

**MARGATE COMMUNITY
REDEVELOPMENT AGENCY
(a component unit of the City
of Margate, Florida)
FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**



GLSC & COMPANY, PLLC
certified public accountants

MARGATE COMMUNITY REDEVELOPMENT AGENCY
 (a component unit of City of Margate, Florida)
FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Margate Community Redevelopment Agency
(a component unit of the City of Margate, Florida)

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Margate Community Redevelopment Agency (a component unit of the City of Margate, Florida) (the "Agency"), as of and for the year ended September 30, 2014, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of September 30, 2014, 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.

To the Board of Commissioners
Margate Community Redevelopment Agency
(a component unit of the City of Margate, Florida)
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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 20 - 25 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The schedules of revenue, expenditures, and changes in fund balance – budget to actual are presented for purposes of additional analysis, are not a required part of the basic financial statement, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedules of revenue, expenditures, and changes in fund balance – budget to actual are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2015, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

GLSC & Company, PLLC
Miami, Florida

March 4, 2015

GLSC & COMPANY, PLLC
certified public accountants



BASIC

FINANCIAL STATEMENTS

MARGATE COMMUNITY REDEVELOPMENT AGENCY
 (a component unit of the City of Margate, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 16,687,988
Prepayments	2,140
Capital assets:	
Land	24,943,927
Infrastructure	7,538,162
Buildings	4,316,333
Improvements other than building	218,410
Construction in progress	38,152
Total capital assets	<u>37,054,984</u>
Less accumulated depreciation	(2,425,078)
Total capital assets, net	<u>34,629,906</u>
Total assets	<u>51,320,034</u>
<u>LIABILITIES</u>	
Accounts payable	83,764
Accrued interest payable	101,247
Customer deposits	46,666
Due to City of Margate	396,483
Deferred revenue	52,279
Noncurrent liabilities:	
Due within one year	1,519,347
Due in more than one year	<u>11,141,780</u>
Total liabilities	<u>13,341,566</u>
<u>NET POSITION</u>	
Net Investments in capital assets	21,968,779
Restricted for:	
Debt service	956,163
Culture and recreation	546,258
Physical and economic redevelopment	<u>14,507,268</u>
Total net position	<u>\$ 37,978,468</u>

The accompanying notes are an integral part of the financial statements

MARGATE COMMUNITY REDEVELOPMENT AGENCY
 (a component unit of the City of Margate, Florida)
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Program Revenues			Net (Expenses) Revenues and Change in Net Position	
	Charges for Services	Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<u>FUNCTIONS/ PROGRAMS:</u>					
Governmental Activities:					
General government	\$ 473,360	\$ 568,145	\$ -	\$ -	\$ (473,360)
Economic and physical environment	1,442,161	-	-	-	(874,016)
Interest expense	447,360	-	-	-	(447,360)
Total governmental activities	\$ 2,362,881	\$ 568,145	\$ -	\$ -	(1,794,736)
General revenues:					
Taxes:					
Tax increment revenues				4,326,277	
Interest income				50,525	
Miscellaneous income				80,777	
Total general revenues				4,457,579	
Change in net position					
Net position, October 1				2,662,843	
Net position, September 30				35,315,625	
				\$ 37,978,468	

The accompanying notes are an integral part of the financial statements

MARGATE COMMUNITY REDEVELOPMENT AGENCY
 (a component unit of the City of Margate, Florida)
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	Major Governmental Funds					Total Governmental Funds
	General Fund	Capital Improvement Fund	Loan Proceeds Fund	Sinking Fund	Escrow Account Fund	
ASSETS						
Cash and cash equivalents	\$ 1,125,450	\$ 7,558,741	\$ 7,047,634	\$ -	\$ 956,163	\$ 16,687,988
Prepays	2,140	-	-	-	-	2,140
Total assets	\$ 1,127,590	\$ 7,558,741	\$ 7,047,634	\$ -	\$ 956,163	\$ 16,690,128
LIABILITIES						
Accounts payable	\$ 83,764	\$ -	\$ -	\$ -	\$ -	\$ 83,764
Customer deposits	46,666	-	-	-	-	46,666
Due to City of Margate	396,483	-	-	-	-	396,483
Unearned revenue	52,279	-	-	-	-	52,279
Total liabilities	579,192	-	-	-	-	579,192
FUND BALANCES						
Nonspendable:						
Prepayments and other assets	2,140	-	-	-	-	2,140
Restricted for:						
Debt service	-	-	-	-	956,163	956,163
Culture and recreation	546,258	-	-	-	-	546,258
Redevelopment projects	-	7,558,741	7,047,634	-	-	14,606,375
Total fund balances	548,398	7,558,741	7,047,634	-	956,163	16,110,936
Total liabilities and fund balances	\$ 1,127,590	\$ 7,558,741	\$ 7,047,634	\$ -	\$ 956,163	\$ 16,690,128

The accompanying notes are an integral part of the financial statements

MARGATE COMMUNITY REDEVELOPMENT AGENCY
 (a component unit of the City of Margate, Florida)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Fund balances - total governmental funds (page 5)	\$ 16,110,936
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Governmental capital assets	37,054,984
Less: accumulated depreciation	(2,425,078)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(12,661,127)
Bond interest payable not reported in the governmental funds	<u>(101,247)</u>
Net position of governmental activities (page 3)	<u>\$ 37,978,468</u>

The accompanying notes are an integral part of the financial statements

MARGATE COMMUNITY REDEVELOPMENT AGENCY
 (a component unit of the City of Margate, Florida)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Major Governmental Funds					Total
	General Fund	Capital Improvement Fund	Loan Proceeds Fund	Sinking Fund	Escrow Account Fund	
Revenues:						
Tax incremental	\$ 4,326,277	\$	\$	\$	\$	\$ 4,326,277
Interest income	49,329	-	1,184	-	12	50,525
Rental income	568,145	-	-	-	-	568,145
Miscellaneous	80,777	-	-	-	-	80,777
Total revenues	5,024,528	-	1,184	-	12	5,025,724
Expenditures:						
Current:						
General government	643,055	-	-	-	-	643,055
Redevelopment projects	1,064,789	-	-	-	-	1,064,789
Debt service:						
Principal retirement	-	-	1,472,042	-	1,472,042	-
Interest	-	-	440,261	-	440,261	-
Total expenditures	1,707,844	-	1,912,303	-	12	3,820,147
Excess (deficiency) of revenues over (under) expenditures	3,316,684	-	1,184	(1,912,303)	12	1,405,577
Other financing sources (uses):						
Transfers in	-	7,558,741	7,046,450	1,912,303	956,151	17,473,645
Transfers out	(17,473,645)	-	-	-	-	(17,473,645)
Total other financing sources (uses)	(17,473,645)	7,558,741	7,046,450	1,912,303	956,151	-
Net change in fund balances	(14,156,961)	7,558,741	7,047,634	-	956,163	1,405,577
Fund balances at beginning of year	14,705,359	-	-	-	-	14,705,359
Fund balances at the end of year	\$ 548,398	\$ 7,558,741	\$ 7,047,634	\$	\$ 956,163	\$ 16,110,936

The accompanying notes are an integral part of the financial statements

MARGATE COMMUNITY REDEVELOPMENT AGENCY
 (a component unit of the City of Margate, Florida)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Amounts reported for governmental activities in the statement of activities (Page 7) are different because:

\$ 1,405,577

Governmental fund report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	169,695
Less: current year provision for depreciation	(377,372)

The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental fund, while repayment of the principal of long-term debt consumes the current financial resources of governmental fund. Neither transactions, however, has any effect on net position.

Principal repayment	1,472,042
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Under the modified accrual basis of accounting used in the governmental fund, interest on long-term debt is not recognized until it is due with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.	<u>(7,099)</u>
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Change in net position of governmental activities (page 4)	<u>\$ 2,662,843</u>
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The accompanying notes are an integral part of the financial statements

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of City of Margate, Florida)
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the Margate Community Redevelopment Agency (the "Agency"), significant accounting policies is presented to assist the reader in interpreting the basic financial statements. The policies are considered essential and should be read in conjunction with the basic financial statements.

The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classifications of accounts conform to standards of the Governmental Accounting Standard Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

Financial Reporting Entity:

The Margate Community Redevelopment Agency (the "Agency") was established by the City of Margate, Florida (the "City") under authority granted by Florida Statute 163, Section III and is a dependent special district of the City of Margate. The City determined that the Agency was necessary in order to establish the means by which debilitating blight can be arrested and erased and in order to proceed with a redevelopment and revitalization plan for the redevelopment area. The purpose was to deter blight and deterioration; protect and enhance property values; encourage and foster revitalization and economic growth; and to improve the quality of life for residents working or living within or adjacent to the redevelopment area. The Agency is a legally separate entity established by ordinance number 96-15 of the City of Margate Commission on October 2, 1996. It is governed by a Board of Commissioners (the "Board"), which is composed of five members appointed by the Commission of the City of Margate, Florida. The Board exercises all powers granted to the Agency pursuant to Chapter 163, Section III of the Florida Statutes. Currently, the Agency Board is made up of the Margate City Commission. Management of the City has operational responsibility of the Agency. As a tax increment district, the Agency receives operating revenues from taxing jurisdictions within Broward County. Funds are also provided by fees collected, interest income, and the unexpended fund balance from the previous year.

In evaluating the Agency as a reporting entity, management has addressed all potential component units for which the Agency may or may not be financially accountable and, as such, be includable within the Agency financial statements. In November 2010, the Governmental Accounting Standards Board ("GASB") issued Statement No. 61, which modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement provides that a component unit should be included in the reporting entity financial statements using the blending method in any of these circumstances: (a) the component unit's governing body is substantively the same as the governing body of the primary government and (1) there is a financial benefit or burden relationship between the primary government and the component unit or (2) management of the primary government has operational responsibility for the component unit; (b) the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively or almost exclusively, benefits the primary government even though it does not provide services directly to it; or (c) the component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government. Based on these requirements, the Agency does not have any component units.

Government-wide financial statements:

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. GASB is the standard-setting body for governmental accounting and financial reporting.

Effective for fiscal year end September 30, 2014, the Agency implemented four new GASB statements of financial accounting standards.

Statement No. 65, Items Previously Reported as Assets and Liabilities, was issued March 2012. The Statement provides additional guidance for the items listed in GASB 63 and includes additional changes in accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The Statement specifically addresses the calculation of a deferred outflow or inflow for the refunding of debt. The Statement also requires that debt issuance costs be expensed in the period in which the debt was issued. In addition, the Statement requires tax and lease revenues received prior to the period in which they related to be classified as unavailable revenue (deferred inflow). Statement No. 65 had no effect on the Agency's financial statements.

Statement No. 66, Technical Corrections – 2012, an Amendment of GASB Statements No. 10 and No. 62, was issued in March 2012. The Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions for this Statement are effective beginning with fiscal year ending September 30, 2014. Statement No. 66 had no impact on the Agency's financial statements.

Statement No. 67, Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25, was issued June 2012. The Statement improves accounting and financial reporting by state and local governments for pensions. The provisions for this Statement are effective beginning with fiscal year ending September 30, 2014. Statement No. 67 had no impact on the Agency's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, was issued in April 2013. This Statement enhances comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement will also enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees, as well as augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The provisions for this Statement are effective beginning with fiscal year ending September 30, 2014. Statement No. 70 had no impact on the Agency's financial statements.

Pronouncements Issued But Not Yet Adopted – The Agency's management has not yet determined the effect these statements will have on the Agency's financial statements.

Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was issued June 2012. The Statement improves accounting and financial reporting by state and local governments for pensions. The provisions for this Statement are effective beginning with fiscal year ending September 30, 2015.

Statement No. 69, Government Combinations and Disposals of Government Operations, was issued January 2012. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions for this Statement are effective beginning with fiscal year ending September 30, 2015.

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, was issued in November 2013. The Statement relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions for this Statement are to be applied simultaneously with the provisions of Statement No. 68 and are effective beginning with fiscal year ending September 30, 2015.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Fiduciary funds have been excluded from this presentation since these resources are not available for general government funding purposes. These statements report on the government as a whole and provide a consolidated financial picture of the government. As part of the consolidation process, interfund activities are eliminated to avoid distorted financial results. The amounts reported as internal balances represent the residual amounts due between governmental and business-type activities. 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 had no business-type activities during the year ended September 30, 2014.

Measurement focus, basis of accounting, and financial statement presentation

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided which briefly explains the adjustments necessary to reconcile the governmental fund financial statements to the governmental activities of the government-wide presentations.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus is used to describe types of transactions and events reported in a fund's operating statement. Basis of accounting is when revenues and expenditures/expenses are recognized in accounts and reported in the financial statements. Basis is also related to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Measurable is the amount of the transaction that can be determined and available is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency 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, claims, and judgment, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, revenues are recognized when all eligibility requirements are met. All other revenue items are considered to be measurable and available only when cash is received by the Agency.

The financial transactions of the Agency are recorded in individual funds. The operations of each fund are accounted for using a separate set of self-balancing accounts. These accounts consist of assets, liabilities, deferred outflows/inflows of resources, fund equities, revenues, and expenditures/expenses. Fund accounting is used to demonstrate legal compliance and to assist financial management by segregating transactions related to certain government functions or activities.

Generally accepted accounting principles establish minimum criteria to determine major funds. These criteria consist of a percentage of the assets, liabilities, deferred outflows/inflows of resources, revenues, and expenditures/expenses of the applicable fund category and the governmental and enterprise funds combined. Nonmajor funds are presented in the single column in the respective fund statements.

The Agency has five governmental funds:

The *General Fund* is the CRA's primary operating fund, it accounts for all financial resources of the Agency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The *Margate Community Redevelopment Agency Capital Improvement Capital Projects Fund* accounts for the capital projects of the Agency and redevelopment of the designated redevelopment areas.

The *Margate Community Redevelopment Agency Loan Proceeds Capital Projects Fund accounts* for the capital projects financed by loan proceeds of the Agency for the financing and redevelopment of the designated redevelopment areas.

The *Margate Community Redevelopment Agency Sinking Fund* accounts for the accumulation of monies in a Sinking Fund for the repayment of 2012 Community Redevelopment Refunding Revenue Bonds.

The *Margate Community Redevelopment Agency Escrow Fund* accounts for the accumulation of monies for the repayment of 2012 Community Redevelopment Refunding Revenue Bonds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* in the government-wide financial statements include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All revenues that are not program revenue are general revenue, and include all taxes, as well as grants, contributions, and investment earnings that are not restricted to a particular program. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is used first, followed by assigned fund balance. Unassigned fund balance is used last.

Cash and Cash Equivalents

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three (3) months or less from the date of acquisition.

Receivables and payables

During the course of operations, the Agency has numerous transactions between itself and the City of Margate to provide goods or render services. Transactions between the City and the Agency that are representative of lending/borrowing arrangements outstanding at the fiscal year end are referred to as "due to/from the City of Margate" or "advances to/from the City of Margate".

All trade and other receivables are shown net of allowance for uncollectible. Long-term receivables are analyzed for their collectability based on the terms and conditions of the agreements. In addition to those receivables specifically identified as uncollectible, a general allowance is calculated based on the Agency's historic bad-debt experience.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in the governmental fund financial statements are classified as nonspendable fund balance. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, infrastructure, machinery and equipment, intangibles, and construction in progress, are reported in the governmental column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of enterprise funds is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds.

Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Buildings	50
Improvements other than	
Buildings	10
Infrastructure	10-20

Unearned revenue

Unearned revenue represents resources that have been received, but not yet earned.

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Deferred amounts on refunding are amortized over the shorter of the remaining life of the old debt or the life of the new debt.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net position/fund balance

Net position is the result of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position of the government-wide and proprietary funds are categorized as (a) net investments in capital assets, (b) restricted or (c) unrestricted. The first category represents net investments in capital assets reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended debt proceeds. The restricted category represents the balance of assets restricted by requirements of debt covenants and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consists of the net position not meeting the definition of either of the two other components.

In the fund financial statements, governmental funds report five categories of fund balances: non-spendable, restricted, committed, assigned, and unassigned. 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. Restricted fund balances are amounts constrained for specific purposes by external parties (creditors, grantors, contributors), law, or enabling legislation legally enforceable by external parties. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Commissioners (highest level of decision making authority) through an ordinance or resolution are classified as committed fund balances. The limitation imposed by the ordinance remains in place until similar action is taken (adoption of another ordinance or resolution) to remove or revise the limitation. Assigned fund balances are amounts without formal constraints, but are intended to be used for specific purposes. This intent can be expressed by the Board or through the Board delegating this responsibility to Agency management. The authority of the Agency's Director to make these designations is provided for through the Agency's Charter. 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. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned fund balance is limited to negative residual fund balance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

Deposits

At year-end, the Agency's carrying amount of deposits was \$16,687,988 as of September 30, 2014.

Custodian Credit Risk. Custodian credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. All of the Agency's deposits are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, "Florida Security for Public Deposit Act". Under this Act, all qualified public depositories are required to pledge eligible collateral having a fair value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level.

3. TAX INCREMENT REVENUES

The primary source of revenue for the Agency is the tax increment revenues collected from the City of Margate, Broward County, the Broward Hospital District and the Children's Services Council (CSC). 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 over the 1997 base year assessed valuations for all properties located within the Agency's boundaries. In 2005, the Board granted CSC the exemption from its annual obligation to appropriate and deposit the amount of its increment revenues to the Agency.

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. Broward County, North Broward Hospital District, and the City of Margate 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 increment revenue will become due.

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2014</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 24,943,927	\$ -	\$ -	\$ 24,943,927
Construction in progress	<u>25,397</u>	<u>12,755</u>	<u>-</u>	<u>38,152</u>
Total capital assets, not being depreciated	<u>24,969,324</u>	<u>12,755</u>	<u>-</u>	<u>24,982,079</u>
Capital assets, being depreciated:				
Improvements other than buildings	61,470	156,940	-	218,410
Infrastructure	7,538,162	-	-	7,538,162
Building	<u>4,316,333</u>	<u>-</u>	<u>-</u>	<u>4,316,333</u>
Total capital assets, being depreciated	<u>11,915,965</u>	<u>156,940</u>	<u>-</u>	<u>12,072,905</u>
Less accumulated depreciation for:				
Improvements other than buildings	(18,197)	(3,924)	-	(22,121)
Infrastructure	(1,431,568)	(287,231)	-	(1,718,799)
Building	<u>(598,638)</u>	<u>(85,520)</u>	<u>-</u>	<u>(684,158)</u>
Total accumulated depreciation	<u>(2,048,403)</u>	<u>(376,675)</u>	<u>-</u>	<u>(2,425,078)</u>
Total capital assets being depreciated, net	<u>9,867,562</u>	<u>(219,735)</u>	<u>-</u>	<u>9,647,827</u>
Governmental activities capital assets, net	<u>\$ 34,836,886</u>	<u>\$ (206,980)</u>	<u>\$ -</u>	<u>\$ 34,629,906</u>

4. CAPITAL ASSETS (CONTINUED)

Provision for depreciation was charged to functions as follows:

Governmental Activities	
Project Redevelopment	<u>\$ 376,675</u>

5. PAYABLES

Payables at September 30, 2014 amounted to \$83,764 pertains to unpaid invoices to various vendors at year-end.

6. TRANSFERS

The Agency had the following transfers during the fiscal year ending September 30, 2014:

Interfund Transfers:

<u>Transfers Out:</u>	<u>Transfers In:</u>				<u>Total</u>
	Capital Improvement Fund	Loan Proceeds Fund	Sinking Fund	Escrow Fund	
General Fund	<u>\$7,558,741</u>	<u>\$7,046,450</u>	<u>\$1,912,303</u>	<u>\$956,151</u>	<u>\$17,473,645</u>

The General Fund transferred \$17,473,645 to the Capital Improvement Fund, Loan Proceeds Fund, Sinking Fund, and Escrow Fund to separate funds designated for those purposes.

7. LONG-TERM DEBT

\$12,010,560 Redevelopment Refunding Revenue Bond, Series 2012A (Taxable) – In December 2012, the Margate CRA entered into a Margate Community Redevelopment Refunding Revenue Bond, Series 2012A Loan Agreement with a local bank to refinance the outstanding balance of the Series 2006 Community Redevelopment Revolving Line of Credit Agreement and reduce the interest rate on such debt. The Series 2012A is secured by a loan agreement which bears an interest rate of 3.470%, subject to adjustments based on occurrence of a determination of taxability event and by margin rate factor as calculated by lender. The Series 2012A is payable in January and July of each year through 2022 with the first principal payment due January 2013. The loan is secured by the Margate CRA's tax increment revenues. The Series 2012A will be special obligations of the Agency and will not constitute a general debt, liability, or obligation of the City or the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory provision. The bonds shall not constitute a lien upon any property of the Agency except the Pledged Revenues. The bonds may be prepaid by the Agency in whole or in part on any date on or after December 13, 2014 with no prepayment penalty.

\$9,797,602

\$3,548,737 Redevelopment Refunding Revenue Bond, Series 2012B - In December 2012, the Margate CRA entered into a Margate Community Redevelopment Refunding Revenue Bond, Series 2012B Loan Agreement with a local bank to refinance the outstanding balance of the Series 2006 Community Redevelopment Bonds and reduce the interest rate on such debt. The Series 2012B is secured by a loan agreement which bears an interest rate of 2.270%, subject to adjustments based on occurrence of a determination of taxability event and by margin rate factor as calculated by lender. The Series 2012B is payable in January and July of each year through 2022 with the first principal payment due January 2013. The loan is secured by the Margate CRA's tax increment revenues. The Series 2012B will be special obligations of the Agency and will not constitute a general debt, liability, or obligation of the City or the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory provision. The bonds shall not constitute a lien upon any property of the Agency except the Pledged Revenues. The bonds may be prepaid by the Agency in whole or in part on any date on or after December 13, 2014 with no prepayment penalty.

2,863,525

\$12,661,127

7. LONG-TERM DEBT (CONTINUED)

The annual debt service requirements until maturity for Redevelopment Refunding Revenue Bond, Series 2012 outstanding at September 30, 2014, are as follows:

Year Ending <u>September</u> <u>30</u>	Series 2012A		Series 2012B		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$ 1,164,966	\$ 329,954	\$ 354,381	\$ 63,002	\$ 1,912,303
2016	1,205,741	289,179	362,472	54,912	1,912,304
2017	1,247,943	246,976	370,746	46,637	1,912,302
2018	1,291,622	203,297	379,210	38,174	1,912,303
2019	1,336,830	158,089	387,867	29,517	1,912,303
2020-2022	<u>3,550,500</u>	<u>186,916</u>	<u>1,008,849</u>	<u>34,610</u>	<u>4,780,875</u>
	<u>\$ 9,797,602</u>	<u>\$ 1,414,411</u>	<u>\$ 2,863,525</u>	<u>\$ 266,852</u>	<u>\$ 14,342,390</u>

Long-term liability activity for the year ended September 30, 2014 was as follows:

Community Redevelopment	<u>Beginning Balance</u>		<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One year</u>
CRA Redevelopment Refunding Revenue Bond, Series 2012A	\$ 10,923,172	\$	-	\$ 1,125,570	\$ 9,797,602	\$ 1,164,966
CRA Redevelopment Refunding Revenue Bond, Series 2012B	<u>3,209,997</u>	<u>—</u>	<u>—</u>	<u>346,472</u>	<u>2,863,525</u>	<u>354,381</u>
	<u>\$ 14,133,169</u>	<u>\$ —</u>	<u>—</u>	<u>\$ 1,472,042</u>	<u>\$ 12,661,127</u>	<u>\$ 1,519,347</u>

Total interest incurred and paid for the year ended September 30, 2014 was approximately \$440,261.

Pledged Revenues

The CRA has pledged a portion of the future tax increment revenues to repay the \$15.6 million redevelopment revenue refunding bonds entered into in December 2012. These bonds were to refund the Series 2006 bonds used to finance the acquisition of various properties for redevelopment purposes. The long-term debt is payable solely from the tax increment revenues and are payable through 2022. At September 30, 2014, the maximum annual debt service is at 44% of the tax increment revenues. The total principal and interest remaining to be paid on these long-term debts is approximately \$14.3 million. Principal and interest paid and tax increment revenues for the current year were \$1,912,303 and \$4,326,277, respectively.

8. RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Agency carries property and liability insurance. The Agency has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded the insurance coverage for any of the last three years.

9. RELATED PARTY TRANSACTIONS

The Agency paid the City approximately \$ 363,000 for various administrative services provided by the City. The outstanding balance of Due to City of Margate at September 30, 2014 amounting to \$396,483 results mainly from services provided by the City and reimbursable expenditures recorded in the accounting system. The City has the option to offset these advances against the Agency's cash and cash equivalents pooled by the City.

10. ENCUMBRANCES

Encumbrance accounting is utilized to the extent necessary to assure budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by vendors in the next year amounted to approximately \$77,046.

11. OPERATING LEASE

The Agency currently has various lease arrangements for two shopping complexes it owns located along Margate Boulevard. The properties have aggregate costs of approximately \$3.1 million and \$4.3 million in land and building, respectively. The buildings have a total carrying value of \$3.6 million at September 30, 2014. Depreciation expense for the year was approximately \$376,674. Total rental revenues from these properties during the fiscal year amounted to \$568,145.

12. DATE OF MANAGEMENT REVIEW

The Agency's management has evaluated subsequent events through March 4, 2015, the date which the financial statements were available for issue.

13. CONTINGENCIES

During the year, the Agency was audited by the Broward Office of the Inspector General (the "OIG"). The OIG audit determined that the Agency failed to comply with the requirements of the Florida Statutes for the allocation and disposition of TIF funds of approximately \$2.7 million. The management of the Agency and legal counsel responded in a letter that they believe that they are in compliance with TIF funds. As of September 30, 2014, the Agency has not received an update from the OIG with regard to the audit results during the fiscal year 2014. The financial statements do not reflect any adjustments that might result from this uncertainty.

SUPPLEMENTAL FINANCIAL INFORMATION

**MARGATE COMMUNITY REDEVELOPMENT AGENCY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Original Budget</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Tax incremental	\$ 4,396,800	\$ 4,326,277	\$ 4,326,277	\$ -
Interest income	25,000	25,000	49,329	24,329
Rental income	610,000	606,000	568,145	(37,855)
Miscellaneous	17,500	17,500	80,777	63,277
Appropriation from prior year's fund balance	<u>766,803</u>	<u>16,286,739</u>	-	<u>(16,286,739)</u>
Total revenues	<u>5,816,103</u>	<u>21,261,516</u>	<u>5,024,528</u>	<u>(16,236,988)</u>
Expenditures:				
Economic and physical environment	1,661,800	1,714,372	643,055	1,071,317
Redevelopment projects	1,603,000	2,073,499	1,064,789	1,008,710
Debt Service:				
Principal retirement	1,472,042	-	-	-
Interest	<u>440,261</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,177,103</u>	<u>3,787,871</u>	<u>1,707,844</u>	<u>2,080,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>639,000</u>	<u>17,473,645</u>	<u>3,316,684</u>	<u>(14,156,961)</u>
Other financing uses:				
Transfers in	800,000	-	-	-
Transfers out	-	<u>(17,473,645)</u>	<u>(17,473,645)</u>	<u>-</u>
Total other financing sources (uses)	<u>800,000</u>	<u>(17,473,645)</u>	<u>(17,473,645)</u>	<u>-</u>
Net change in fund balance	<u>1,439,000</u>	<u>-</u>	<u>(14,156,961)</u>	<u>(14,156,961)</u>
Fund balance at beginning of year	<u>14,705,359</u>	<u>14,705,359</u>	<u>14,705,359</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 16,144,359</u></u>	<u><u>\$ 14,705,359</u></u>	<u><u>\$ 548,398</u></u>	<u><u>\$ (14,156,961)</u></u>

MARGATE COMMUNITY REDEVELOPMENT AGENCY
(a component unit of City of Margate, Florida)
NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

A. Budgetary Information

The following procedures are used to establish the budgetary data reflected in the financial statements:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to July 30 of each year, the Agency Executive Director submits to the Agency Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and means of financing such expenditures.
2. Public hearing is held to obtain the constituents' comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The level of control at which expenditures may not exceed budget is at the fund level. Budget transfers may be approved by the Agency's Executive Director. Any changes or amendments to the total budgeted expenditures of the Agency must be approved by the Agency Board of Commissioners.

MARGATE COMMUNITY REDEVELOPMENT AGENCY
DEBT SERVICE FUND - SINKING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Expenditures:			
Debt service:			
Principal retirement	\$ 1,472,042	\$ 1,472,042	\$ -
Interest and other	440,261	440,261	-
Total expenditures	<u>1,912,303</u>	<u>1,912,303</u>	-
Deficiency of revenues under expenditures	(1,912,303)	(1,912,303)	-
Other financing sources:			
Transfers in	<u>1,912,303</u>	<u>1,912,303</u>	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MARGATE COMMUNITY REDEVELOPMENT AGENCY
DEBT SERVICE FUND - ESCROW
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest income	\$ _____ -	\$ 12	\$ 12
Excess of revenues over expenditures	- -	12	12
Other financing sources:			
Transfers in	<u>956,151</u>	<u>956,151</u>	- -
Net change in fund balance	956,151	956,163	12
Fund balance at beginning of year	- -	- -	- -
Fund balance at end of year	<u>\$ 956,151</u>	<u>\$ 956,163</u>	<u>\$ 12</u>

MARGATE COMMUNITY REDEVELOPMENT AGENCY
 CAPITAL PROJECTS FUND - CAPITAL IMPROVEMENT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Other financing sources:			
Transfers in	<u>\$ 7,558,741</u>	<u>\$ 7,558,741</u>	<u>\$ -</u>
Net change in fund balance	<u>7,558,741</u>	<u>7,558,741</u>	<u>-</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,558,741</u>	<u>\$ 7,558,741</u>	<u>\$ -</u>

MARGATE COMMUNITY REDEVELOPMENT AGENCY
CAPITAL PROJECTS FUND - LOAN PROCEEDS
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Interest income	<u>\$</u> <u> </u>	<u> </u> <u>-</u>	<u>\$</u> <u> </u>
	<u> </u>	<u>1,184</u>	<u>1,184</u>
Excess of revenues over expenditures	<u> </u>	<u>1,184</u>	<u>1,184</u>
Other financing sources:			
Transfers in	<u>7,046,450</u>	<u>7,046,450</u>	<u> </u>
Net change in fund balance	<u>7,046,450</u>	<u>7,047,634</u>	<u>1,184</u>
Fund balance at beginning of year	<u> </u>	<u> </u>	<u> </u>
Fund balance at end of year	<u>\$ 7,046,450</u>	<u>\$ 7,047,634</u>	<u>\$ 1,184</u>

COMPLIANCE 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 Commissioners
Margate Community Redevelopment Agency
(a component unit of the City of Margate, 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 Margate Community Redevelopment Agency (a component unit of the City of Margate, Florida) (the "Agency"), as of and for the year ended September 30, 2014, 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 4, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

To the Board of Commissioners
Margate Community Redevelopment Agency
(a component unit of the City of Margate, Florida)

Compliance and Other Matters

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

Purpose of this Report

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

GLSC & Company, PLLC

Miami, Florida
March 4, 2015



GLSC & COMPANY, PLLC
certified public accountants



**MANAGEMENT LETTER PURSUANT TO THE RULES OF THE
AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Commissioners
Margate Community Redevelopment Agency
(a component unit of the City of Margate, Florida)

We have audited the basic financial statements of the Margate Community Redevelopment Agency (a component unit of the City of Margate, Florida) (the "Agency"), as of and for the year ended September 30, 2014, and have issued our report thereon dated March 4, 2015.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our 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*. Disclosures in those reports, which are dated March 4, 2015, should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters described in Rule 10.554(1)(i) as required by the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the basic financial statements of the Margate Community Redevelopment Agency, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations
- II. Status of prior year findings and recommendations
- III. Compliance with the provisions of the Auditor General of the State of Florida

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida State 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.

GLSC & Company, PLLC

Miami, Florida
March 4, 2015

LETTER TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

1. Unless otherwise required to be reported in the auditor's report on compliance and on internal controls, the management letter shall include, but not be limited to a statement as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report Rule 10.557(3)(b)2. There were no significant findings and recommendations made in the preceding annual financial audit report.
2. The Margate Community Redevelopment Agency (the "Agency") complied with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. There were no significant findings and recommendations to improve the Agency's financial management, accounting procedures, and internal control for the fiscal year ended September 30, 2014.
4. There was no noncompliance with provision of contracts or grant agreements, or abuse that has occurred, or was likely to have occurred, that have an effect on the financial statement amounts that is less than material but which warrants the attention of those charged with governance.
5. The Agency was established in 1996, by Ordinance No. 96-15 of the City of Margate Commission. The agency does not have any component units.
6. The Agency has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.
7. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the City of Margate's September 30, 2014 audited statements, which included the Agency as a component unit.
8. We applied financial condition assessment procedures pursuant to Rule 10.556 (7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.



INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Commissioners
Margate Community Redevelopment Agency
(a component unit of the City of Margate, Florida)

We have examined the Margate Community Redevelopment Agency's (the "Agency") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2014. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

GLSC & Company, PLLC

Miami, Florida
March 4, 2015