 2015:

	Deposits	Withdrawals
Source of deposits:		
Tax increment revenues-Hallandale Beach	\$ 3,605,781	\$ -
Tax increment revenues-other agencies	4,339,182	-
Loan repayments	344,016	-
Loan application fees	35,702	-
Investment income	200,056	-
Other revenue	521,648	
Salaries and benefits	-	527,533
Materials and supplies	-	6,580
Repairs and maintenance	-	6,084
Community redevelopment programs	-	941,069
Grants to community organizations	-	214,488
Professional and outside services	-	2,974,906
Other service charges	-	56,360
Subsidized loan programs	-	1,383,227
Administrative charges	-	236,281
Capital outlay	-	2,935,159
Reimbursement for debt service	-	1,505,807
Reimbursement for capital projects	-	1,338,398
	\$ 9,046,385	\$ 12,125,891

**Hallandale Beach Community Redevelopment Agency  
(A Component Unit of the City of Hallandale Beach, Florida)  
Notes to Financial Statements**

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**Note 12. Commitments**

Construction and purchase commitments: The CRA has active construction and economic development projects as of September 30, 2015. The projects include park development, street and beautification projects, and stormwater drainage improvements. As of September 30, 2015, the CRA's significant commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment	Total Project Cost
Drainage improvements	\$ 2,661,778	\$ -	\$ 2,661,778
Street and beautification projects	186,049	32,109	218,158
Parks & Recreation/Open Spaces projects	3,749,264	-	3,749,264
Other projects	2,839,228	269,162	3,108,390
<b>Total</b>	<b>\$ 9,436,319</b>	<b>\$ 301,271</b>	<b>\$ 9,737,590</b>

**Note 13. Prior Period Adjustment**

During the year, the CRA restated the beginning fund balance of the governmental fund in the amount of \$216,713 to properly account for prior year's Hazard Material Grant activity and in the amount of \$3.9 million to properly state the balance of Assets Held for Resale as of September 30, 2015 for a total General Fund restatement of \$4.1 million. At the government wide financial statements, the CRA restated its beginning net position in the amount of \$1.9 to correct the capital assets beginning balance in order to reclassify certain properties to Assets held for resale.

**Note 14. Subsequent Event**

On November 18, 2015, the CRA issued the Redevelopment Revenue Note, Series 2015, in the amount of \$15,400,000 for the purpose of financing certain redevelopment projects in accordance with the CRA's community redevelopment plan including the improvement of O.B. Johnson Park. The Revenue Note 2015 is subject to a fixed interest rate equal to 2.72% per annum and is secured by pledged revenues. Pledged revenues consist primarily of Increment Revenues and Water Public Service Tax Revenues. The principal and interest on the Note shall be paid annually each February 1, commencing February 1, 2016, until the Note is paid in full. The Note matures on February 1, 2026.



**REQUIRED SUPPLEMENTARY INFORMATION**

Hallandale Beach Community Redevelopment Agency  
(A Component Unit of the City of Hallandale Beach, Florida)  
Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund  
Budget and Actual  
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 21,500	\$ 21,500	\$ 302,845	\$ 281,345
Intergovernmental	4,348,827	4,339,182	4,339,182	-
Investment earnings	1,804,000	1,804,000	200,056	(1,603,944)
Other revenues	853,753	853,753	536,577	(317,176)
Total revenues	7,028,080	7,018,435	5,378,660	(1,639,775)
<b>Expenditures:</b>				
Personal services	541,536	549,281	527,533	21,748
Operating expenditures	5,092,067	10,719,365	4,221,277	6,498,088
Grants and aids	2,835,000	3,411,213	1,597,715	1,813,498
Capital outlay	3,706,286	7,086,428	2,935,161	4,151,267
Total expenditures	12,174,889	21,766,287	9,281,686	12,484,601
Deficiency of revenues under expenditures	(5,146,809)	(14,747,852)	(3,903,026)	10,844,826
<b>Other financing sources (uses):</b>				
Transfers in (1)	3,614,827	3,614,827	3,667,725	52,898
Transfers out (2)	(1,505,923)	(1,505,923)	(2,844,205)	(1,338,282)
Total other financing sources (uses)	2,108,904	2,108,904	823,520	(1,285,384)
Net change in fund balance	\$(3,037,905)	\$(12,638,948)	\$(3,079,506)	\$ 9,559,442
Appropriated Fund Balance	\$ 3,037,905	\$ 12,638,948		

(1) For GAAP reporting, budget transfers in were presented as property tax revenue.

(2) For GAAP reporting, budget transfers out were presented as debt service and operating expenditures.

See Notes to Required Supplementary Information

**Hallandale Beach Community Redevelopment Agency**  
**(A Component Unit of the City of Hallandale Beach, Florida)**  
**Notes to Required Supplementary Information**

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**Budgetary Data**

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

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

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

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

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

During the year the Board passes a resolution to increase the budget for anticipated projects, most of which were not completed during the current fiscal year.



## **REPORTING SECTION**

**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 Executive Director  
**Hallandale Beach Community Redevelopment Agency**

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

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the CRA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the CRA's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses items 2014-002 and 2015-001 to be material weaknesses.



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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2014-001 to be a significant deficiency.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***CRA's Response to Findings***

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

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Fort Lauderdale, FL  
June 30, 2016

**HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**I - PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS**

The following addresses the status of prior year financial statement findings reported in the year ended September 30, 2014 Schedule of Findings and Responses.

***MATTERS THAT ARE REPEATED IN THE ACCOMPANYING SCHEDULE OF FINDINGS AND RESPONSES***

- 2014 - 001 -Loans Receivables
- 2014 - 002 -Bank Reconciliations

***MATTERS THAT ARE NOT REPEATED IN THE ACCOMPANYING SCHEDULE OF FINDINGS AND RESPONSES***

- 2014 - 003 – Internal Control over Financial Reporting Procedures

**HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**MATERIAL WEAKNESSES**

***2014-002 BANK RECONCILIATIONS***

***Criteria***

Prudent practice would dictate that a formal bank reconciliation be performed and reviewed each month prior to the end of the following month with the appropriate review and sign off as evidence of the completeness, accuracy and timeliness of the reconciliation. Performing timely monthly bank reconciliations reduces the risk that errors, fraud or misuse of funds could go undetected and/or uncorrected.

***Condition***

During our audit for the year ended September 30, 2015, we selected three (3) months of bank reconciliations for the Hallandale Beach Community Redevelopment Agency (the HBCRA) bank account; July 2015, August 2015 and September 2015, and noted that the July 2015 and the August 2015 reconciliations were not prepared or reviewed timely. All three of the reconciliations selected were prepared on October 29, 2015 and reviewed on October 30, 2015. In addition, based on our inquiries, the bank reconciliations for the months of October 2014 through June 2015, were also not prepared in a timely manner.

***Cause***

There is a lack of adequate internal control over financial close and reporting as it relates to the bank reconciliation process.

***Effect***

Without bank reconciliations being prepared and reviewed timely for accuracy and completeness, HBCRA would not know if the cash position is accurate and whether or not there were errors, fraud or misuse of funds.

***Recommendation***

We strongly recommend the HBCRA implement internal controls associated with the preparation and review of bank reconciliations that will ensure reconciliations are prepared and reviewed on a monthly basis. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time-consuming to reconcile accounts while transactions and activity are current. We recommend that the bank accounts be reconciled and reviewed each month within 30 days of the month end.

**HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**MATERIAL WEAKNESSES (CONTINUED)**

***2014-002 BANK RECONCILIATIONS (CONTINUED)***

***Views of Responsible Officials and Planned Corrective Action***

The bank reconciliations for FY 2015 lagged in their completion as a result of competing priorities for completing the FY 2014 audit and preparing the FY 2016 Annual Budget. HBCRA hired a consultant to assist with completing the FY 2015 bank reconciliations from October 2014 to June 2015. The Fiscal Operations Manager completed the bank reconciliations for July thru September 2015 in October 2015.

HBCRA recognizes the critical nature of bank reconciliations to ensure accurate knowledge of the Agency's cash position at any given time. Procedures have been established requiring bank reconciliations to be completed monthly and also includes that they be reviewed and approved by the Associate Controller. It should be noted that the HBCRA Board approved a new Accounting Clerk III position as part of the FY 2016 budget. This new position will be primarily responsible for completing bank reconciliations, with oversight performed by the Fiscal Operations Manager. The new Accounting Clerk III was hired in January 2016.

***2015-001 ASSETS HELD FOR RESALE***

***Criteria***

Expenditures incurred in a governmental fund to acquire property that is intended to be resold, should not be reported as expenditures in the current year. These properties should be capitalized and reported as Assets Held for Resale at both the fund level and the government-wide level. These properties should not be presented as capital assets as it is not the HBCRA's intent to retain these properties.

***Condition***

During our audit of property held for resale and capital assets, significant audit adjustments were required to properly present the account balances.

- The beginning balance presented for Land in the HBCRA capital assets was reduced by \$2,187,723. This amount was composed of:
  - \$1,376,326 that was reclassified to assets held for resale as of the beginning of the year.
  - \$809,485 which was transferred to assets held for resale in prior year however the amount had not been properly removed from capital assets
  - \$1,918 which was a capital asset sold in the prior year that was erroneously included in capital assets.

**HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**MATERIAL WEAKNESSES (CONTINUED)**

***2015-001 ASSETS HELD FOR RESALE (CONTINUED)***

- The assets held for resale were increased by \$1,639,698 in order to reclassify amounts erroneously recorded as expenditures during the year.
- A prior period adjustment was recorded to assets held for resale in the amount of \$3,912,026 in order to record:
  - \$2,672,239 of property that was paid by the HBCRA and erroneously included in the capital assets of the City.
  - \$1,376,326 of capital assets that should have been categorized as assets held for resale.
  - (\$136,539) reduction in property held for resale due to costs capitalized that should have been expensed.
- Assets held for resale were increased by \$190,305 due to construction in progress associated with assets held for resale that should have been accrued as of year-end.

***Cause***

A lack of adequate internal control and policies and procedures over the tracking, monitoring, reconciliation, and accounting of transactions incurred for assets held for resale resulted in inaccurate financial reporting in both the City and the HBCRA financial statements.

***Effect***

The net effect of the adjustments described above amounted to an increase of \$5,742,029 to assets held for resale and a decrease of \$2,187,723 capital assets of the HBCRA.

***Recommendation***

We recommend the City and HBCRA improve internal controls over the acquisition and record keeping process for assets held for resale. The City and the CRA should review property records for all property owned by each entity to ensure they are properly titled and recorded.

***Views of Responsible Officials and Planned Corrective Action***

Acknowledged. During the year end closing process, HBCRA staff reviewed the Broward County Property Appraiser's (BCPA) website to ensure that properties (land) owned by the CRA were correctly recorded. During this search, HBCRA staff found approximately 20 properties that were listed with HBCRA as the property owner, but were not included in the CRA's list of assets.

**HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**MATERIAL WEAKNESSES (CONTINUED)**

***2015-001 ASSETS HELD FOR RESALE (CONTINUED)***

HBCRA staff and City staff conducted a very comprehensive research of the BCPA and internal records to determine which properties were owned by the HBCRA and which properties were owned by the City. At the conclusion of this extensive review, properties owned by the HBCRA were accurately recorded as Assets Held for Resale.

To ensure that CRA purchases are accounted for properly in the future, land that is classified as Assets Held for Resale will be accounted for in the City's fixed asset module under a separate asset classification, Assets Held for Resale. In addition, all documents related to the transaction, including HBCRA Board action documenting intent of the purchase, will be scanned and uploaded as part of the asset record. Standard Operating Procedures will be established requiring that after any acquisition or disposition of real property for the HBCRA, the Real Estate Coordinator will formally notify the CRA Fiscal Operation Manager, Chief Financial Officer, Associate Controller, and Accountant (s) of such transaction. The CRA Fiscal Operations Manager will update the annual Asset Held for Resale Roll-forward schedule to add properties acquired or remove properties that have been disposed by the HBCRA. The CRA Fiscal Operations Manager will work with the Associate Controller to ensure the journal entries are made to record the acquisition or disposition to the General Ledger in the Munis System.

**SIGNIFICANT DEFICIENCY**

***2014-001 LOANS RECEIVABLE***

***Criteria***

The aged receivables report and the new loans report (the AutoPal Reports), the two reports generated from the new Autopal loan software, should be reconciled to loan receivables schedules maintained by the HBCRA in order to ensure that all loans are properly monitored and reported. Monitoring of the applicable compliance requirements for loans should be performed throughout the year and evidence of the monitoring procedures should be maintained by the HBCRA.

**HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**SIGNIFICANT DEFICIENCY (CONTINUED)**

***2014-001 LOANS RECEIVABLE (CONTINUED)***

***Condition***

Our audit of the loans receivable related to the HBCRA revealed the following inconsistencies between the AutoPal Reports and the separate loans receivable schedules being maintained by the HBCRA:

- There were two (2) new loans for fiscal year 2015 identified on the loans receivable schedules that were not included on the AutoPal Reports. An entry in the amount of \$5,712 was necessary to record these new loans.
- There were eleven (11) new loans noted on the new loans report that were not on the aged receivables report. This occurs when loans are not entered into the AutoPal system on the date the loan is funded.
- There was a commercial loan that was not funded until February 2016 and as such, should have not been included as a loan receivable at September 30, 2015. An entry in the amount of \$198,771 was necessary to eliminate this loan from the loan balance presented as of September 30, 2015.

During our audit, we also noted that certain monitoring in the area of eligibility requirements were not being verified and documented and certain loan records were not being properly maintained.

***Cause***

A lack of adequate internal control over the monitoring and tracking of loans resulted in inaccurate record keeping of the HBCRA loans. In addition, a lack of adequate internal control over the processing of the loan transactions resulted in inaccurate Autopal Reports and loans receivable schedule.

***Effect***

As a result of the condition identified, Marcum noted that the HBCRA had overstated their loans receivable by approximately \$193,000.

**HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**SIGNIFICANT DEFICIENCY (CONTINUED)**

***2014-001 LOANS RECEIVABLE (CONTINUED)***

***Recommendation***

We recommend that the HBCRA improve internal controls over the tracking, monitoring and record keeping process for loans issued to residents and City businesses. The HBCRA should maintain up-to-date records for loans and reconcile the amounts reported between the AutoPal Reports and the loan receivable schedules.

***Views of Responsible Officials and Planned Corrective Action***

Acknowledged. HBCRA Staff responsible for entering the 13 new residential loans in the new AutoPal Loan Servicing Software (CRA Specialist) failed to complete this task in a timely manner. The new loans that were approved for funding in FY 2015 were not entered into AutoPal prior to September 30, 2015; which caused these 13 loans to not be included in the loans receivable report that was extracted from AutoPal for the FY 2015 Audit.

During FY 2015, HBCRA staff was still familiarizing themselves with the new AutoPal software. The question of the timing for entering new loans has been addressed with staff. Standard Operating Procedures will be implemented which provides that new closed loans will be entered into AutoPal within 30 days after closing and within the appropriate Fiscal Year that funded the loan.

The commercial loan that was not funded until October 2015 was a very complex loan which experienced long delays between the HBCRA attorney and the loan customer to complete the closing process. Once closing was completed, the loan recipient faced difficulties with obtaining Building Permits, which almost caused the loan recipient to cancel the loan. It should be noted that although the loan was closed in FY 2015, the loan proceeds were not disbursed until the following fiscal year. Once the permitting issues were resolved, the loan applicant proceeded with the process and HBCRA Business Development Coordinator disbursed the approved loan proceeds.

Along with other Standard Operating Procedures (SOP) within HBCRA, this program will also reflect procedures which outline that commercial loan recipients will have up to 60 days to close on the loan and accept funding. SOP's will also require that the Fiscal Operations Manager must sign off on approved loan files (both Residential and Commercial Programs) using an Action Form and verify that these loan files have been entered into AutoPal in a timely manner.



**HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF HALLANDALE BEACH, FLORIDA)**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**SIGNIFICANT DEFICIENCY (CONTINUED)**

***2014-001 LOANS RECEIVABLE (CONTINUED)***

***Views of Responsible Officials and Planned Corrective Action (continued)***

The proposed SOP's will also establish regular monitoring of loan program compliance. Both the CRA Specialist and the Business Development Coordinator will monitor all active CRA loans on a quarterly basis to ensure compliance with program eligibility requirements. For the residential loans, the CRA Specialist will verify with the Broward County Property Appraiser that the residential loan customers still own (and declare as homestead) the respective properties. For the business loans, the Business Development Coordinator will also verify that each business for the commercial loans are still active businesses and provide documentation of such to the respective loan files.

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

To the Board of Directors and Executive Director  
**Hallandale Beach Community Redevelopment Agency**

***Report on the Financial Statements***

We have audited the financial statements of the Hallandale Beach Community Redevelopment Agency (the CRA), as of and for the year ended September 30, 2015, and have issued our report thereon dated June 30, 2016.

***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 Reports and Schedule***

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*; Schedule of Findings and Responses and Independent Accountants' 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 June 30, 2016, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below.

<b>Tabulation of Uncorrected Audit Findings</b>		
<b><i>Current Year Finding #</i></b>	<b><i>2013-14 FY Finding #</i></b>	<b><i>2012-13 FY Finding #</i></b>
<b><i>2014-001</i></b>	<b><i>2014-001</i></b>	<b><i>N/A</i></b>
<b><i>2014-002</i></b>	<b><i>2014-002</i></b>	<b><i>N/A</i></b>

### ***Official Title and Legal Authority***

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

### ***Financial Condition***

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures to the City of Hallandale Beach as a whole, which included the CRA as a blended component unit. It is management's responsibility to monitor the CRA's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment was done as of the year end.

### ***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 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  
June 30, 2016

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

To the Board of Directors and Executive Director  
**Hallandale Beach Community Redevelopment Agency**

We have examined the Hallandale Beach Community Redevelopment Agency's compliance with Section 218.415 Florida Statutes during the year ended September 30, 2015. Management is responsible for the Hallandale Beach Community Redevelopment Agency's compliance with those requirements. Our responsibility is to express an opinion on the Hallandale Beach Community Redevelopment 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 Hallandale Beach Community Redevelopment 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 Hallandale Beach Community Redevelopment Agency's compliance with specified requirements.

In our opinion, the Hallandale Beach Community Redevelopment Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of management, the Board of Directors, others within the Hallandale Beach Community Redevelopment Agency and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum LLP*

Fort Lauderdale, Florida  
June 30, 2016