

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

36-2

AGENDA ITEM SUMMARY

Meeting Date: March 09, 2021 [X] Consent [] Regular
[] Workshop [] Public Hearing

Department: Office of Financial Management & Budget

Submitted By: Office of Financial Management & Budget

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to receive and file: Financial Statements and Management Letter from the Boynton Beach CRA.

Summary: The Boynton Beach CRA has submitted their financial statements and management letter as per Section 163.387(8), Florida Statutes. Countywide (DB).

Background and Justification: N/A

Attachments: Annual Report and Financial Audit

Recommended by: Sheryl Bann 1/19/2021
Department Director Date

Approved by: U. Baker 1/27/21
County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

| Fiscal Years | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Capital Expenditures | _____ | _____ | _____ | _____ | _____ |
| Operating Costs | _____ | _____ | _____ | _____ | _____ |
| External Revenues | _____ | _____ | _____ | _____ | _____ |
| Program Income (County) | _____ | _____ | _____ | _____ | _____ |
| In-Kind Match (County) | _____ | _____ | _____ | _____ | _____ |
| NET FISCAL IMPACT | _____ | _____ | _____ | _____ | _____ |

ADDITIONAL FTE
POSITIONS (Cumulative)

Is Item Included In Current Budget? Yes _____ No X
 Does this item include the use of Federal Funds? Yes _____ No X
 Budget Account No. Fund _____ Department _____ Unit _____ Object _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

C. Departmental Fiscal Review:

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

| | |
|--|--|
| <p><u><i>Luz Mante</i></u> 1/19/21 OFMB 2/1/19 AP 1/19</p> | <p>_____ N/A Contract Dev. and Control</p> |
|--|--|

B. Legal Sufficiency:

Bob W 1/26/21
 Assistant County Attorney

C. Other Department Review:

 N/A
 Department Director



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VIA FEDEX

January 13, 2021

Ms. Sherry Brown, Director
Office of Financial Management & Budget
Palm Beach County
301 North Olive Avenue
West Palm Beach, FL 33401

Dear Ms. Brown:

Enclosed is a copy of the Boynton Beach Community Redevelopment Agency's Audited Financial Statements and the Management Letter issued in accordance with Florida Statute 163.387(8) for the Fiscal Year Ended September 30, 2020.

Redevelopment is created through revenues from Palm Beach County and the City of Boynton Beach. Our strategic plans for 2021 are working toward making Boynton Beach a quality place to live and work in the Heart of Palm Beach County.

Sincerely,

A handwritten signature in black ink, appearing to read "Vicki Hill", is written over a light blue horizontal line.

Vicki Hill
Finance Director

BOYNTON BEACH
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Basic Financial Statements

September 30, 2020

(With Independent Auditor's Report Thereon)

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

For the Year Ended September 30, 2020

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FINANCIAL SECTION

Independent Auditor's Report



Sanson, Kline, Jacomino & Tandoc, LLP
5805 Blue Lagoon Drive | Suite 220 | Miami, FL 33126
Tel: (305) 269-8633 | Fax: (305) 265-0652 | www.skjllp.com

Independent Auditor's Report

To the Board of Commissioners
Boynton Beach Community
Redevelopment Agency:

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Boynton Beach Community Redevelopment Agency (the Agency), a component unit of the City of Boynton Beach, 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 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, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 23 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Fanson Kline Jacomino & Tardoc, LLP

Miami, Florida
December 9, 2020

Management's Discussion and Analysis

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2020

The Management's Discussion and Analysis (MD&A) of the Boynton Beach Community Redevelopment Agency (the "Agency") is designed to provide an objective and easy to read analysis of the financial activities based on currently known facts, decisions, and conditions. The MD&A provides a broad overview, short-term and long-term analysis of the Agency's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the Agency's financial activity and identify changes in the Agency's financial position and its ability to address the next year's challenges. Finally, the MD&A will identify any material deviations from the approved budget.

The Agency is an independent agency and a component unit of the City of Boynton Beach, Florida ("City"). The Agency has presented its financial statements in accordance with the reporting model required by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

The information contained in this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and required supplementary information provided.

FINANCIAL HIGHLIGHTS

For Fiscal Year 2019-2020, the Agency's tax increment revenues increased by 7.7% or \$1,036,121 to approximately \$14.8 million during the fiscal year. This resulted primarily from increased property values by 11% within the CRA district from residential, multi-family, condominiums and commercial properties.

The Agency began the fiscal year with a net position balance of approximately \$23.62 million. The Agency's total revenues for the year ended September 30, 2020 were approximately \$15.49 million, while total expenses were approximately \$16.02 million, decreasing net position by approximately \$734 thousand.

The CRA's guiding document for annual budgeting, programs and projects is the CRA Redevelopment Plan. The CRA Redevelopment Plan is organized into six separate districts, each identified according to their character, history, location, land use make-up and intended purpose; 1) the Industrial Craft District; 2) the Heart of Boynton District; 3) the Cultural District; 4) the Boynton Beach Boulevard District; 5) the Downtown District; and 6) the Federal Highway District. While the Redevelopment Plan can be revised, it will remain the planning document used by the CRA for the next twenty years.

The CRA, in cooperation with the City of Boynton Beach Police Department, continues to fund the Neighborhood Officer Program (NOP) Innovative Policing Initiative in the Heart of Boynton. In 2019-2020, the partnership funded three Officers and a Civilian Community Service Officer to enhance the Unit's ability to provide a positive presence in the community. The goal of the program is to address crime holistically within the Heart of Boynton by promoting an atmosphere that emphasizes a sense of trust, caring and community investment. Public safety cultivates personal relationships between police personnel assigned to the neighborhood on foot and bike patrols.

The major accomplishment of Fiscal Year 2019-2020 was the completion of the governmental and civic components of the City's Town Square Project which encompasses approximately 8 acres of the total 16 acre site. The new 55,000 square foot City Hall and Public Library building opened in June 2020 along with the historic Boynton Beach High School building converted into the City's new Cultural Center and event center. The Town Square Amphitheater and Kapok Park opened shortly after the City hall building with their open spaces are being enjoyed by the public on a daily basis.

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2020

In addition, the City initiated the production of a Central Energy Plant which has the capacity to service all of the public and private buildings within the Town Square Project area with chilled water to lessen the costs associated with running their large air conditioning systems.

A total of \$8.3 Million of CRA funding was expended over the last three fiscal year budgets for the design drawings, permitting and construction of these improvements with an additional \$3.7 million expended during Fiscal Year 2019-2020. The CRA has made a commitment through an Interlocal Agreement to provide funding over the next 18 years for the cost of completing the Town Square Project.

The CRA's efforts within the Heart of Boynton District continued with the Ocean Breeze East Affordable Multi-family Apartment project which when completed in the Fall of 2020 will provide the community with 124 affordable units, clubhouse, pool and tot lot. The Ocean Breeze East Affordable Multi-family Apartment project was built by Centennial Management Corp and funded through the Florida Housing Finance Corporation's 9% Low Income Housing Tax Credit Program along with a reduced land cost and funding contribution in the amount of \$567,500 provided by the CRA.

Economic development assistance programs targeted to existing and new businesses within the CRA district continue to be successful. A total of 19 commercial development grant awards were approved and approximately \$662 thousand was disbursed during the fiscal year to businesses for facade improvements, interior renovations, and rent reimbursement subsidies. Due the financial hardship brought on by the Covid-19 pandemic, the CRA disbursed over \$1 million in forgivable loans to District businesses during the month of April through June along with \$289,118 in rent payment subsidies for 6 months from March through September. These efforts were well received and appreciated by our local businesses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's basic financial statements are comprised of the 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. In addition, the government-wide statements are prepared using the accrual basis of accounting. The *Statement of Net position* (balance sheet) presents information on the Agency's assets and liabilities, with the difference between the two reported as net position.

The *Statement of Activities* (income statement) presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in revenues are reported as soon as underlying events giving rise to the change occur regardless of the timing of related cash flows. The expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements present functions of the Agency that are principally supported by tax increment financing (governmental activities). The governmental activities of the Agency include general government activities, public safety and redevelopment projects. Thus, the Agency has no business-type activities.

The government-wide financial statements are found beginning on page 9 of this report.

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2020

Fund Financial Statements

The governmental fund financial statements provide readers with an overview of each fund and its related function in a traditional format. A fund is a grouping of related accounts that maintain control over resources that are segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The Agency utilizes three funds for the fiscal year ending September 30, 2020, the *General Fund*, which is a governmental fund, the *Debt Service Fund*, used for servicing all debt payments and the *Projects Fund*, from which all capital outlays financed from Bond proceeds or other sources of financing are spent.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the 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.

The focus of governmental funds is narrower than government-wide financial statements, and it is therefore useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By comparing and contrasting, readers may better understand the long-term impact of the Agency's near term financing decisions. The "Balance Sheet – Governmental Funds" and "Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Funds" are reconciled as shown on the "Reconciliation of the Balance Sheet – Governmental Fund to the Statement of Net position" and the "Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance – Governmental Funds to the Statement of Activities" to facilitate the comparison between the *governmental funds* and *governmental activities*.

The Agency adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule provided for the General Fund demonstrates compliance with this budget.

The basic governmental funds financial statements can be found beginning on page 11 of this report. The reconciliations between the governmental funds and governmental activities are found on pages 12 and 14.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. These notes to the basic financial statements begin on page 15 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Agency's budget to actual results for the General Fund for the current year. The required supplementary information can be found on pages 23 and 24 of this report.

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by approximately \$22.9 million at the close of the most recent fiscal year. However, the largest portion of the Agency's total assets, 58%, is reflected in its capital assets.

Summary of Net Position

| | September 30, | |
|---|----------------------|----------------------|
| | 2020 | 2019 |
| Assets | | |
| Current and other assets | \$ 14,511,763 | \$ 15,645,131 |
| Capital assets | 19,982,966 | 21,791,746 |
| Total assets | <u>34,404,729</u> | <u>37,436,877</u> |
| Deferred outflows of resources | <u>808,163</u> | <u>838,263</u> |
| Liabilities | | |
| Current liabilities | 1,978,936 | 2,542,088 |
| Long-term liabilities | 10,341,493 | 12,106,216 |
| Total liabilities | <u>12,320,429</u> | <u>14,648,304</u> |
| Net position | | |
| Invested in capital assets, net of related debt | 8,915,803 | 8,977,483 |
| Restricted for: | | |
| Capital projects | 11,040,801 | 11,849,341 |
| Debt service | 116,097 | 109,356 |
| Unrestricted | 2,819,761 | 2,690,656 |
| Total net position | <u>\$ 22,892,462</u> | <u>\$ 23,626,836</u> |

The Agency has restricted assets for various capital projects.

Governmental Activities

Governmental activities decreased the Agency's net position by approximately \$734 thousand. Key elements of this decrease are detailed as follows:

Summary of Changes in Net Position

| | Year Ended September 30, | |
|------------------------|---------------------------------|-------------------|
| | 2020 | 2019 |
| Revenues | | |
| Program Revenues | | |
| Charges for services | \$ 1,168,931 | \$ 1,304,480 |
| General Revenues | | |
| Tax increment revenues | 13,932,896 | 12,549,087 |
| Other revenues | 389,213 | 540,026 |
| Total revenues | <u>15,491,040</u> | <u>14,393,593</u> |

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2020

Summary of Changes in Net Position (continued)

| | Year Ended September 30, | |
|---|---------------------------------|----------------------|
| | 2020 | 2019 |
| Expenses | | |
| General government | 3,620,707 | 3,615,970 |
| Redevelopment projects | 10,151,276 | 7,295,491 |
| Interest on long-term debt | 406,628 | 542,461 |
| Loss on sale and disposal of capital assets | 2,046,803 | 1,329,964 |
| Total expenses | <u>16,225,414</u> | <u>12,783,886</u> |
| | | |
| Change in net position | (734,374) | 1,609,707 |
| Net position beginning of year | 23,626,836 | 22,017,129 |
| Net position end of year | <u>\$ 22,892,462</u> | <u>\$ 23,626,836</u> |

Tax increment revenues increased by approximately \$1.03 Million during fiscal year 2020, the result of increased taxable values.

Year-to-year expenses increased by approximately \$3.44 million. This was due primarily to the increase in redevelopment projects and increase in loss on sale of capital assets.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of fiscal year 2020, the Agency's governmental funds reported an ending fund balance of approximately \$14.34 million, of which approximately \$238 thousand is nonspendable, \$4.79 million is committed, \$8.86 million is assigned and \$446 thousand is unassigned funds.

GENERAL BUDGETARY HIGHLIGHTS

In fiscal year 2019-2020, actual total revenues were favorable over budgetary estimates by approximately \$726 thousand, and actual total expenditures were favorable over budgetary estimates by \$418 thousand. Refer to page 24 for budgetary comparison schedule.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During the year end September 30, 2020, the Agency spent approximately \$369 thousand in capital assets. This includes approximately \$368 thousand for properties acquired in the CRA district targeted for Plan for MLK Corridor, Cottage District and Community Caring Center. The CRA transferred 15 properties to the Centennial Management Corp with book value of approximately \$1.92 million, 2 properties to the City of Boynton Beach with a book value of approximately \$69 thousand, Leasehold Improvement transfers to the 710 Boynton Partners with approximate values of \$122.5 thousand, and furniture and fixtures write-off and disposal of approximately \$48 thousand.

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Management's Discussion and Analysis - Unaudited

September 30, 2020

Long-Term Debt

At the end of fiscal year 2020, the Agency has total bond debt outstanding of approximately \$11.98 million. Of this amount, approximately \$8.83 million represents the 2012 refunding Revenue Bonds and \$3.14 million represents the 2015 Revenue Bonds.

ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET

Assessed property valuations within the community redevelopment district increased approximately 7.7% versus prior year resulting in an increase in tax increment revenues of \$1.05 Million, net of estimated adjustments for tax roll certifications. The Agency's Board approved the 2020-2021 budget including utilization of tax increment revenues for a number of projects including key acquisition funding, funding for the Town Square project, infrastructure improvements, community police program, Heart of Boynton initiatives and the continuation of business and economic incentive programs.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Vicki Hill, Finance Director at 100 E Ocean Avenue, 4th Floor, Boynton Beach, Florida 33435.

Basic Financial Statements

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Statement of Net Position

September 30, 2020

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 14,267,706 |
| Accounts receivables | 6,089 |
| Prepays | 237,967 |
| Capital assets, net of accumulated depreciation: | |
| Land | 14,645,135 |
| Furniture and equipment | 94,609 |
| Renovations | 706,035 |
| Leasehold improvements | 302 |
| Construction in progress | 41,708 |
| Building | 3,471,863 |
| Land improvements | 925,509 |
| Vehicle | 7,805 |
| Total assets | 34,404,728 |
| DEFERRED OUTFLOW OF RESOURCES | |
| Deferred amount on refunding | 808,163 |
| LIABILITIES | |
| Accounts payable and accrued expenses | 154,837 |
| Deposits payable | 17,099 |
| Long-term liabilities: | |
| Due within one year | 1,807,000 |
| Due in more than one year | |
| Bonds and loans payable | 10,169,000 |
| Compensated absences | 172,493 |
| Total liabilities | 12,320,429 |
| NET POSITION | |
| Net Investment in capital assets | 8,915,803 |
| Restricted for: | |
| Capital projects | 11,040,801 |
| Debt service | 116,097 |
| Note receivable | - |
| Unrestricted | 2,819,761 |
| Total net position | \$ 22,892,462 |

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

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Statement of Activities

For the Year Ended September 30, 2020

| Functions/Programs | <u>Expenses</u> | <u>Program Revenues</u> Charges For Services | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
|---|----------------------|---|--|
| Governmental Activities: | | | |
| General government | \$ 3,620,707 | \$ 1,168,931 | \$ (2,451,776) |
| Redevelopment projects | 10,151,276 | - | (10,151,276) |
| Interest on long-term debt | 406,628 | - | (406,628) |
| Total | <u>\$ 14,178,611</u> | <u>\$ 1,168,931</u> | <u>\$ (13,009,680)</u> |
| General Revenues: | | | |
| Tax increment revenue | | | \$ 13,932,896 |
| Loss on sale and disposal of capital assets | | | (2,046,803) |
| Interest and other income | | | 389,213 |
| Total general revenues | | | <u>12,275,306</u> |
| Change in net position | | | (734,374) |
| Net position - beginning of year | | | <u>23,626,836</u> |
| Net position - end of year | | | <u>\$ 22,892,462</u> |

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

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Balance Sheet
Governmental Funds

September 30, 2020

| | <u>General Fund</u> | <u>Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---------------------------------------|---------------------|----------------------|--------------------------|---------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,070,013 | \$ 11,081,596 | \$ 116,097 | \$ 14,267,706 |
| Accounts receivables | 6,089 | - | - | 6,089 |
| Prepays | 203,995 | 33,972 | - | 237,967 |
| Total assets | <u>\$ 3,280,097</u> | <u>\$ 11,115,568</u> | <u>\$ 116,097</u> | <u>\$ 14,511,762</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 80,070 | \$ 74,767 | \$ - | \$ 154,837 |
| Deposits payable | 17,099 | - | - | 17,099 |
| Total liabilities | <u>97,169</u> | <u>74,767</u> | <u>-</u> | <u>171,936</u> |
| Fund Balances: | | | | |
| Nonspendable | 203,995 | 33,973 | - | 237,968 |
| Committed | 967,233 | 3,709,640 | 116,097 | 4,792,970 |
| Assigned | 1,566,139 | 7,297,188 | - | 8,863,327 |
| Unassigned | 445,561 | - | - | 445,561 |
| Total fund balances | <u>3,182,928</u> | <u>11,040,801</u> | <u>116,097</u> | <u>14,339,826</u> |
| Total liabilities and fund balances | <u>\$ 3,280,097</u> | <u>\$ 11,115,568</u> | <u>\$ 116,097</u> | <u>\$ 14,511,762</u> |

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

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

For the Year Ended September 30, 2020

| | |
|--|----------------------|
| Fund balance - governmental funds | \$ 14,339,826 |
| Amounts reported for governmental activities in the statement of net asset are different because: | |
| Capital assets used in governmental activities are not reported in the governmental funds. | |
| Capital assets - net of accumulated depreciation | 19,892,966 |
| Deferred outflow of resources - reported as deferred amount on refunding | 808,163 |
| Long-term liabilities are not reported in the governmental funds. | |
| Compensated absences | (172,493) |
| Bonds and notes payable | <u>(11,976,000)</u> |
| Net position of governmental activities | <u>\$ 22,892,462</u> |

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

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended September 30, 2020

| | General Fund | Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---------------------|----------------------|--------------------------|---------------------------------|
| REVENUES | | | | |
| Tax increment revenue | \$ 13,932,896 | \$ - | \$ - | \$ 13,932,896 |
| Charges for services | 1,168,931 | - | - | 1,168,931 |
| Interest and other income | 225,982 | 157,815 | 5,416 | 389,213 |
| Total revenues | <u>15,327,809</u> | <u>157,815</u> | <u>5,416</u> | <u>15,491,040</u> |
| EXPENDITURES | | | | |
| General government | 3,357,826 | - | - | 3,357,826 |
| Redevelopment projects | - | 10,151,278 | - | 10,151,278 |
| Debt service: | | | | |
| Principal | - | - | 1,762,000 | 1,762,000 |
| Interest and other charges | - | - | 376,527 | 376,527 |
| Capital outlay | - | 368,626 | - | 368,626 |
| Total expenditures | <u>3,357,826</u> | <u>10,519,904</u> | <u>2,138,527</u> | <u>16,016,257</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>11,969,983</u> | <u>(10,362,089)</u> | <u>(2,133,111)</u> | <u>(525,217)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 9,553,549 | 2,139,852 | 11,693,401 |
| Transfers out | <u>(11,693,401)</u> | <u>-</u> | <u>-</u> | <u>(11,693,401)</u> |
| Total other financing sources (uses) | <u>(11,693,401)</u> | <u>9,553,549</u> | <u>2,139,852</u> | <u>-</u> |
| Net change in fund balances | 276,582 | (808,540) | 6,741 | (525,217) |
| Fund balances - beginning of year | 2,906,346 | 11,849,341 | 109,356 | 14,865,043 |
| Fund balances - end of year | <u>\$ 3,182,928</u> | <u>\$ 11,040,801</u> | <u>\$ 116,097</u> | <u>\$ 14,339,826</u> |

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

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Reconciliation of the Statements of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2020

| | | |
|---|----|------------------|
| Net changes in fund balances - total governmental funds | \$ | (525,217) |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>Governmental funds report capital outlay expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p> | | |
| Expenditures for capital assets | | 368,627 |
| Less current year depreciation expense | | (220,604) |
| Disposal of capital assets | | (2,046,803) |
| <p>For governmental funds, the issuance of long-term debt provides current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p> | | |
| Principal payments on long-term debt | | 1,762,000 |
| Amortization on deferred amount on refunding | | (30,100) |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resource and, therefore, are not reported as expenditures in governmental funds.</p> | | |
| Net change in long-term compensated absences. | | (42,277) |
| Change in net position of governmental activities | \$ | <u>(734,374)</u> |

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

Notes to the Basic Financial Statements

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the Boynton Beach 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 U.S. generally accepted accounting principles applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards 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.

A. Organization and reporting entity

The Agency is a component unit established by the City of Boynton Beach, Florida (the “City”) under the authority granted by Florida Statutes 163, Section III. The purpose of the Agency is to promote and guide physical and economic redevelopment in the City and part of Palm Beach County, Florida (the “District”). The Agency is a legally separate entity established by Ordinance number 83-41 of the City on December 20, 1983.

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

The Agency is governed by a board comprised of elected officials. The City is considered to be financially accountable for the Agency and in accordance with GASB Statement No. 61, and therefore the Agency is considered to be a blended component unit in the City’s comprehensive annual financial report.

B. Reporting model

The Agency’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The statement of net position and the statement of activities report information on all of the activities of the Agency. Governmental activities are reported separately from business-type activities which rely on fees charged to external parties as their primary revenues. The Agency has no business-type activities.

The statement of net position reports the Agency’s financial position as of the end of the fiscal year. In this statement, the Agency’s net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for services that are directly related to a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Tax increment revenue and other items not meeting the definition of program revenue are reported instead as general revenue.

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Reporting model (Continued)

Fund financial statements

For the fiscal year ending September 30, 2020, the Agency reports three major funds, the General Fund, the Debt Service Fund, and the Projects Fund. The General Fund is classified as a governmental fund and accounts for all financial resources controlled by the Agency. The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term obligation debt. The Projects Fund accounts for financial resources to be used for redevelopment programs and the acquisition or construction of capital projects. The governmental fund statement includes reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental fund.

C. Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Cash, cash equivalents and investments

Cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less from the date of purchase. Cash and cash equivalents consist of petty cash and deposits with financial institutions qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Investments made locally consist of amounts placed in obligations of United States Government Agencies and Instrumentalities, and are reported at fair value. The Agency is authorized to invest in direct obligations of the United States of America or any agency thereof, interest bearing time or demand deposits with any qualified depository institution, commercial paper, bankers' acceptances, state and/or local government taxable debt, mutual funds, repurchase agreements and the State Treasurer's investment pool, which has the characteristics of a money market fund.

E. Capital assets

Capital assets are defined by the Agency as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets are depreciated using the straight-line method over the assets' estimated useful lives of all reported capital assets, except land and land improvements. The estimated useful life of furniture, fixtures and equipment is four to ten years.

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund equity / net position

Fund equity

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent, as follows:

- Nonspendable fund balance - 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 balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- Assigned fund balance - amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned fund balance - amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purpose within the general fund.

When both restricted and unrestricted amounts are available for use, it is the Agency's practice to use restricted resources first. Additionally, the Agency would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance.

Net position

The government-wide financial statements utilize a net position presentation. Net position can be categorized as net investment in capital assets, restricted, or unrestricted. The first category represents capital assets, less accumulated depreciation and net of any outstanding debt associated with the acquisition of capital assets. Restricted net position represents amounts that are restricted by requirement of debt indenture or enabling legislation. Unrestricted net position represents the net position component of the Agency which is not restricted for any project or purpose.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use unrestricted resources first, and then restricted resources as they are needed.

G. Bond premiums, discounts and issuance costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures in the fund financial statements and redevelopment projects expense in the government-wide financial statements.

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Deferred outflows of resources

The statement of financial position reports a separate section for deferred outflows of resources representing a consumption of net position that applies to a future period and is not recognized as an outflow of resources in the current period. The Agency has only one item that qualifies for reporting in this category, the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of refunded debt.

I. Revenue sources

Tax increment revenues are the primary source of revenue for the Agency. Tax increment revenues are collected from two governmental entities that levy property taxes within the legally defined redevelopment area of the Agency, which is the City of Boynton Beach, Florida and Palm Beach County, Florida.

J. Compensated absences

It is the Agency's policy to permit employees to accumulate earned but unused vacation and sick pay. Employees may, depending on their level of service and policy of the Agency, be paid for various amounts of their total accrued leave by the end of each fiscal year, upon termination or retirement. The Agency accrues a liability for leave hours that meet the criteria for payment at the eligible employees' current rates of pay.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

L. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's presentation.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

All of the Agency's bank deposits are insured by the Federal Deposit Insurance Corporation or collateralized in accordance with Florida Security for Public Deposits Act (the "Act"). Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral having a market value equal to 50% of the average daily balance for each month that all public deposits are in excess of any applicable deposit insurance. If the public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits.

The Agency's investment policy is designed to ensure the prudent management of funds, and the availability of operating and capital funds when required, while earning a competitive return within the policy framework. The primary objectives, in order of priority, of investment activity shall be safety, interest rate risk, liquidity and yield. As of September 30, 2020, the Agency does not have any investments.

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2020

3. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2020, is as follows:

| | <u>Balance at 9/30/2019</u> | <u>Additions/ Transfers</u> | <u>Deletions/ Transfers</u> | <u>Balance at 9/30/2020</u> |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 16,304,445 | \$ 368,627 | \$ (2,027,938) | \$ 14,645,135 |
| Construction in progress | 41,708 | - | - | 41,708 |
| Total capital assets, not being depreciated | <u>16,346,153</u> | <u>14,501</u> | <u>(2,027,938)</u> | <u>16,346,153</u> |
| Capital assets, being depreciated: | | | | |
| Building | 3,831,116 | - | - | 3,831,116 |
| Renovations | 1,090,247 | - | - | 1,090,247 |
| Land improvements | 1,121,310 | - | - | 1,121,310 |
| Leasehold improvements | 147,145 | - | (122,469) | 147,145 |
| Furniture and equipment | 257,707 | - | (48,920) | 257,707 |
| Vehicle | 15,850 | - | - | 15,850 |
| Total capital assets, being depreciated | <u>6,463,375</u> | <u>368,627</u> | <u>(2,199,327)</u> | <u>6,291,986</u> |
| Less accumulated depreciation for: | | | | |
| Building | (259,383) | (99,870) | - | (359,253) |
| Renovations | (348,846) | (16,924) | - | (384,212) |
| Land improvements | (140,158) | (35,366) | - | (195,801) |
| Leasehold improvements | (123,603) | (9,572) | 108,801 | (24,374) |
| Furniture and equipment | (140,977) | (55,643) | 43,723 | (114,177) |
| Vehicle | (4,815) | (3,230) | - | (8,045) |
| Total accumulated depreciation | <u>(1,017,782)</u> | <u>(220,604)</u> | <u>152,124</u> | <u>(1,085,862)</u> |
| Total capital assets, being depreciated, net | <u>5,445,593</u> | <u>(220,604)</u> | <u>(18,865)</u> | <u>5,206,124</u> |
| Total capital assets, net of accumulated depreciation | <u>\$ 21,791,746</u> | <u>\$ 148,023</u> | <u>\$ (2,046,803)</u> | <u>\$ 19,892,966</u> |

Depreciation expense of \$220,604 was charged to general government for fiscal year 2020.

4. LONG-TERM LIABILITIES

At September 30, 2020, bonds and loans payable consist of the following:

BONDS:

| | |
|---|-------------------|
| 2012 Tax Increment Refunding Revenue Bonds dated October 18, 2012, due in annual principal installments of \$143,000 to \$1,530,000 through October 1, 2026, bearing an interest rate of 2.56%. | \$ 8,836,000 |
| 2015 Tax Increment Refunding Revenue Bonds, dated March 26, 2015 due in annual principal installments of \$360,000 to \$725,000 through October 1, 2026, bearing an interest rate of 3.3%. | <u>3,140,000</u> |
| | <u>11,976,000</u> |

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2020

4. LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize bonds and loans payable outstanding as of September 30, 2020, are as follows:

| Fiscal Year(s) | 2012 Tax Increment Refunding Revenue Bonds | | 2015 Tax Increment Refunding Revenue Bonds | | Totals | |
|-------------------|---|-------------------|---|-------------------|----------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | 1,397,000 | 226,202 | 410,000 | 103,620 | 1,807,000 | 329,822 |
| 2022 | 1,439,000 | 190,438 | 420,000 | 90,090 | 1,859,000 | 280,528 |
| 2023 | 1,471,000 | 153,600 | 435,000 | 76,230 | 1,906,000 | 229,830 |
| 2024 | 1,512,000 | 115,942 | 445,000 | 61,875 | 1,957,000 | 177,817 |
| 2025-2026 | 3,017,000 | 116,403 | 1,430,000 | 71,115 | 4,447,000 | 187,518 |
| | <u>\$ 8,836,000</u> | <u>\$ 802,585</u> | <u>\$ 3,140,000</u> | <u>\$ 402,930</u> | <u>\$ 11,976,000</u> | <u>\$ 1,205,515</u> |

The changes in long-term liabilities for the year ended September 30, 2020 are summarized as follows:

| | Balance at 9/30/19 | Additions | Deletions | Balance at 9/30/20 | Due within one year |
|-----------------------------|-----------------------|------------------|-----------------------|-----------------------|------------------------|
| Bonds payable | \$ 13,738,000 | \$ - | \$ (1,762,000) | \$ 11,976,000 | \$ 1,807,000 |
| Compensated absences | 130,216 | 42,277 | - | 172,493 | - |
| Total long-term liabilities | <u>\$ 13,868,216</u> | <u>\$ 42,277</u> | <u>\$ (1,762,000)</u> | <u>\$ 12,148,493</u> | <u>\$ 1,807,000</u> |

Prior years' defeasance of debt

In fiscal years 2015 and 2013, the Agency defeased certain increment revenue bonds, placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service on the refunded portions of the increment revenue bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Agency's financial statements. The refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt, which is being charged to operations through 2026 using the effective-interest method. As of September 30, 2020, there are no outstanding balances on either of the defeased bonds.

5. FUND BALANCES

At September 30, 2020, the Agency reported the following governmental fund balances:

- Nonspendable fund balance - These amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Committed fund balance - these amounts can only be used for specific purposes pursuant to constraints imposed by the Board of the Agency. The items cannot be removed unless the Board removes it in the same manner it was implemented.
- Assigned fund balance - these amounts are approved and constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned fund balance - These amounts have not been assigned to other funds and have not been restricted, committed, or assigned for a specific purpose.

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2020

5. FUND BALANCES (Continued)

Below is a table of fund balance categories and classifications, by fund, at September 30, 2020:

| | General Fund | Projects Fund | Debt Service Fund |
|--------------|-------------------------|--------------------------|----------------------------------|
| Nonspendable | \$ 203,995 | \$ 33,973 | \$ - |
| Committed | 967,233 | 3,709,640 | 116,097 |
| Assigned | 1,566,139 | 7,297,188 | - |
| Unassigned | 445,561 | - | - |
| Total | \$ 3,182,928 | \$ 11,040,801 | \$ 116,097 |

6. INTERFUND TRANSFERS

During the fiscal year ended September 30, 2020, the General Fund transferred \$9,553,549 and \$2,139,852 to the Projects Fund and Debt Service Fund, respectively. The transfers made to the Projects Fund were to fund the costs of ongoing redevelopment projects. The transfers made to the Debt Service Fund were to fund the annual debt service expenditures on the bonds and loans payable.

7. HOMEBUYER ASSISTANCE PROGRAM

The Agency established the Homebuyer Assistance Program to assist local residents with the purchase of a home by providing a subsidy in an amount not to exceed \$50,000 per homeowner. The subsidy is secured by a mortgage, which is required to be paid back only under certain circumstances outlined in the mortgage agreement. The mortgage is forgiven if the homeowner remains in the home during the full term outlined in the agreement. The amount of mortgages receivable outstanding at September 30, 2020 total \$1,394,672. Given the nature of these loans, collection is uncertain, and therefore an allowance for uncollectible mortgages has been established at 100% of the value of the mortgages receivable outstanding. Consequently, these mortgages are not recognized on the financial statements.

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; injuries to employees; and natural disasters. The Agency purchases commercial insurance for the risks of loss to which it is exposed. Policy limits and deductibles are reviewed by management and established at amounts to provide reasonable protection from significant financial loss. Settlements did not exceed insurance coverage in the past three fiscal years.

9. COMMITMENTS AND CONTINGENCIES

A. Economic development programs

The Agency established Economic Development Programs in an effort to promote the redevelopment of and retain existing businesses located in the CRA area as well as attract new businesses to Boynton Beach. These programs for commercial businesses include Facade Programs, Rent Subsidy, Interior Build-Out and Signage. During fiscal year 2020, the Agency closed and disbursed \$662,538 in Economic Development Grants.

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2020

9. COMMITMENTS AND CONTINGENCIES (Continued)

B. Lease commitments

The Agency leased a building under a ten-year commercial lease agreement. The lease was terminated as of September 30, 2020. Under the terms of the lease, the Agency was responsible for interior renovations totaling \$88,000. The landlord credited the Agency a total of \$2,027.78. Rental costs for the year ended September 30, 2020 totaled \$76,989.36.

10. RETIREMENT CONTRIBUTIONS

The Agency participates in a 401(a) defined contribution retirement plan and a 457(b) deferred compensation plan (the "Plans"). The Plans are qualified under Sections 401(1), 403 (a) and 501(a) of the Internal Revenue Code. The Plans are administered by independent trustees. All employees who meet the requirements are qualified to participate. Employees make voluntary contributions to the 457(b) plan. The Agency's required contribution is 25% of the total salaries of qualified participants. Employer contributions to both plans in fiscal year 2020 totaled \$211,063.

11. RELATED PARTY TRANSACTIONS

The Agency is a blended component unit of the City of Boynton Beach, Florida. For the year ended September 30, 2020, the Agency's tax increment revenues include \$8,693,727 received from the City. In addition, the Agency reimbursed the City for services performed on behalf of the Agency such as recording, information technology services, Clean & Safe program, landscape and maintenance services, festival expenses, human resource and payroll services, facility rental and permitting fees paid during the year. Payments to the City for these services during the year ended September 30, 2020 totaled \$5,809,740.

12. NEW PRONOUNCEMENTS ISSUED

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Placements* became effective for the fiscal year ending September 30, 2020. However, management of the Agency determined that this pronouncement did not have an effect on the Agency's financial reporting.

13. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, and as such, the Agency is unable to determine if it will have a material impact to its operations for the next fiscal year. Management believes the Agency is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 on next fiscal year's operations is unknown and cannot be reasonably estimated, as these events are still developing.

The Agency evaluated subsequent events through December 9, 2020, the date the financial statements were available to be issued.

Required Supplementary Information

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Budgetary Comparison Schedule (Unaudited)
General Fund

For the Year Ended September 30, 2020

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---------------------------------------|----------------------------|---------------------|---------------------|---|
| REVENUES | | | | |
| Tax increment revenue | \$ 13,816,071 | \$ 13,816,071 | \$ 13,932,896 | \$ 116,825 |
| Charges for services | 1,100,000 | 1,100,000 | 1,168,931 | 68,931 |
| Interest and other income | 50,000 | 935,936 | 225,982 | (709,954) |
| Total revenues | <u>14,966,071</u> | <u>15,852,007</u> | <u>15,327,809</u> | <u>(524,198)</u> |
| EXPENDITURES | | | | |
| General government | 4,157,606 | 4,157,606 | 3,357,826 | 799,780 |
| Total expenditures | <u>4,157,606</u> | <u>4,157,606</u> | <u>3,357,826</u> | <u>799,780</u> |
| Excess of revenues over expenditures | 10,808,465 | 11,694,401 | 11,969,983 | 275,582 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(10,808,465)</u> | <u>(11,694,401)</u> | <u>(11,693,401)</u> | <u>(1,000)</u> |
| Total other financing sources (uses) | <u>(10,808,465)</u> | <u>(11,694,401)</u> | <u>(11,693,401)</u> | <u>(1,000)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | 276,582 | <u>\$ 274,582</u> |
| Fund balances - beginning of year | | | 2,906,346 | |
| Fund balances - end of year | | | <u>\$ 3,182,928</u> | |

The notes to the Budgetary Comparison Schedule are an integral part of this schedule.

BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Budgetary Comparison Schedule

September 30, 2020

1. BUDGETARY INFORMATION

The Agency is required to establish a budgetary system and an approved annual budget for the General Fund, Debt Service Fund and Project Fund. The Agency's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. In accordance with generally accepted accounting principles, budgetary comparison information is disclosed only for the General Fund.

The budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles, with the exception of compensated absences. Compensated absences are budgeted only to the extent expected to be paid, rather than on the modified accrual basis. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board.

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate.

Compliance Section



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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**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 Board of Commissioners
Boynton Beach Community
Redevelopment Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Boynton Beach Community Redevelopment Agency (the Agency), a component unit of the City of Boynton Beach, 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 December 9, 2020.

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.

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.

Sanson Kline Jacomino & Tando, LLP

Miami, Florida
December 9, 2020



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**Management Letter in Accordance with the
Rules of the Auditor General of the State of Florida**

To the Board of Commissioners
Boynton Beach Community
Redevelopment Agency:

Report on the Financial Statements

We have audited the financial statements of the Boynton Beach Community Redevelopment Agency (the Agency), a component unit of the City of Boynton Beach, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report dated December 9, 2020.

Auditor's Responsibility

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

Other Report

We have issued our Independent Auditors' Reports on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that reports, which is dated December 9, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such disclosures are made in note 1(A) to the Agency's financial statements.

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2020. 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.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Florida Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and the Board of Directors and management of the Agency, and is not intended to be and should not be used by anyone other than these specified parties.

Sanson Kline Jacomino & Tandoc, LLP

Miami, Florida
December 9, 2020



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**Independent Accountant's Report on Compliance
with Sections 163.387(6) and (7), Florida Statutes**

To the Board of Commissioners
Boynton Beach Community
Redevelopment Agency:

We have examined the Boynton Beach Community Redevelopment Agency (the Agency), a Component Unit of the City of Boynton Beach, Florida compliance with Sections 163.387(6) and (7), Florida Statutes regarding the redevelopment trust fund during the year ended September 30, 2020. 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, 2020.

This report is intended solely for the information and use of the Florida Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and the Board of Directors and management of the Agency, and is not intended to be and should not be used by anyone other than these specified parties.

Sanson Kline Jacomino & Tandoc, LLP

Miami, Florida
December 9, 2020



Boynton Beach Community Redevelopment Agency

2020 Audit Results and Required Communications

Report to Those Charged With Governance



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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December 9, 2020

Management and Board Members
Boynton Beach Community
Redevelopment Agency
710 North Federal Highway
Boynton Beach, Florida 33435

Dear Management and Board Members:

We are pleased to present the results of our audit of the basic financial statements of the Boynton Beach Community Redevelopment Agency (the Agency) for the year ended September 30, 2020.

This report summarizes our audit, the scope of our engagement, and key observations and findings from our audit procedures for the year ended September 30, 2020. This report also contains the communications required by our professional standards and by *Government Auditing Standards*.

The audit was designed to express an opinion on the Agency's 2020 basic financial statements. In accordance with professional standards, we obtained a sufficient understanding of internal control to plan the audit and to determine the nature, timing, and extent of tests to be performed. However, we were not engaged to and we did not perform an audit of internal control over financial reporting.

This report is intended solely for the information and use of those charged with governance of the Agency, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate this opportunity to meet with you to discuss the contents of this report, and to answer any questions that you may have about this report or any other audit-related matters. If you have any questions, please contact Richie C. Tandoc, Partner in charge of the audit, at (305) 269-8633, ext. 8016.

Very truly yours,

Sanson Kline Jacomino & Tandoc, LLP

**Boynton Beach Community Redevelopment Agency
2020 Audit Results and Required Communications**

Generally Accepted Auditing Standards and *Government Auditing Standards* require the auditor to communicate certain matters to those charged with governance that may assist in overseeing management's financial reporting and disclosure process. Below is a summary of these required communications, and our response to each, as they apply to the Agency as of and for the fiscal year ended September 30, 2020.

| Required Communication | Response |
|--|--|
| <p>Auditors' Responsibilities Under Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAS)</p> <p>Our responsibility is to express opinions on the Agency's financial statements based on our audit conducted in accordance with auditing standards generally accepted in the United States and <i>Government Auditing Standards</i>. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>In addition, we are required to report on the Agency's internal control over financial reporting and on compliance and other matters. However, providing assurance on the internal control or compliance with certain provisions of laws, regulations, contracts, and agreements was not an objective of our audits, and accordingly, we do not express such opinions.</p> | <p>We have issued an unmodified opinion (i.e. a clean opinion) on the Agency's basic financial statements for the year ended September 30, 2020.</p> <p>We have also issued our report on the Agency's internal control over financial reporting and on compliance and other matters for the year ended September 30, 2020. We noted no material weaknesses or material noncompliance issues.</p> <p>Both reports were dated December 9, 2020.</p> |
| <p>Significant Accounting Policies</p> <p>Initial selection of and changes in significant accounting policies or their application and new accounting and reporting standards during the year must be reported.</p> <p>In addition, we must discuss our judgments about the quality, not just the acceptability, of the accounting policies as applied in the Agency's financial reporting.</p> | <p>The Agency's significant accounting policies are described in Note 1 to the financial statements.</p> <p>Accounting principles selected by management are consistent with those prescribed by government accounting standards, and the Agency's financial statements and related disclosures are clearly presented in a complete manner.</p> |
| <p>Accounting Estimates</p> <p>The preparation of the financial statements requires the use of accounting estimates. We are required to inform the Board of such accounting estimates and about our conclusions regarding the reasonableness of those estimates.</p> | <p>For fiscal year ended September 30, 2020, management's judgment was called upon to establish the useful lives of capital assets. We have determined that such estimates are reasonable.</p> |
| <p>Methods of Accounting for Significant Unusual Transactions and for Controversial or Emerging Areas</p> <p>We are required to inform those charged with governance about the methods used to account for significant unusual transactions and the effects of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> | <p>We did not identify any significant unusual transactions by the Agency or any significant accounting policies used by the Agency related to controversial or emerging areas for which there is a lack of authoritative guidance.</p> |
| <p>Significant and/or Unadjusted Audit Adjustments</p> <p>We are required to inform those charged with governance about auditor adjustments arising from the audit (whether recorded or not) that could, in our judgment, have a significant effect, individually or in the aggregate, on the Agency's financial statements.</p> | <p>We did not identify any material audit adjustments during our audit of the financial statements as of and for the fiscal year ended September 30, 2020.</p> |

Boynton Beach Community Redevelopment Agency
2020 Audit Results and Required Communications

| Required Communication | Response |
|---|---|
| <p>Fraud and Illegal Acts</p> <p>We are required to inform those charged with governance about any and all fraud and illegal acts involving senior management and any fraud and illegal acts (whether caused by management or other employees) that cause a material misstatement of financial resources.</p> | <p>We are not aware of any fraud or illegal acts that occurred during the fiscal year involving senior management, or any fraud or illegal acts involving any employee that would cause a material misstatement of the financial statements.</p> |
| <p>Disagreements or Difficulties with Management</p> <p>We are required to inform those charged with governance about any significant disagreements or difficulties encountered with management.</p> | <p>We did not encounter any significant disagreements or difficulties with management during the course of the audit.</p> |
| <p>Major Issues Discussed with Management Prior to Retention</p> <p>We are required to inform those charged with governance about any major issues discussed with management prior to retaining us as auditors.</p> | <p>We did not discuss any major issues with management prior to retaining us as your auditors.</p> |
| <p>Independence</p> <p>We are required to communicate with those charged with governance, at least annually, the following:</p> <ol style="list-style-type: none"> 1. Disclose, in writing, all relationships between us and the Agency and its related entities that, in our professional judgment, may reasonably be thought to impede our independence; 2. Confirm in writing that, in our professional judgment, we are independent of the Agency in accordance with generally accepted auditing standards and <i>Government Auditing Standards</i>; and 3. Disclose any non-audit services performed for the Agency. | <ol style="list-style-type: none"> 1. There are no relationships between us and the Agency and its related entities that, in our professional judgment, may reasonably be thought to impede our independence. 2. With regards to our audit of the Agency as of September 30, 2020, we are independent with respect to the Agency, in accordance with Rule 101 of the American Institute of Certified Public Accountants' Code of Professional Conduct, its interpretations and rulings, and <i>Government Auditing Standards</i>. 3. We have not performed any non-audit services for the Agency during the fiscal year ended September 30, 2020, or thereafter. |
| <p>Management Letter</p> <p>We are required to issue a management letter responding to certain requirements in accordance with the <i>Rules of the Auditor General</i> of the State of Florida.</p> | <p>We have issued a management letter in accordance with the <i>Rules of the Auditor General</i> of the State of Florida, dated December 9, 2020.</p> |
| <p>Management Representations</p> <p>We are required to communicate with those charged with governance about representations requested from management.</p> | <p>We requested certain representations from management that are included in the management representation letter dated December 9, 2020.</p> |