



Boynton Beach Community Redevelopment Agency

2023 Audit Results and Required Communications

Report to Those Charged With Governance



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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November 30, 2023

Management and Board Members
Boynton Beach Community
Redevelopment Agency
100 East Ocean Avenue, 4th Floor
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, 2023.

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, 2023. 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 2023 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
2023 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, 2023.

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, 2023.</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, 2023. We noted no material weaknesses or material noncompliance issues.</p> <p>Both reports were dated November 30, 2023.</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, 2023, 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, 2023.</p>

**Boynton Beach Community Redevelopment Agency
2023 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, 2023, 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, 2023, 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 November 30, 2023.</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 November 30, 2023.</p>

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

Basic Financial Statements

September 30, 2023

(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, 2023

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FINANCIAL SECTION

Independent Auditor's Report



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Independent Auditor's Report

To the Board of Commissioners
Boynton Beach Community Redevelopment Agency:

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund information 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, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 November 30, 2023 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.

Sanson Kline Jacomino & Tandon, LLP

Miami, Florida
November 30, 2023

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, 2023

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 2022-2023, the Agency's tax increment revenues increased by 16.71% or \$3,194,533 to approximately \$19.11 million during the fiscal year. This resulted primarily from increased property values by 5.0% 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 \$33.08 million. The Agency's total revenues for the year ended September 30, 2023 were approximately \$22.39 million, while total expenses were approximately \$23.28 million, increasing net position by approximately \$8.21 million.

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's Police Department, continues to fund the Neighborhood Officer Program (NOP) Innovative Policing Initiative in the Heart of Boynton. In 2022-2023, 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 CRA Districts 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 and additional security patrol, recommendations, and/or resources to the business community.

The CRA has partnered with the City on the Town Square Project which encompasses approximately eight acres of the total 16-acre site. The 55,000 square foot City Hall and Public Library building opened in June 2020 along with the historic Boynton Beach High School building that was adapted and reused as 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. 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.

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

Management's Discussion and Analysis - Unaudited

September 30, 2023

A total of \$17.15 Million of CRA funding was expended over the last five fiscal year budgets for the design drawings, permitting and construction of the Town Square Project. These improvements with an additional \$3.55 million were expended during Fiscal Year 2022-2023. The CRA has made a commitment through an Interlocal Agreement to provide funding over the next 20 years for the cost of completing the Town Square Project.

The CRA had the pleasure of assisting eight new businesses, adding over 77,519 square feet of new retail, industrial and professional office space within the CRA area with commercial rent subsidy and property improvement grants. Additionally, five existing businesses completed façade improvements totaling over 46,769 square feet of commercial space. Approximately \$307,436 was disbursed during the fiscal year to those businesses. The Economic development assistance programs targeted to existing and new businesses within the CRA district have proven to be a success. The CRA also awarded one business 6-months of additional rent reimbursement through the Commercial Rent Reimbursement Grant totaling \$7,500.

The Agency continued the facilitation of three major development projects during this Fiscal Year. The first is the acquisition of the 511-529 E. Ocean Avenue properties for the 115 N. Federal Highway Infill Mixed Use Redevelopment Project. The land assemblage allowed the Agency to issue an RFP/RFQ for development proposals which resulted in the execution of a Purchase and Development Agreement (PDA), Tax Increment Revenue Financing Agreement (TIRFA), and Parking Lease Agreements with BB +-+QOZ, LLC to develop The Pierce, a new development consisting a minimum of 236 mixed-income apartments, 16,800 square feet of retail, restaurant, and office space, and 150 public parking spaces. Additionally, Pulte Home Company, LLC to purchase the CRA-owned Cottage District Infill Housing properties at market value. In January 2023, the CRA Board approved a Purchase and Development Agreement for the redevelopment of the site. The proposed site plan includes, at minimum, 41 for-sale, owner occupied units consisting of at least 19 single-family detached units and 22 townhomes. All of the homes will be marketed and sold through Palm Beach County's Workforce Housing Program and sold at 60%-100% of the County's Area Media Income. The project which has been a priority site for the construction of new affordable or workforce home ownership is anticipated to be completed within two years of commencement of construction. Lastly, an increase in construction costs, as a result of the COVID-19 pandemic, necessitate the Agency to provide over \$4 million dollars in gap funding for the MLK Jr. Boulevard Mixed Use Project (aka Wells Landing Apartments, LLC d/b/a Heart of Boynton Village Apartments and Heart of Boynton Shops). This enabled the construction of 124 affordable Low-Income Housing Tax Credit (LIHTC) apartments and 8,250 square feet of neighborhood serving commercial uses in the Heart of Boynton District.

The BBCRA acquired the two-story office building located at 209 N. Seacrest Boulevard. In October 2022, the BBCRA was awarded \$81,820 in funding from the Solid Waste Authority's Blighted and Distressed Property Clean-up and Beautification Grant Program (Grant). In June 2023, the Grant funded the demolition of the structure at 209 N. Seacrest Boulevard. Due to the current property conditions with a non-confirming use and ongoing maintenance issues, it was too cost prohibitive to repair or update the structure to comply with life safety codes. In addition, the BBCRA purchased the adjacent property located at 217 N. Seacrest Boulevard in February 2023 which is currently home to the Downtown Boynton Beach U.S. Post Office. It is the intent of the BBCRA to utilize these two parcels to support future commercial or mixed-use redevelopment project.

Other redevelopment initiatives include: Executing a PDA with 306 NE 4th Avenue LLC to build a 3,000 square foot container restaurant on the CRA-owned property located at 211 E. Ocean Avenue; the redevelopment of the 1102-1110 N. Federal Highway property; and the release of an RFP/RFQ for the redevelopment of the USPS East Boynton retail facility on the CRA-owned property located at 401-411 E. Boynton Beach Boulevard.

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

Management's Discussion and Analysis - Unaudited

September 30, 2023

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.

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, 2023, 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*.

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

Management's Discussion and Analysis - Unaudited

September 30, 2023

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 page 24 and 25 of this report.

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 \$40.93 million at the close of the most recent fiscal year. However, the largest portion of the Agency's total assets, 60%, is reflected in its capital assets.

Summary of Net Position

	September 30,	
	2023	2022
Assets		
Current and other assets	\$ 19,773,024	\$ 19,191,317
Capital assets	29,631,786	24,835,611
Total assets	<u>49,404,810</u>	<u>44,026,928</u>
Deferred outflows of resources	<u>359,256</u>	<u>479,008</u>
Liabilities		
Current liabilities	3,810,455	2,293,574
Long-term liabilities	4,663,954	9,131,981
Total liabilities	<u>8,474,409</u>	<u>11,425,555</u>
Net position		
Invested in capital assets, net of related debt	24,825,530	15,402,605
Restricted for:		
Capital projects	13,283,370	14,874,575
Debt service	176,014	128,392
Unrestricted	3,004,743	2,674,809
Total net position	<u>\$ 41,289,657</u>	<u>\$ 33,080,381</u>

The Agency has restricted assets for various capital projects.

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

Management's Discussion and Analysis - Unaudited

September 30, 2023

Governmental Activities

Governmental activities increased the Agency's net position by approximately \$8.21 million. Key elements of this increase are detailed as follows:

Summary of Changes in Net Position

	Year Ended September 30,	
	2023	2022
Revenues		
Program Revenues		
Charges for services	\$ 2,322,729	\$ 2,094,230
General Revenues		
Tax increment revenues	19,113,241	15,918,708
Other revenues	955,014	624,308
Total revenues	<u>22,390,984</u>	<u>18,637,246</u>
Expenses		
General government	4,496,867	4,285,334
Redevelopment projects	9,313,251	7,481,104
Interest on long-term debt	371,590	398,592
Loss on disposal of capital assets	-	323,222
Total expenses	<u>14,181,707</u>	<u>12,488,252</u>
Change in net position	8,209,276	6,148,994
Net position beginning of year	33,080,381	26,931,387
Net position end of year	<u>\$ 41,289,657</u>	<u>\$ 33,080,381</u>

Tax increment revenues increased by approximately \$3.19 million during fiscal year 2023, the result of increased taxable values.

Year-to-year expenses increased by approximately \$1.69 million. This was due primarily to the increase in redevelopment projects and decrease 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 2023, the Agency's governmental funds reported an ending fund balance of approximately \$17.92 million, of which approximately \$202 thousand is nonspendable, \$2.13 million is committed, \$13.91 million is assigned and \$1.68 million is unassigned funds.

GENERAL BUDGETARY HIGHLIGHTS

In fiscal year 2022-2023, actual total revenues were favorable over budgetary estimates by approximately \$3.62 million, and actual total expenditures were unfavorable over budgetary estimates by \$388 thousand. Refer to page 24 for budgetary comparison schedule.

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

Management's Discussion and Analysis - Unaudited

September 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During the year end September 30, 2023, the Agency spent approximately \$5.07 million in capital assets. This includes approximately all for properties acquired in the CRA district targeted redevelopment plan for the downtown district

Long-Term Debt

At the end of fiscal year 2023, the Agency has total bond debt outstanding of approximately \$6.40 million. Of this amount, approximately \$4.53 million represents the 2012 refunding Revenue Bonds and \$1.88 million represents the 2015 Revenue Bonds.

ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET

Assessed property valuations within the community redevelopment district increased approximately 17.1% versus prior year resulting in an increase in tax increment revenues of \$3.19 million, net of estimated adjustments for tax roll certifications. The Agency's Board approved the 2022-2023 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, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 19,524,344
Accounts receivables	6,109
Prepays	201,661
Other Receivables	40,910
Capital assets, net of accumulated depreciation:	
Land	21,544,293
Furniture and equipment	57,156
Renovations	599,936
Construction in progress	41,708
Building	6,643,705
Land improvements	744,988
Total assets	49,404,810
 DEFERRED OUTFLOW OF RESOURCES	
Deferred amount on refunding	359,256
 LIABILITIES	
Accounts payable and accrued expenses	1,838,836
Deposits payable	14,619
Long-term liabilities:	
Due within one year	1,957,000
Due in more than one year	
Bonds and loans payable	4,447,000
Compensated absences	216,954
Total liabilities	8,474,409
 NET POSITION	
Net Investment in capital assets	24,825,530
Restricted for:	
Capital projects	13,283,370
Debt service	176,014
Unrestricted	3,004,743
Total net position	\$ 41,289,657

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, 2023

	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Assets</u>
Functions/Programs			
Governmental Activities:			
General government	\$ 4,496,867	\$ 2,322,729	\$ (2,174,138)
Redevelopment projects	9,313,251		(9,313,251)
Interest on long-term debt	371,590		(371,590)
Total	<u>\$ 14,181,708</u>	<u>\$ 2,322,729</u>	<u>\$ (11,858,979)</u>
General Revenues:			
Tax increment revenue			\$ 19,113,241
Interest and other income			955,014
Total general revenues			<u>20,068,255</u>
Change in net position			8,209,276
Net position - beginning of year			<u>33,080,381</u>
Net position - end of year			<u>\$ 41,289,657</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, 2023

	<u>General Fund</u>	<u>Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,351,686	\$ 14,996,644	\$ 176,014	\$ 19,524,344
Accounts receivables	6,109	-	-	6,109
Prepays	199,411	2,250	-	201,661
Other receivables		40,910		40,910
Total assets	<u>\$ 4,557,206</u>	<u>\$ 15,039,804</u>	<u>\$ 176,014</u>	<u>\$ 19,773,024</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 83,527	\$ 1,755,309	\$ -	\$ 1,838,836
Deposits payable	13,494	1,125	-	14,619
Total liabilities	<u>97,021</u>	<u>1,756,434</u>	<u>-</u>	<u>1,853,455</u>
Fund Balances:				
Nonspendable	199,411	2,250	-	201,661
Committed	814,874	1,135,316	176,014.00	2,126,204
Assigned	1,767,543	12,145,804	-	13,913,347
Unassigned	1,678,357	-	-	1,678,357
Total fund balances	<u>4,460,185</u>	<u>13,283,370</u>	<u>176,014</u>	<u>17,919,569</u>
Total liabilities and fund balances	<u>\$ 4,557,206</u>	<u>\$ 15,039,804</u>	<u>\$ 176,014</u>	<u>\$ 19,773,024</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, 2023

Fund balance - governmental funds	\$ 17,919,569
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	29,631,786
Deferred outflow of resources - reported as deferred amount on refunding	359,256
Long-term liabilities are not reported in the governmental funds.	
Compensated absences	(216,954)
Bonds and notes payable	(6,404,000)
Net position of governmental activities	<u>\$ 41,289,657</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, 2023

	<u>General Fund</u>	<u>Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Tax increment revenue	\$ 19,113,241	\$ -	\$ -	\$ 19,113,241
Charges for services	2,322,729	-	-	2,322,729
Interest and other income	225,994	684,240	44,780	955,014
Total revenues	<u>21,661,964</u>	<u>684,240</u>	<u>44,780</u>	<u>22,390,984</u>
EXPENDITURES				
General government	4,185,885	-	-	4,185,885
Redevelopment projects	-	9,313,251	-	9,313,251
Debt service:				
Principal	-	2,556,567	1,906,000	4,462,567
Interest and other charges	-	17,283	227,988	245,271
Capital outlay	-	5,068,184	-	5,068,184
Total expenditures	<u>4,185,885</u>	<u>16,955,285</u>	<u>2,133,988</u>	<u>23,275,158</u>
Excess (deficiency) of revenues over (under)	<u>17,476,079</u>	<u>(16,271,045)</u>	<u>(2,089,208)</u>	<u>(884,174)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	14,679,840	2,136,830	16,816,670
Transfers out	(16,816,670)	-	-	(16,816,670)
Total other financing sources (uses)	<u>(16,816,670)</u>	<u>14,679,840</u>	<u>2,136,830</u>	<u>-</u>
Net change in fund balances	659,409	(1,591,205)	47,622	(884,174)
Fund balances - beginning of year	3,800,776	14,874,575	128,392	18,803,743
Fund balances - end of year	<u>\$ 4,460,185</u>	<u>\$ 13,283,370</u>	<u>\$ 176,014</u>	<u>\$ 17,919,569</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, 2023

Net changes in fund balances - total governmental funds	\$	(884,174)
<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		5,068,185
Less current year depreciation expense		(272,010)
<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		4,456,000
Amortization on deferred amount on refunding		(119,752)
<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.		<u>(38,973)</u>
Change in net position of governmental activities	\$	<u><u>8,209,276</u></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, 2023

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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Reporting model (Continued)

Fund financial statements

For the fiscal year ending September 30, 2023, 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, 2023

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, 2023

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. Interfund Transactions

Transactions between funds during the fiscal year consisted of amounts due for reimbursements (reported as due from other funds and due to other funds) and transfers.

L. 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.

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, 2023, 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, 2023

3. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2023, is as follows:

	Balance at 9/30/2022	Additions/ Transfers	Deletions/ Transfers	Balance at 9/30/2023
Capital assets, not being depreciated:				
Land	\$ 17,925,523	\$ 3,618,770	\$ -	\$ 21,544,293
Construction in progress	41,708	-	-	41,708
Total capital assets, not being depreciated	<u>17,967,231</u>	<u>3,618,770</u>	<u>-</u>	<u>21,586,001</u>
Capital assets, being depreciated:				
Building	5,811,649	1,449,414	-	7,261,063
Renovations	1,090,247	-	-	1,090,247
Land improvements	1,121,310	-	-	1,121,310
Leasehold improvements	24,676	-	-	24,676
Furniture and equipment	207,623	-	-	207,623
Vehicle	15,850	-	-	15,850
Total capital assets, being depreciated	<u>8,271,355</u>	<u>1,449,414</u>	<u>-</u>	<u>9,720,769</u>
Less accumulated depreciation for:				
Building	(449,692)	(167,666)	-	(617,358)
Renovations	(454,944)	(35,367)	-	(490,311)
Land improvements	(320,816)	(55,506)	-	(376,322)
Leasehold improvements	(24,675)	(1)	-	(24,676)
Furniture and equipment	(138,342)	(12,125)	-	(150,467)
Vehicle	(14,505)	(1,345)	-	(15,850)
Total accumulated depreciation	<u>(1,402,974)</u>	<u>(272,010)</u>	<u>-</u>	<u>(1,674,984)</u>
Total capital assets, being depreciated, net	<u>6,868,381</u>	<u>1,177,404</u>	<u>-</u>	<u>8,045,785</u>
Total capital assets, net of accumulated depreciation	<u>\$ 24,835,612</u>	<u>\$ 4,796,174</u>	<u>\$ -</u>	<u>\$ 29,631,786</u>

Depreciation expense of \$272,009 was charged to general government for fiscal year 2023.

4. LONG-TERM LIABILITIES

At September 30, 2023, 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%.

\$ 4,529,000

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%.

1,875,000
\$ 6,404,000

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

Notes to the Basic Financial Statements

September 30, 2023

4. LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize bonds and loans payable outstanding as of September 30, 2023, 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
2024	1,512,000	115,942	445,000	61,875	1,957,000	177,817
2025	1,487,000	77,235	705,000	47,190	2,192,000	124,425
2026	1,530,000	39,168	725,000	23,925	2,255,000	63,093
	<u>\$ 4,529,000</u>	<u>\$ 232,345</u>	<u>\$ 1,875,000</u>	<u>\$ 132,990</u>	<u>\$ 6,404,000</u>	<u>\$ 365,335</u>

The changes in long-term liabilities for the year ended September 30, 2023 are summarized as follows:

	Balance at 9/30/22	Additions	Deletions	Balance at 9/30/23	Due within one year
Bonds payable	\$ 8,310,000	\$ -	\$ (1,906,000)	\$ 6,404,000	\$ 1,957,000
Loan payable	2,550,000	-	(2,550,000)	-	-
Compensated absences	177,981	38,973	-	216,954	-
Total long-term liabilities	<u>\$11,037,981</u>	<u>\$ 38,973</u>	<u>\$ (4,456,000)</u>	<u>\$ 6,620,954</u>	<u>\$ 1,957,000</u>

5. FUND BALANCES

At September 30, 2023, 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.

Below is a table of fund balance categories and classifications, by fund, at September 30, 2023:

	General Fund	Projects Fund	Debt Service Fund
Nonspendable	\$ 199,411	\$ 2,250	\$ -
Committed	814,874	1,135,316	176,014
Assigned	1,767,543	12,145,804	-
Unassigned	<u>1,678,357</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,460,185</u>	<u>\$ 13,283,370</u>	<u>\$ 176,014</u>

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

Notes to the Basic Financial Statements

September 30, 2023

6. INTERFUND TRANSFERS

During the fiscal year ended September 30, 2023, the General Fund transferred \$14,679,840 and \$2,136,830 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, 2023 total \$553,872. 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

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 property improvement and rent reimbursement. During fiscal year ended September 30, 2023, the Agency closed and disbursed \$307,436 in Economic Development Grants.

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 28.5% of the total salaries of qualified participants. Employer contributions to both plans in fiscal year 2023 totaled \$270,619.

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

Notes to the Basic Financial Statements

September 30, 2023

11. RELATED PARTY TRANSACTIONS

The Agency is a blended component unit of the City of Boynton Beach, Florida. For the year ended September 30, 2023, the Agency's tax increment revenues include \$11,964,587 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, 2023 totaled \$4,311,231.

12. SUBSEQUENT EVENTS

The Agency evaluated subsequent events through November 30, 2023, the date the financial statements were available to be issued, and does not believe that there are any such events or transactions that require disclosure.

13. NEW PRONOUNCEMENTS ISSUED

The following pronouncements were recently issued, but were not yet effective for the Agency's fiscal year ended September 30, 2023. Management will evaluate the effect that the pronouncements will have on its financial statements:

- GASB Statement No. 99, *Omnibus 2023*
- GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*
- GASB Statement No. 101, *Compensated Absences*

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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
REVENUES				
Tax increment revenue	\$ 15,801,715	\$ 15,801,715	\$ 19,113,241	\$ 3,311,526
Charges for services	1,000,000	1,000,000	2,322,729	1,322,729
Interest and other income	100,000	1,235,316	225,994	(1,009,322)
Total revenues	<u>16,901,715</u>	<u>18,037,031</u>	<u>21,661,964</u>	<u>3,624,933</u>
EXPENDITURES				
General government	3,797,400	3,797,400	4,185,885	(388,485)
Total expenditures	<u>3,797,400</u>	<u>3,797,400</u>	<u>4,185,885</u>	<u>(388,485)</u>
Excess of revenues over expenditures	13,104,315	14,239,631	17,476,079	3,236,448
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(13,104,315)</u>	<u>(14,239,631)</u>	<u>(16,816,670)</u>	<u>2,577,039</u>
Total other financing sources (uses)	<u>(13,104,315)</u>	<u>(14,239,631)</u>	<u>(16,816,670)</u>	<u>2,577,039</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	659,409	<u>\$ 5,813,487</u>
Fund balances - beginning of year			3,800,776	
Fund balances - end of year			<u>\$ 4,460,185</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, 2023

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



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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, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 & Tandon, LLP

Miami, Florida
November 30, 2023



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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, 2023, and have issued our report dated November 30, 2023.

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 Requirements

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 report, which is dated November 30, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective action has been taken to address the finding and recommendation that was reported 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 to the Agency's financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), 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, 2023. 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.

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

Specific Information

As required by Section 218.39(3)(a), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Agency reported:

- a. A total of 10 employees compensated in the last pay period of the Agency’s fiscal year.
- b. A total of 1 independent contractors to whom nonemployee compensation was paid in the last month of the Agency’s fiscal year.
- c. Compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency totaled \$864,314 for the fiscal year.
- d. Compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency totaled \$70,835 for the fiscal year.
- e. The Agency has no construction projects with a total cost of at least \$65,000 approved by the Agency that is scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Agency amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Tax increment revenue	\$ 15,801,715	\$ 15,801,715	\$ 19,113,241	\$ 3,311,526
Charges for services	1,000,000	1,000,000	2,322,729	1,322,729
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Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	659,409	<u>\$ 5,813,487</u>
Fund balances - beginning of year			<u>3,800,776</u>	
Fund balances - end of year			<u>\$ 4,460,185</u>	

Additional Matters

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 & Tardoc, LLP

Miami, Florida
November 30, 2023



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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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, 2023. 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, 2023.

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
November 30, 2023