

# *CITY OF FORT LAUDERDALE*

## OFFICE OF THE CITY AUDITOR

*Community Redevelopment Agency Annual Financial Report for the  
Fiscal Year Ended September 30, 2020*

*Report #20/21-03*

March 3, 2021



## Memorandum

Memo No: 20/21-04

Date: March 3, 2021

To: Audit Advisory Board

From: John Herbst, CPA, CGFO, CGMA  
City Auditor

Re: Community Redevelopment Agency Annual Financial Report for the Fiscal Year Ended September 30, 2020

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The City Auditor's Office recommends acceptance of Crowe LLP's audit of the City of Fort Lauderdale's Community Redevelopment Agency Annual Financial Report for the Fiscal Year Ended September 30, 2020 (CRAAFR).

We applied certain limited procedures during our review of the draft CRAAFR including, Management's Discussion and Analysis (MD&A), Basic Financial Statements (Government-wide financial statements, fund financial statements, and notes to the financial statements), and Required Supplemental Information (budgetary comparison schedule and related notes).

Our limited procedures review is to provide additional objective analysis, to add value, and improve transparency of disclosures by providing recommendations to promote accountability to the public. It is not intended to be a re-performance of the audit work conducted by the external auditors.

A limited procedure review of the draft CRAAFR consists principally of applying analytical procedures and making inquiries of persons responsible for financial, accounting, and operational matters. A limited procedure review ordinarily does not contemplate (a) tests of accounting records through inspection, observation, or confirmation, (b) obtaining corroborating evidential matter in response to inquiries, or (c) the application of certain other procedures ordinarily performed during an examination. It is substantially less in scope than an examination, the objective of which is the expression of an opinion on the presentation. Accordingly, we do not express such an opinion.

During our review we made several recommendations to improve the accuracy and completeness of both reported amounts and footnote disclosures. We are pleased to note that management has generally concurred with our recommendations and incorporated them in the final report.

I would like to express my appreciation to the staff of the Finance Department for their hard work and assistance during our review.



COMMUNITY REDEVELOPMENT AGENCY

# ANNUAL FINANCIAL REPORT

Fiscal Year Ended  
September 30, 2020

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, 2020



# FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

## **CRA BOARD OF COMMISSIONERS**

Dean J. Trantalis, Chair  
Heather Moraitis, Commissioner – District I  
Steven Glassman, Commissioner – District II  
Robert L. McKinzie, Commissioner – District III  
Ben Sorensen, Commissioner – District IV

## **ADMINISTRATION**

Chris Lagerbloom, Executive Director  
John Herbst, City Auditor  
Jeffrey A. Modarelli, Secretary  
Alain E. Boileau, General Counsel  
Clarence Woods III, CRA Manager

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Chair of the Board  
Board of Commissioners and Executive Director  
Fort Lauderdale Community Redevelopment Agency  
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, 2020, 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, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule on pages 3 to 8 and 30 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2021 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 the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Crowe LLP

Fort Lauderdale, Florida  
March 3, 2021

## **FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020**

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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, 2020. 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 (City), Broward County (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 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 comprise 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, 2020**

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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 three (3) individual governmental fund types. 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 is the Budgetary Comparison Schedule on page 30.

## FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020

### 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		Increase/ (Decrease)	
	2020	2019	Amount	Percent
<b>Assets</b>				
Current and Other Assets	\$ 74,337	\$ 81,021	\$ (6,684)	-8.25%
Capital Assets (Net)	73,843	54,551	19,292	35.37%
<b>Total Assets</b>	148,180	135,572	12,608	9.30%
<b>Liabilities</b>				
Current and Other Liabilities	6,313	7,453	(1,140)	-15.30%
Long-Term Liabilities	3,910	4,622	(712)	-15.40%
<b>Total Liabilities</b>	10,223	12,075	(1,852)	-15.34%
<b>Net Position</b>				
Net Investment in Capital Assets	69,221	49,239	19,982	40.58%
Restricted	68,736	74,258	(5,522)	-7.44%
<b>Total Net Position</b>	\$ 137,957	\$ 123,497	\$ 14,460	11.71%

#### CONDENSED CHANGES IN NET POSITION (in thousands)

	Governmental Activities		Increase/ (Decrease)	
	2020	2019	Amount	Percent
<b>Revenues</b>				
Program Revenues:				
Operating Grants and Contributions	\$ 23,179	\$ 21,270	\$ 1,909	8.98%
General Revenues:				
Interest Income	454	1,880	(1,426)	-75.85%
Miscellaneous	1	24	(23)	-95.83%
<b>Total Revenues</b>	23,634	23,174	460	1.98%
<b>Expenses</b>				
Economic Environment	9,026	22,449	(13,423)	-59.79%
Interest on Long-Term Debt	148	171	(23)	-13.45%
<b>Total Expenses</b>	9,174	22,620	(13,446)	-59.44%
<b>Change in Net Position</b>	14,460	554	13,906	2510.11%
<b>Beginning Net Position</b>	123,497	122,943	554	0.45%
<b>Ending Net Position</b>	\$ 137,957	\$ 123,497	\$ 14,460	11.71%

## FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

### MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2020, 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, 2020 (in thousands):

	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 74,337	\$ 81,021
Current and Other Liabilities	<u>6,313</u>	<u>7,453</u>
Net Current Assets	<u>\$ 68,024</u>	<u>\$ 73,568</u>
Ratio	11.77	10.87

#### 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 Agency's fund balance at September 30, 2020 was \$62.1 million, a decrease of \$5.5 million from the prior year balance of \$67.6 million. The Special Revenue Fund is used to account for the operating activities of the Agency. Operating revenues for FY2020 totaled \$23.6 million and operating expenditures totaled \$26.8 million (including encumbrances of \$19.2 million).

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 SEPTEMBER 30, 2020

A summary of the operations of the Special Revenue Fund (on a budget basis), including a comparison to the approved budget, is as follows:

	SPECIAL REVENUE FUND			Variance with Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>REVENUES</b>				
Intergovernmental Revenues:				
City of Fort Lauderdale	\$ 8,861,230	\$ 8,914,198	\$ 8,883,022	\$ (31,176)
Broward County	11,228,848	11,228,848	11,191,227	(37,621)
North Broward Hospital District	2,115,004	2,115,004	2,108,086	(6,918)
Children's Services Council	1,000,140	1,000,140	996,870	(3,270)
Interest Income	-	-	453,594	453,594
Miscellaneous	-	-	1,050	1,050
<b>Total Revenues</b>	<b>23,205,222</b>	<b>23,258,190</b>	<b>23,633,849</b>	<b>375,659</b>
<b>EXPENDITURES</b>				
Current:				
Economic Environment	27,524,247	27,512,575	26,782,071	730,504
<b>Total Expenditures</b>	<b>27,524,247</b>	<b>27,512,575</b>	<b>26,782,071</b>	<b>730,504</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(4,319,025)</b>	<b>(4,254,385)</b>	<b>(3,148,222)</b>	<b>1,106,163</b>
<b>OTHER FINANCING (USES)</b>				
Transfers (out)	(8,208,169)	(10,010,583)	(10,010,583)	-
<b>Total Other Financing (Uses)</b>	<b>(8,208,169)</b>	<b>(10,010,583)</b>	<b>(10,010,583)</b>	<b>-</b>
<b>Net change in Fund Balance</b>	<b>\$ (12,527,194)</b>	<b>\$ (14,264,968)</b>	<b>\$ (13,158,805)</b>	<b>\$ 1,106,163</b>

The Agency approved the conveyance of property in the Northwest-Progresso-Flagler Heights area to promote the implementation of the CRA's Redevelopment Plan. The Agency conveyed the properties for the purpose of creating stable communities, enhancing the quality of life and improving the aesthetic and useful enjoyment of the redevelopment area through the elimination of slum and blight. The loss on the conveyance of property totaled \$638,835.

For more detailed budget information, please see the Budgetary Comparison Schedule in Required Supplementary Information on page 30.

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.

## **FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020

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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. This area was due to sunset on September 30, 2020, however in agreement with Broward County the term of the area was extended for a period of up to three years to complete public improvement projects in progress. No taxing authority shall have any tax increment financing obligation to this area after December 31, 2019.

**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 \$19.3 million in FY2020. Additional information about the Agency's capital assets can be found in Note 4 to these financial statements.

### **Debt Administration**

At the end of the current fiscal year, the Agency had a Tax Increment Revenue Note outstanding of \$4,622,000. Additional information about the Agency's long-term debt can be found in Note 6 to these financial statements.

### **ECONOMIC OUTLOOK**

In December 2019 a respiratory disease caused by a novel strain of coronavirus was detected in China. The disease has since spread to other countries, including the United States of America, producing sickness and deaths in these places. The disease was declared a Public Health Emergency of International Concern on January 30, 2020 and named "COVID-19" on February 11, 2020, each by the World Health Organization. Currently, no proven cure or effective treatment exists for COVID-19, however multiple vaccines to limit contraction of the disease have been approved by the U.S. Food and Drug Administration. Agency staff is constantly evaluating the impact of this unprecedented situation on the Agency's financial position and there was no material effect to the Agency's operations in FY2020. While the magnitude and duration of this pandemic remain unclear, through strategic financial planning and proactive measures, the Agency is managing the impacts of this emergency. The Agency will continue to monitor and assess revenue and expenditure trends to ensure the level of available funds is commensurate with the level of risk associated with our revenue and expenditure variability. Please see page 28 for more information on COVID-19.

### **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.

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***BASIC FINANCIAL  
STATEMENTS***

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

*BASIC FINANCIAL STATEMENTS*

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**STATEMENT OF NET POSITION**  
**September 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 56,277,871
Investments	6,182,727
Accounts Receivable (Net)	2,356
Accrued Interest Receivable	2,940
Due from Other Governments	6,699,685
Properties Held for Resale	5,171,764
Capital Assets Not Being Depreciated	
Land	2,051,784
Construction in Progress	19,255,815
Capital Assets, Net of Accumulated Depreciation	
Buildings	224,943
Improvements	42,588,918
Infrastructure	9,098,415
Machinery, Equipment and Vehicles	622,914
<b>Total Assets</b>	<b>148,180,132</b>
<b>LIABILITIES</b>	
Accounts Payable	5,468,961
Deposits	71,205
Accrued Interest Payable	61,049
Long-Term Liabilities:	
Due Within One Year	712,000
Due in More Than One Year	3,910,000
<b>Total Liabilities</b>	<b>10,223,215</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	69,220,789
Restricted for:	
Redevelopment Projects	67,284,053
Debt Service	1,452,075
<b>Total Net Position</b>	<b>\$ 137,956,917</b>

*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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**STATEMENT OF ACTIVITIES**  
**For Fiscal Year Ended September 30, 2020**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues Operating Grants and Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>
			<b>Governmental Activities</b>
<b>Primary Government</b>			
Governmental Activities:			
Economic Environment	\$ 9,025,601	\$ 23,179,205	\$ 14,153,604
Interest on Long-term Debt	148,574	-	(148,574)
<b>Total Governmental Activities</b>	<b>\$ 9,174,175</b>	<b>\$ 23,179,205</b>	<b>14,005,030</b>
General Revenues:			
Interest Income			453,594
Miscellaneous			1,050
<b>Total General Revenues</b>			<b>454,644</b>
		Change in Net Position	14,459,674
		Net Position - Beginning	123,497,243
		Net Position - Ending	<b>\$ 137,956,917</b>

*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, 2020**

	Major Funds			Total CRA Funds
	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 21,125,951	\$ 1,513,124	\$ 33,638,796	\$ 56,277,871
Investments	-	-	6,182,727	6,182,727
Accounts Receivable (Net)	2,356	-	-	2,356
Other receivables	2,940	-	-	2,940
Due from Other Governments	6,699,685	-	-	6,699,685
Properties Held for Resale	5,171,764	-	-	5,171,764
<b>Total Assets</b>	<b>\$ 33,002,696</b>	<b>\$ 1,513,124</b>	<b>\$ 39,821,523</b>	<b>\$ 74,337,343</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 237,114	\$ -	\$ 5,231,847	\$ 5,468,961
Deposits	-	-	71,205	71,205
<b>Total Liabilities</b>	<b>237,114</b>	<b>-</b>	<b>5,303,052</b>	<b>5,540,166</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	6,699,685	-	-	6,699,685
<b>Total Deferred Inflows of Resources</b>	<b>6,699,685</b>	<b>-</b>	<b>-</b>	<b>6,699,685</b>
Fund Balances:				
Restricted for:				
Redevelopment Projects	26,065,897	-	34,518,471	60,584,368
Debt Service	-	1,513,124	-	1,513,124
Total Restricted	26,065,897	1,513,124	34,518,471	62,097,492
<b>Total Fund Balances</b>	<b>26,065,897</b>	<b>1,513,124</b>	<b>34,518,471</b>	<b>62,097,492</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 33,002,696</b>	<b>\$ 1,513,124</b>	<b>\$ 39,821,523</b>	<b>\$ 74,337,343</b>

*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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RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
September 30, 2020

<b>Total fund balances of governmental funds</b>		<b>\$ 62,097,492</b>
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.		<b>73,842,789</b>
Unavailable revenue that meets the criteria for recognition in the statement of activities		<b>6,699,685</b>
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Notes Payable	\$ (4,622,000)	
Accrued Interest Payable	(61,049)	<b>(4,683,049)</b>
	<hr/>	<hr/>
<b>Total net position of governmental activities</b>		<b><u>\$ 137,956,917</u></b>

*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, 2020**

	Major Funds			Total CRA Funds
	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
<b>REVENUES</b>				
Intergovernmental Revenues				
City of Fort Lauderdale	\$ 8,883,022	\$ -	\$ -	\$ 8,883,022
Broward County	11,191,227	-	-	11,191,227
North Broward Hospital District	2,108,086	-	-	2,108,086
Children's Services Council	996,870	-	-	996,870
Interest Income	453,594	-	-	453,594
Miscellaneous	1,050	-	-	1,050
<b>Total Revenues</b>	<b>23,633,849</b>	<b>-</b>	<b>-</b>	<b>23,633,849</b>
<b>EXPENDITURES</b>				
Economic Environment	7,545,661	-	57,546	7,603,207
Principal	-	690,000	-	690,000
Interest and Fiscal Charges	-	157,688	-	157,688
Capital Outlay	-	-	20,714,484	20,714,484
<b>Total Expenditures</b>	<b>7,545,661</b>	<b>847,688</b>	<b>20,772,030</b>	<b>29,165,379</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>16,088,188</b>	<b>(847,688)</b>	<b>(20,772,030)</b>	<b>(5,531,530)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	888,078	9,122,505	10,010,583
Transfers (Out)	(10,010,583)	-	-	(10,010,583)
<b>Total Other Financing Sources (Uses)</b>	<b>(10,010,583)</b>	<b>888,078</b>	<b>9,122,505</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>6,077,605</b>	<b>40,390</b>	<b>(11,649,525)</b>	<b>(5,531,530)</b>
<b>Fund Balances - Beginning</b>	<b>19,988,292</b>	<b>1,472,734</b>	<b>46,167,996</b>	<b>67,629,022</b>
<b>Fund Balances - Ending</b>	<b>\$ 26,065,897</b>	<b>\$ 1,513,124</b>	<b>\$ 34,518,471</b>	<b>\$ 62,097,492</b>

*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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**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, 2020**

**Net change in fund balances of governmental funds** **\$ (5,531,530)**

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	\$ 20,714,484	
Depreciation Expense	<u>(1,422,394)</u>	<b>19,292,090</b>

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.

Change in Accrued Interest Payable	<b>9,114</b>
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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 repayment of the principal of long-term debt.

<b>690,000</b>
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<b>Change in net position of governmental activities</b>	<b><u>\$ 14,459,674</u></b>
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*The notes to the financial statements are an integral part of the financial statements.*



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# FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

## BASIC FINANCIAL STATEMENTS

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### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

#### **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, capital projects and debt service 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.

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(Continued)

# FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

## BASIC FINANCIAL STATEMENTS

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### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

**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.

**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 Executive Director is authorized to transfer budgeted amounts within departments of any fund. The CRA Board 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, 2020. Unencumbered balances of appropriations lapse at year-end.

As of September 30, 2020, there were no material violations of budgetary requirements.

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(Continued)

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

*BASIC FINANCIAL STATEMENTS*

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**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020**

**D. Deposits and Investments**

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. Investments are stated at fair value. Income from investments held by the individual funds is recorded in the respective fund as it is earned.

**E. Receivables**

Receivables are reported net of allowances for uncollectible accounts 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.

**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 governmental activities column 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 of capital assets received from federal, state or local sources are recorded as contributions when received and are stated at acquisition 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

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(Continued)

# FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

## BASIC FINANCIAL STATEMENTS

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### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

#### I. Revenues

##### Intergovernmental Revenue

The Agency's primary source of revenue is tax increment funds collected from the City, Broward County, North Broward Hospital District and the Children's Services Council deposited into the Community Redevelopment Trust Fund. These entities levy ad valorem property taxes within the legally defined redevelopment area of the Agency. The tax increment revenue is calculated by applying the adopted millage rate to the increase in current year taxable assessed valuations 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 Agency receives all taxes assessed on the incremental increase of \$15,000. Revenues generated by improvements in the Agency districts are to be reinvested in the district to continue to spur redevelopment.

Assessed values are established by the Broward County Property Appraiser. The assessed property value recognized by the City and Broward County includes the second homestead exemption while the North Broward Hospital District does not recognize such exemption. The City, Broward County, North Broward Hospital District and the Children's Services Council are required to pay 95% of these incremental property taxes to the Agency on or before January 1 of each year, otherwise the full amount of the incremental revenue will be due.

##### Program Revenue

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 operating grants or capital grants. 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. 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.

#### K. Deferred Outflows/Inflows of Resources

In addition to assets, both the statement of net position and balance sheet 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 Agency did not report any deferred outflow of resources in the current year.

In addition to liabilities, both the statement of net position and balance sheet 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 Agency only has one type of item, which arises only under modified accrual basis of accounting that qualifies in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from miscellaneous income related to cancelation of the WAVE modern streetcar project. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

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(Continued)

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

*BASIC FINANCIAL STATEMENTS*

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**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020**

**L. 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.

The governmental fund balance in detail as of September 30, 2020 is as follows:

	<u>Governmental Funds</u>
Fund Balances:	
Restricted for:	
Redevelopment Projects	\$ 60,584,368
Debt Service	<u>1,513,124</u>
Total Fund Balance	<u><u>\$ 62,097,492</u></u>

**NOTE 2 – DEPOSITS AND INVESTMENTS**

The Agency maintains a pooled cash and investment fund for the Agency’s operating, debt service, and capital funds. The Agency has elected to follow the City’s investment policy. As of September 30, 2020, the total cash and investments for the Agency was \$62,460,598.

In accordance with Section 218.415, Florida Statutes, the City’s Investment Policy applies to all cash and investments held or controlled by the City and shall be identified as “general operating funds” of the City with the exception of the City’s pension and cemetery funds. The policy was adopted on September 4, 2001 and subsequently amended on July 9, 2019 which applies to the CRA.

Permitted investments, asset allocation limits, issuer limits, credit rating requirements and maturity limits are detailed in the policy in order to protect the City’s cash and investments. The current policy allows for the purchase of the following investments: U.S. government securities, U.S. government agency securities, federal instrumentalities, interest-bearing time deposits or saving accounts, repurchase agreements, commercial paper, corporate notes, bankers’ acceptances, state or local government taxable or tax-exempt debt, City of Fort Lauderdale debt obligations, registered investment companies (money market mutual funds), and intergovernmental investment pools.

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(Continued)

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

*BASIC FINANCIAL STATEMENTS*

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**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020**

**A. Cash and Cash Equivalents**

Custodial Credit Risk - Deposits

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 public deposits be held in a State Qualified Public Depository as defined in Section 280.02, Florida Statutes. At September 30, 2020, \$9,408,869 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 Agency's name.

**B. Investments**

Fair Value Measurement

The Agency categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At September 30, 2020, the CRA's investments totaled \$6,182,727. The CRA has the following fair value measurements as of September 30, 2020:

US Treasury securities of \$310,769 are valued using quoted market prices (Level 1 inputs)

Investments measured at the net asset value (NAV) held in commingled domestic equity funds (1) of \$5,871,958.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commingled Domestic Equity Funds (1)	\$ 5,871,958	\$ -	Daily	1

1. *Commingled Domestic Equity Funds* - consists of a broad range of U.S. dollar denominated money market instruments, including government, U.S. and foreign bank, and commercial obligations and repurchase agreements. The Fund may also invest in mortgage- and asset-backed securities, short-term obligations. The fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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(Continued)



**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

*BASIC FINANCIAL STATEMENTS*

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**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020**

Credit Risk

GASB Statement No. 40 (GASB 40), "Deposit and Investment Risk Disclosures", requires that governments provide information about the credit risk associated with their investments by disclosing the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Custodial Credit Risk - Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party to the transaction, a government may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

All investments were held with third-party custodians as required by the City's investment policies. The amounts in excess of FDIC insurance limits are uncollateralized.

Concentration of Credit Risk

GASB 40, requires disclosure of investments in any one issuer that represent five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools, and other pooled investments. Per this disclosure requirement, two of CRA's investments were with any one single issuer that represents 5% or more of all of the CRA's portfolios.

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(Continued)

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

*BASIC FINANCIAL STATEMENTS*

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**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

In addition, the City’s investment policy establishes limits on portfolio composition, both by investment type and by issuer. The CRA’s investments did not exceed these limits during the year ended September 30, 2020. As of September 30, 2020, the CRA’s portfolios consisted of the following:

<b>Community Redevelopment Agency Portfolio</b>	<b>Amount</b>	<b>Percent of portfolio</b>
U.S. Government Securities	\$ 310,769	100.00%

Interest Rate Risk

Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The CRA manages its portfolios’ exposures to declines in fair value due to rising interest rates by limiting individual investments to maturities of ten (10) years or less from the date of purchase. Also, the overall “weighted average maturity” shall be less than three (3) years. This portfolio uses “weighted average maturity” as measurement of interest rate risk. The following table illustrates the interest rate risk for debt investments:

<b>Community Redevelopment Agency Portfolio</b>	<b>Amount</b>	<b>Weighted Average Maturity (WAM)</b>
U.S. Government Securities	\$ 310,769	0.17

**NOTE 3 – INTER-FUND TRANSFERS**

The composition of inter-fund transfers for the year ended September 30, 2020 was as follows:

<b>Financing Source</b>	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total Transfers In (Out)</b>
Governmental Funds				
Special Revenue Funds	\$ -	\$ 888,078	\$ 9,122,505	\$ 10,010,583
Capital Projects Funds	(10,010,583)	-	-	(10,010,583)
<b>Total Transferred In (Out)</b>	<b>\$ (10,010,583)</b>	<b>\$ 888,078</b>	<b>\$ 9,122,505</b>	<b>\$ -</b>

The Agency transfers funds from the Special Revenue Fund to the debt service fund to meet debt service requirements. Transfers to the capital projects funds of \$9,122,505 provided funding for specific projects within the Community Investment Program. Transfers in to Debt Service Funds of \$888,078 provided for debt repayment.

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(Continued)

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

*BASIC FINANCIAL STATEMENTS*

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE 4 – CAPITAL ASSETS**

**A. Capital Activity**

Capital assets of the Agency as of September 30, 2020, consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 2,051,784	\$ -	\$ -	\$ 2,051,784
Construction in progress	34,683,076	20,714,484	36,141,745	19,255,815
Total capital assets not being depreciated	<u>36,734,860</u>	<u>20,714,484</u>	<u>36,141,745</u>	<u>21,307,599</u>
Capital assets being depreciated				
Buildings	395,999	-	-	395,999
Improvements	10,366,571	35,938,568	-	46,305,139
Infrastructure	15,361,744	193,174	-	15,554,918
Equipment	874,408	10,003	-	884,411
Total capital assets being depreciated	<u>26,998,722</u>	<u>36,141,745</u>	<u>-</u>	<u>63,140,467</u>
Less accumulated depreciation for:				
Buildings	160,328	10,728	-	171,056
Improvements	3,134,684	581,537	-	3,716,221
Infrastructure	5,733,461	723,042	-	6,456,503
Equipment	154,410	107,087	-	261,497
Total accumulated depreciation	<u>9,182,883</u>	<u>1,422,394</u>	<u>-</u>	<u>10,605,277</u>
Total capital assets being depreciated, net	<u>17,815,839</u>	<u>34,719,351</u>	<u>-</u>	<u>52,535,190</u>
 Net Capital Assets	 <u>\$ 54,550,699</u>	 <u>\$55,433,835</u>	 <u>\$ 36,141,745</u>	 <u>\$ 73,842,789</u>

**B. Depreciation Expense**

Included in the government-wide Statement of Activities is depreciation expense for the year ended September 30, 2020, distributed to governmental functions as follows:

Governmental Activities:	
Economic Environment	<u>\$ 1,422,394</u>
Total depreciation expense - governmental activities	<u>\$ 1,422,394</u>

(Continued)

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

*BASIC FINANCIAL STATEMENTS*

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**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020**

**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, property, employment practices, public officials' liability, active shooter, crime, cyber liability, general liability, automobile liability, watercraft liability, airport liability, police professional liability, and certain medical benefits. Settlements have rarely exceeded the retention on these policies for each of the past three fiscal years.

The Agency participates in the City's self-insurance program and made premium payments in the amount of \$13,811. There are no insurance claims payable at September 30, 2020. Refer to the City of Fort Lauderdale, Florida Comprehensive Annual Financial Report (CAFR) for additional disclosure. The CAFR is located on the City's website at [www.fortlauderdale.gov/departments/finance/financial-reports](http://www.fortlauderdale.gov/departments/finance/financial-reports).

**NOTE 6 – LONG-TERM LIABILITIES**

The following is a summary of the long-term obligation transactions of the Agency for the year ended September 30, 2020.

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due within One Year
Tax Increment Revenue Notes, Series 2015	\$ 5,312,000	\$ -	\$ 690,000	\$ 4,622,000	\$ 712,000
	\$ 5,312,000	\$ -	\$ 690,000	\$ 4,622,000	\$ 712,000

On April 9, 2015, the Agency issued CRA Tax Increment Revenue Note, Series 2015 for \$7,603,000. This is considered a direct placement of debt. The proceeds were used to finance costs related to the design and construction of the North Loop of the WAVE modern streetcar project, which was designated for 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, 2020, the Agency's liability for the note totaled \$4,622,000. The note is secured by the Northwest-Progresso-Flagler CRA Trust Fund revenues so long as the Series 2015 note remains outstanding. The ratio of pledged revenue to debt service for the current year was 14.7.

In an event of default in connection with (i) failure to make payment of the principal of or interest on the Series 2015 Note when due and payable or (ii) performance of any covenant, condition, agreement or provision of the Series 2015 Note on the part of the Agency (iii) material misrepresentations or warranty of the Agency contained in the note agreement or (iv) the dissolution or liquidation of the Agency, or filing of bankruptcy or any similar act, the Lender may proceed to protect and enforce its rights under the laws of the State of Florida and under the agreement. Upon occurrence of any event of default, the Series 2015 Note will bear interest at the lesser of (i) 18% or (ii) the maximum rate permitted by law and shall continue until such time the event of default has been cured. In the enforcement of any remedy under the agreement, to the extent permitted by law, the Lender shall be entitled to sue for, enforce payment and receive any and all amounts due from the Agency.

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(Continued)

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

*BASIC FINANCIAL STATEMENTS*

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**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020**

The requirement to repay all long-term debt outstanding as of September 30, 2020 is summarized in the following table:

Year Ending September 30	Governmental Activities	
	Tax Increment Note	
	Principal	Interest
2021	\$ 712,000	\$ 135,232
2022	734,000	112,313
2023	757,000	88,681
2024	781,000	64,303
2025	806,000	39,150
2026	832,000	13,187
	<u>\$ 4,622,000</u>	<u>\$ 452,866</u>

**NOTE 7 – 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	\$ 25,242,449
Northwest Progresso - Flagler Heights	9,433,935
Central City	1,000,000
	<u>\$ 35,676,384</u>

**NOTE 8 – SERVICE AGREEMENT**

As of October 1, 2016, the Agency entered into a service agreement with the City to provide services related to the operations of the CRA that included staffing. The Agency paid the City \$1,881,614 during the fiscal year ended September 30, 2020 under this agreement.

**NOTE 9 – ACCOUNTING AND REPORTING CHANGES**

**New Accounting Pronouncements**

Implemented

In May 2020, the GASB issued Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance”, The primary objective is to provide temporary relief to government and other stakeholders in light of the COVID-19 pandemic. Postponing the effective dates by one year for GASB 83, 84, 88, 89, 09, 91, 92, 93 Implementation Guides 2017-3, 2018-1, 2019-1, 2019-2 and by 18 months for GASB No. 87 and Implementation Guide 2019-3. The provisions of this Statement are effective immediately.

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(Continued)

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

*BASIC FINANCIAL STATEMENTS*

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**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE 10 – CURRENT EVENTS**

In December 2019 a respiratory disease caused by a novel strain of coronavirus was detected in China. The disease has since spread to other countries, including the United States of America, producing sickness and death in the places where it has spread. The disease was declared a Public Health Emergency of International Concern on January 30, 2020 and named “COVID-19” on February 11, 2020, each by the World Health Organization. Currently, no proven cure or effective treatment exists for COVID-19, however multiple vaccines to limit contraction of the disease have been approved by the U.S. Food and Drug Administration to date. The outbreak of COVID-19 has affected travel, commerce and financial markets globally, and is widely expected to have a significant impact on economies worldwide. While the potential future impact of COVID-19 on the CRA cannot be predicted with any reasonable degree of certainty at this time, the continued spread of the disease, containment, and efforts designed to mitigate its effects could negatively impact the financial and operating condition of the Agency.

In FY2020, the Agency did not have any material effects to the major revenue source, tax increment (TIF) revenues. The TIF revenues for the three redevelopment areas totaled \$23,179,205 for FY2020 and \$21,269,899 for FY2019, a 9% upward trend. As a result of the Central Beach district sunset on September 30, 2020, no further TIF revenue will be collected for that area. The Agency anticipates increased TIF revenues based on the FY2021 adopted budgets for the remaining two redevelopment areas. The Northwest-Progresso-Flagler Heights and Central City redevelopment areas estimate increases of 18.4% and 28.8%, respectively. Historically, downturns can drive down house prices and there is an uncertainty regarding commercial properties due to vacancies and shutdowns. Based on this analysis, the Agency anticipates a moderate decrease of approximately 3% in future TIF revenue projections due to long term effects of COVID-19. The Agency will continue to assess spending and ensure the department’s core processes of eliminating slum and blight conditions in the Agency areas are being met.

***REQUIRED  
SUPPLEMENTARY  
INFORMATION***



**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY**

*REQUIRED SUPPLEMENTARY INFORMATION*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – SPECIAL REVENUE FUND  
For the Year Ended September 30, 2020**

	SPECIAL REVENUE FUND			Variance with Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>REVENUES</b>				
Intergovernmental Revenues:				
City of Fort Lauderdale	\$ 8,861,230	\$ 8,914,198	\$ 8,883,022	\$ (31,176)
Broward County	11,228,848	11,228,848	11,191,227	(37,621)
North Broward Hospital District	2,115,004	2,115,004	2,108,086	(6,918)
Children's Services Council	1,000,140	1,000,140	996,870	(3,270)
Interest Income	-	-	453,594	453,594
Miscellaneous	-	-	1,050	1,050
<b>Total Revenues</b>	<b>23,205,222</b>	<b>23,258,190</b>	<b>23,633,849</b>	<b>375,659</b>
<b>EXPENDITURES</b>				
Current:				
Economic Environment	27,524,247	27,512,575	26,782,071	730,504
<b>Total Expenditures</b>	<b>27,524,247</b>	<b>27,512,575</b>	<b>26,782,071</b>	<b>730,504</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(4,319,025)</b>	<b>(4,254,385)</b>	<b>(3,148,222)</b>	<b>1,106,163</b>
<b>OTHER FINANCING (USES)</b>				
Transfers (out)	(8,208,169)	(10,010,583)	(10,010,583)	-
<b>Total Other Financing (Uses)</b>	<b>(8,208,169)</b>	<b>(10,010,583)</b>	<b>(10,010,583)</b>	<b>-</b>
<b>Net change in Fund Balance</b>	<b>\$ (12,527,194)</b>	<b>\$ (14,264,968)</b>	<b>\$ (13,158,805)</b>	<b>\$ 1,106,163</b>
<b>Fund Balance - Beginning</b>			<b>19,988,292</b>	
<b>Fund Balance - Ending</b>			<b>\$ 6,829,487</b>	
<b>Comparison of Budget to Actual Results</b>				
Statement of Revenues, Expenditures and Changes in Fund Balance - Ending Balance			\$ 26,065,897	
Basis of accounting adjustments Encumbrances as of September 30, 2020			(19,236,410)	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual			\$ 6,829,487	

## FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY

### *REQUIRED SUPPLEMENTARY INFORMATION*

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#### **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 Executive Director submits to the CRA Board 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 Executive Director is authorized to transfer budgeted amounts within departments of any fund. The CRA Board 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, 2020. Unencumbered balances of appropriations lapse at year-end.

The Community Redevelopment Agency business incentive program awards funding to encourage private partnerships in undertaking redevelopment projects in target areas within the CRA. Amounts awarded for these programs are encumbered upon approval of an eligible applicant and have been included as an encumbrance in the actual amounts for a total of \$19,236,410.

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, 2020, there were no material violations of budgetary requirements.

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***SUPPLEMENTAL AUDIT  
REPORT***

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 Chair of the Board  
Board of Commissioners and Executive Director  
Fort Lauderdale Community Redevelopment Agency  
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"), a component unit of the City of Fort Lauderdale, Florida, as of and for the year ended September 30, 2020, 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 3, 2021.

### 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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(Continued)

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 LLP

Fort Lauderdale, Florida  
March 3, 2021



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

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