



DOWNTOWN BOCA

**BOCA RATON COMMUNITY
REDEVELOPMENT AGENCY
(A Component Unit of the City of Boca Raton, Florida)**

Financial Statements

For the Fiscal Year Ended September 30, 2020

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Boca Raton, Florida)

For the fiscal year ended September 30, 2020

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Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

To the Chair, Vice Chair, Commissioners and Executive Director
Boca Raton Community Redevelopment Agency
Boca Raton, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Boca Raton Community Redevelopment Agency (the CRA), a component unit of the City of Boca Raton, Florida, as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and the aggregate remaining fund information of the CRA, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 7, and the budgetary comparison schedule and related notes on pages 27 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CRA's basic financial statements. The Mizner Park Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual (the Schedule) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule, is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021 on our consideration of the CRA'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting.

Marcum LLP

West Palm Beach, FL
March 29, 2021

Management's Discussion and Analysis

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boca Raton, Florida)
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2020
(Unaudited)

The Management's Discussion and Analysis (MD&A) of the Boca Raton Community Redevelopment Agency (the "CRA") is designed to provide an objective and easy to read analysis of the financial activities for the fiscal year ended September 30, 2020 based on currently known facts, decisions, and conditions. The MD&A provides a broad overview, short-term and long-term analysis of the CRA'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 CRA's financial activity and identify changes in the CRA'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 Boca Raton Community Redevelopment Agency was created in 1980 by the City of Boca Raton City Council under Chapter 163, Part III, of the Florida Statutes. The CRA is a dependent special district and a blended component unit of the City of Boca Raton, Florida (the "City"). The CRA is responsible for promoting economic redevelopment in the designated 344-acre Community Redevelopment Area in downtown Boca Raton. The City Manager of Boca Raton serves as the Executive Director to the CRA, and the CRA has entered into an Interlocal Agreement for the City to provide services to the CRA.

The CRA 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

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by \$67.063 million (net position).
- The CRA's total net position increased by \$1.087 million which was attributable to an increase in general revenues in the governmental activities.
- The CRA's tax increment revenues increased by \$784 thousand or approximately 6%. This resulted from increased property values of 5.7% within the CRA district from residential, multi-family, condominiums, commercial properties and from new construction.

Overview of Financial Statements

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

Government-Wide Financial Statements

The CRA's government-wide financial statements provide readers with a broad overview of the CRA'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* presents information on the CRA's assets and liabilities, with the difference between them reported as net position.

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(Unaudited)

The *Statement of Activities* (operating statement) presents information showing how the CRA'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 as incurred. Therefore, revenue and expenses for some items will only result in cash inflows/outflows in future fiscal periods.

The CRA's government-wide financial statements present functions of the CRA that are principally supported by tax increment financing (governmental activities). The governmental activities of the CRA include general government activities and community development. The CRA has no business-type activities.

The CRA's government-wide financial statements are found beginning on page 8 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 CRA, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The CRA made the last Mizner Park Bond payment in the prior fiscal year. As a result, the CRA utilizes one fund for the fiscal year ended September 30, 2020; the *Operating Fund* from which all tax increment revenues and Mizner Park lease revenues are placed in this fund as they are received by the CRA. The *Mizner Park Revenue Fund* transferred its remaining funds to the *Operating Fund* and the *Mizner Park Revenue Fund* was closed.

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 CRA's near-term financing decisions. The "Balance Sheet - Governmental Funds" and "Statement of Revenues, Expenditures, and Changes in Fund Balances - 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 Changes in Fund Balances - Governmental Funds to the Statement of Activities" to facilitate the comparison between the *governmental funds* and *governmental activities*.

The CRA adopts an annual appropriated budget for its *Operating Fund* and *Mizner Park Revenue Fund*. Budgetary comparison schedules are provided for the *Operating Fund* and the *Mizner Park Revenue Fund* to demonstrate compliance with the budget and provides an analysis of significant budgetary variances (both original budget versus the final amended budget). A final transfer was made from the *Mizner Park Revenue Fund* to the *Operating Fund* and the *Mizner Park Revenue Fund* was closed.

The CRA's governmental funds financial statements can be found beginning on page 10 of this report. The reconciliations between the governmental funds and governmental activities are found on pages 11 and 13.

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boca Raton, Florida)
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2020
(Unaudited)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and the fund financial statements. These notes to the financial statements begin on page 14 of this report.

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the CRA's budget to actual results for *the Operating Fund* and the *Mizner Park Revenue Fund* for the current year. The required supplementary information can be found on pages 27 through 28 of this report. The supplementary information can be found on page 29.

Government-Wide Financial Analysis

The following schedule is a summary of the fiscal 2020 Statement of Net Position found on page 8 with comparative information for fiscal year 2019:

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boca Raton, Florida)
Summary of Net Position
(in thousands)
September 30, 2020

	Governmental Activities	
	2020	2019
Current and other assets	\$ 25,897	\$ 24,601
Capital assets	41,616	41,616
Total assets	67,513	66,217
Current liabilities	450	241
Total liabilities	450	241
Net position:		
Net investment in capital assets	41,599	41,616
Restricted	25,210	24,357
Unrestricted	254	3
Total net position	\$ 67,063	\$ 65,976

The CRA's total net position increased by \$1.09 million. This result was driven by a increase of \$1.30 million in current and other assets. This increase was partially offset by a reduction in the Net Position Restricted of \$0.85 million. The decrease was a result of decrease in Mizner Park net operating income rent as compared to 2019.

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boca Raton, Florida)
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2020
(Unaudited)

The following schedule is a summary of the fiscal year ended September 30, 2020 Statement of Activities found on page 9 with comparative information for the fiscal year ended September 30, 2019:

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 1,857	\$ 3,501
General revenues:		
Taxes	14,150	13,366
Investment earnings	214	322
Total revenues	16,221	17,189
Expenses:		
Community development	15,134	12,541
Total expenses	15,134	12,541
Increase (decrease) in net position before		
Transfers	1,087	4,648
Transfers	-	-
Change in net position	1,087	4,648
Net position beginning of year	65,976	61,328
Net position end of year	\$ 67,063	\$ 65,976

Tax increment revenue increased by \$784 thousand primarily due to an increase in the property values within the CRA. Tax increment revenue is a function of the increase in the assessed values of properties within the CRA District above the base year valuation amounts, as well as the operating millage rate of each taxing district that contributes to the tax increment. This was the 8th consecutive year over year growth in taxable value for the redevelopment area. Program revenues decreased due to the COVID-19 pandemic which caused a shut down in parking enforcement operations from March through June of the 2020 fiscal year. Expenses increased due to the \$2 million increase in the CRA reimbursement to the City of Boca Raton for services provided.

The following is a table of the fiscal years 2020 and 2019 of revenues by source for governmental activities.

**Governmental Activities
Revenues by Source
FY 2020 and 2019
(in thousands)**

	2020	2020 %	2019	2019 %
Governmental Activities - Revenues				
Charges for Services	\$ 1,857	12%	\$ 3,501	20.4%
Taxes	14,150	87%	13,366	77.8%
Investment Earnings	214	1%	322	1.9%
	\$ 16,221	100%	\$ 17,189	100%

The decrease in program revenue is due to COVID 19 impacts forcing a slow down in new development and the shuttering of Parking Enforcement for several months reduced revenue as compared to last year which decreased the percentage of total revenue for Charges for Services.

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
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Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2020
(Unaudited)

The following is a table of the fiscal years 2020 and 2019 of expenses by source for governmental activities.

**Governmental Activities
Expenses by Source
FY 2020 and 2019
(in thousands)**

	2020	2020 %	2019	2019 %
Governmental Activities - Expenses				
Charges for Services	\$ 15,134	100%	\$ 12,541	100%
	\$ 15,134	100%	\$ 12,541	100%

The increase in expense for Community Development is due to a \$2 million increase in the amounts repaid to the City of Boca Raton for services provided.

Financial Analysis of the CRA's Funds

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

Governmental Funds

The fund financial statements for the governmental funds are provided on pages 10-13. The focus of the CRA's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CRA's financing requirements.

**Major Fund Information
Summary Analysis
(in thousands)**

	<u>Operating Fund</u>
Fiscal Year 2020	
Revenues	\$ 16,454
Expenditures	(15,134)
Other financing sources (uses)	5,694
Increase (decrease) in fund balance	<u>\$ 7,014</u>
Fiscal Year 2019	
Revenues	\$ 1,671
Expenditures	(2,541)
Other financing sources (uses)	1,550
Increase in fund balance	<u>\$ 680</u>

At the end of the current fiscal year, the fund balance of the Operating fund was \$11.33 million. The fund balance increased by \$7.01 million.

Capital Assets

The CRA's net investment in capital assets for its governmental activities as of September 30, 2020 and 2019 amounts to \$41.6 million. This investment is made up of land associated with the Mizner Park project.

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Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2020
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Long-Term Debt

As of fiscal year-end 2020, the CRA had no debt (bonds, notes, etc.) outstanding.

Other Factors

The CRA's guiding document for annual budgeting, programs and projects is the Downtown Development of Regional Impact ("DDRI") for the entire Redevelopment Area. The DDRI focused on developing Mizner Park, resolving infrastructure problems and eliminating impediments to redevelopment through the approval process. While the DDRI has been revised, it remains the planning document used by the CRA over its lifetime.

The Development Order, as amended, and the Rules of the CRA are the controlling land use regulations and procedures in Downtown Boca Raton. The CRA's approach to redevelopment based on the Development Order, Mizner Park and Visions 90 Downtown Capital Improvements Program has been highly successful in creating redevelopment activity in the Downtown.

In the six years prior to the Development Order, 75,000 square feet of new development was approved and built in the Redevelopment Area. Since approval of the Development Order in March 1988, the CRA has approved development applications providing for over 3.6 million square feet of office equivalent development, including Mizner Park. Of these 4 million square feet of approved office equivalent development, construction of approximately 3.4 million square feet of office equivalent development has been completed.

The CRA has not undertaken a project involving tax increment revenues and financing since the Mizner Park Project. The main source of revenue for the CRA is Tax Increment. Palm Beach County, the City of Boca Raton and the Greater Boca Raton Beach and Park District currently make tax increment payments into the CRA's Redevelopment Trust Fund. The tax increment is determined annually and is the amount equal to 95 percent of the difference between: (a) the amount of ad valorem taxes levied each year by each taxing authority contributing to the tax increment, exclusive of any debt service millage, on taxable real property contained within the Redevelopment Area; and (b) the amount of ad valorem taxes which would have been produced by the rate at which the tax is levied each year by the taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the community redevelopment area as shown on the assessment roll used by each taxing authority prior to August 10, 1982, the effective date of the Ordinance creating the Redevelopment Trust Fund.

Challenges Facing the CRA

While the CRA's approach to redevelopment based on the Development Order, Mizner Park and the Visions 90 Downtown Capital Improvements Program have been highly successful in creating an environment in Downtown which has led to substantial redevelopment and dramatic increases in taxable values and tax increment, the CRA area continues to be challenged with:

- Traffic calming and pedestrianism throughout the Downtown.
- Ensuring availability of parking spaces during peak hours.
- Introducing mass transit and alternative transportation modes in the Downtown; and

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(A Component Unit of the City of Boca Raton, Florida)
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2020
(Unaudited)

achieving these goals will require the continued cooperation and support of all interested parties and jurisdictions and will benefit not only the Downtown and the City of Boca Raton but the entire Palm Beach County.

Requests for Information

This financial report is designed to provide a general overview of the CRA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Boca Raton Community Redevelopment Agency at Boca Raton City Hall, Room 200, 201 W Palmetto Park Road, Boca Raton, Florida 33432, phone (561) 393-7940.

Financial Statements

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boca Raton, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 5,478,262
Investments	6,264,947
Receivables, net	14,153,341
Capital assets:	
Non-depreciable	41,616,144
Total assets	<u>67,512,694</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 234,520
Retainage payable	17,167
Performance bonds and escrow funds	198,254
Total liabilities	<u>449,941</u>
Net Position	
Net investment in capital assets	41,598,977
Restricted for:	
Community development	25,210,411
Unrestricted	253,365
Total net position	<u>\$ 67,062,753</u>

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

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boca Raton, Florida)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Position Governmental Activities
Governmental Activities:			
General government		\$ 524,383	\$ 524,383
Community development	\$ 15,133,957	1,332,182	(13,801,775)
Total Governmental Activities	15,133,957	1,856,565	(13,277,392)
General revenues:			
Incremental property tax			14,150,342
Investment earnings			213,610
Total general revenues			14,363,952
Change in net position			1,086,560
Net position, beginning			65,976,193
Net position, ending			\$ 67,062,753

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

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boca Raton, Florida)
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Operating Fund	Non-Major Mizner Park Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,478,262		\$ 5,478,262
Investments	6,264,947		6,264,947
Receivables, net:			
Accounts receivable	14,115,691		14,115,691
Interest	37,650		37,650
Restricted:			
Total assets	25,896,550		25,896,550
Total assets and deferred outflows of resources	\$ 25,896,550	\$	\$ 25,896,550
LIABILITIES			
Accounts payable and accrued liabilities	\$ 251,687		\$ 251,687
Performance bonds and escrow funds	198,254		198,254
Total liabilities	449,941		449,941
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	14,115,691		14,115,691
Total deferred inflows of resources	14,115,691		14,115,691
FUND BALANCES			
Restricted for:			
Downtown	11,327,851		11,327,851
Committed to:			
Parking	3,067		3,067
Total fund balances	11,330,918		11,330,918
Total liabilities, deferred inflows of resources and fund balances	\$ 25,896,550	\$	\$ 25,896,550

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boca Raton, Florida)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Ending fund balance - governmental funds	\$	11,330,918
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		41,616,144
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the governmental funds.		
Deferred inflows - unavailable revenue		14,115,691
Net position of governmental activities	<u>\$</u>	<u>67,062,753</u>

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boca Raton, Florida)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Operating Fund</u>	<u>Non-Major Mizner Park Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 14,150,342		\$ 14,150,342
Charges for services	2,089,696		2,089,696
Investment earnings (loss)	213,610		213,610
Total revenues	<u>16,453,648</u>		<u>16,453,648</u>
EXPENDITURES			
Current:			
Community development	14,887,355		14,887,355
Capital outlay	246,602		246,602
Total expenditures	<u>15,133,957</u>		<u>15,133,957</u>
Excess of revenues over expenditures	<u>1,319,691</u>		<u>1,319,691</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,694,063		5,694,063
Transfers out		\$ (5,694,063)	(5,694,063)
Total other financing sources (uses)	<u>5,694,063</u>	<u>(5,694,063)</u>	
Net change in fund balances	7,013,754	(5,694,063)	1,319,691
Fund balances - beginning	<u>4,317,164</u>	<u>5,694,063</u>	<u>10,011,227</u>
Fund balances - ending	<u>\$ 11,330,918</u>	<u>\$</u>	<u>\$ 11,330,918</u>

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

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Boca Raton, Florida)
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - governmental funds	\$ 1,319,691
Deferred inflows of resources reported for governmental activities:	
Change in deferred inflows - unavailable revenue	<u>(233,131)</u>
Change in net position of governmental activities	<u>\$ 1,086,560</u>

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

Notes to the Financial Statements

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Boca Raton, Florida)

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2020

1. The Boca Raton Community Redevelopment Agency

The Boca Raton Community Redevelopment Agency (the "CRA") was created in 1980 by the City of Boca Raton City Council under Chapter 163, Part III, of the Florida Statutes. The CRA is responsible for promoting economic redevelopment in the designated 344-acre Community Redevelopment Area in downtown Boca Raton.

The City of Boca Raton, Florida (the "City") and the CRA are separate legal entities which share the mutual goal of redeveloping the Community Redevelopment Agency areas. The City provides administrative support services in the same manner as provided by the City in the conduct of its own affairs or as otherwise provided by the CRA Plans or By-Laws. The CRA is charged by the City for the provision of these administrative support services in accordance with the Interlocal Agreement between the City and CRA.

2. Summary of Significant Accounting Policies

The financial statements of the CRA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. This summary of the CRA Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other information in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements. The more significant of the CRA's governmental accounting policies are described below.

A. Reporting Entity.

The CRA 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 CRA has determined that there are no component units that meet criteria for inclusion in the CRA's financial statements. The Board of the CRA (the "Board") is governed by the five members of the City Council. Management of the City has operational responsibility for the CRA. The City is considered to be financially accountable for the CRA; the CRA is considered to be a blended component unit in the City's comprehensive annual financial report.

B. Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole and provide a consolidated financial picture of the government. As part of the consolidation process, interfund activities are eliminated to avoid distorted financial results.

The Statement of Net Position reports all financial and capital resources of the CRA's governmental activities. Governmental activities are those supported by charges for services, taxes and intergovernmental revenues. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges for goods or services that are recovered directly from customers for services rendered and 2) grants and contributions that are restricted to meeting the operational or capital requirements for a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

All governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their operating statements present sources (revenue and other financing sources) and uses (expenditures and other financing uses) of available spendable resources during the period. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Incremental property taxes and investment earnings associated with the current fiscal periods are susceptible to accrual and are recorded as earned since they are measurable and available. All other revenues are considered to be measurable and available only when cash is received by the CRA or property has legally transferred to the CRA. Expenditures, other than debt service, are generally recorded when a liability is incurred, as under accrual accounting. Debt service expenditures are recorded only when payment is due.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are necessary to explain the adjustments needed to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

D. Major Funds and Basis of Presentation

The accounts of the CRA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for using a separate set of self-balancing accounts, which comprise its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equities, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined), for the determination of major funds.

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Fund Types:

The CRA reports the following major governmental fund:

Operating Fund

The CRA Operating Fund provides for the CRA's day-to-day operations through the use of City staff from the Development Services and Financial Services Departments. This includes the CRA office, all general administration, plan review and the CRA's day-to-day dealings with public, developers, the City and other governmental agencies.

E. Assets, Liabilities, Deferred Inflows of Resources and Net Position

1. Deposits and Investments

The CRA's cash and cash equivalents are considered to be cash on hand, demand and time deposits and short-term investments with original maturities of three months or less from the date of acquisition by the CRA. State statutes authorize the CRA to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Investment Pool, investment pools governed by interlocal agreements and the Florida League of Cities Municipal Investment Trust.

Investments in participating interest-earning contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. All other investments are reported at fair value or amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The CRA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

2. Receivables and Payables

All trade and other receivables are shown net of an allowance for uncollectibles. Long-term receivables are analyzed for their collectability based on their terms and conditions of the agreements.

3. Capital Asset

Capital asset, which includes only land, is reported in the applicable governmental activities column in the government-wide financial statements. (Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed).

In governmental fund financial statements, the cost associated with the acquisition or construction of capital assets are shown as capital outlay expenditures. Capital assets are not shown on the governmental fund balance sheets and no depreciation expense is recognized in the governmental fund statement of revenues, expenditures and changes in fund balances. The CRA's capital assets only include land so accordingly there has not been any depreciation expense recorded.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The CRA records impairment losses on long lived assets used in operations when events or circumstances indicate the assets might be impaired. No impairment losses have been recorded.

4. Unearned Revenue

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the government-wide and the governmental fund financial statements. These amounts represent rent deposits. In addition, amounts related to governmental fund receivables that are measurable, but not available (not received within 60 days from fiscal year end), are recorded as unavailable (a deferred inflow of resources) in the

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governmental fund financial statements.

5. Liabilities – Performance Bonds, Escrow for Performance bonds and Escrow funds

Liabilities include amounts paid to the CRA by contractors as guarantees of performance. These amounts may be due back to the contractors.

6. Deferred Inflows of Resources

The governmental funds financial statements include a separate section for deferred inflows of resources. Deferred inflows of resources represent the acquisition of fund balance that is applicable to a future accounting period and will not be recognized as revenue until the future period to which it applies. The CRA reports unavailable revenue in this category.

7. Net Position

Net position is the result of assets less liabilities. The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and related debt when applicable.

Restricted Net Position – 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 legislation. These amounts are reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – consists of the net position not meeting the definition of either of the other two components.

8. Fund Balance

The CRA classifies fund balance in accordance with GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions.*” This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

In the governmental fund financial statements, the CRA reports the following classifications:

Restricted fund balance. Restricted fund balances are amounts that are constrained by the imposition of external creditors, grantors, contributors, or laws or regulations of other governmental agencies or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. Those amounts that can only be used for specific purposes pursuant to constraints imposed by the CRA through a resolution (which is equally binding as the highest decision-making authority) are classified as committed fund balances.

9. Risk Management

The CRA obtains insurance coverage for the CRA through Florida League of Cities Municipal Insurance Trust that provides coverage for general liability, professional liability and auto liability up to \$2,000,000.

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10. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

11. Encumbrances

Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance specifically provides for the re-appropriation of year-end encumbrances.

F. Other Policies

1. Incremental Property Tax Revenue

The CRA's primary source of revenue is tax-increment funds. This revenue is computed by applying the respective operating tax rates for the City, the County, and the Greater Boca Raton Beach and Park District, multiplied by the increased value of property located within the boundaries of the redevelopment areas of the CRA in excess of the base property value, minus 5%. Tax Increment millage rates excluded the PBC Health Care District beginning in FY 1991 and the Children's Service Council beginning in FY 1992. The City, the County, and the Greater Boca Raton Beach and Park District are required to fund this amount annually without regard to tax collections or other obligations.

The taxable value of real property in the redevelopment area has risen dramatically from 1984 through 2020. In 1984 the taxable value of the redevelopment area was \$115.4 million. Comparatively, in 2020 the taxable value of the redevelopment area was \$1,697 million. Based upon the millage rates and the dramatic increase in taxable values the tax increment revenue has grown significantly during the same period. In 1984, the tax increment revenue was approximately \$328,000. In 2020, the tax increment revenue was \$14.15 million. The percentage of the total tax increment revenue paid by the 10 largest taxpayers has increased slightly from 58.5% in 1998 to 58.96% in 2020 taxable property.

2. Deposits and Investments

General Authorization:

Cash and cash equivalents include cash on hand, amounts in demand and time deposits, and short-term investments with original maturity dates within three months of the date acquired by the CRA. All of the CRA's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, Florida Security for Public Deposits Act. Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 200% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. Therefore, all deposits are insured or collateralized.

The CRA's investment practices are governed by Chapter 280 and 218, Florida Statutes, City Code of Ordinances, Section 20, the adopted investment policy, and various legal covenants related to outstanding bond issues. The CRA adopted the City's investment policy. The CRA's investment policy as well as the investments are administrated by the City of Boca Raton as part of an interlocal agreement. For all investments authorized by statute and policy, the CRA applies the "Prudent Man Rule" when developing investment strategies.

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Types of Investments:

The CRA is authorized to invest in a wide range of securities that include certificates of deposit, money market funds, U.S. Treasury obligations, State and U.S. Government Agencies and Enterprises, State and Local Government Series, corporate bonds, the State Board of Administration investment pool, interlocal investment pools, the Florida Municipal Investment Trust, mutual funds, foreign obligations of the government of Israel (State of Israel), and repurchase agreements.

The CRA participates in seven pooled investment funds, three of which behave as SEC-regulated money market funds under SEC Rule 2a7. Therefore, in accordance with GASB Statement 79 , *Certain External Investment Pools and Pool Participants*, which established criteria for an external investment pool for making the selection to qualify to measure its investments at amortized cost, these pools are exempt from the GASB 72, *Fair Value Measurement and Application* hierarchy disclosures and are reported at amortized cost. Detailed information for these pooled investment funds are as follows:

Florida PRIME

The State Board of Administration (SBA) administers the Florida PRIME pool which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME pool. Florida PRIME invests in a pool of investments whereby the CRA owns a share of the respective pool, not the underlying securities. The fair value of the position in the Florida PRIME pool is equal to the value of the pool shares.

The investments in the Florida PRIME are not insured by FDIC or any other governmental agency.

With regard to redemption gates, Chapter 218.409(8) (a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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FLCLASS

The Florida Cooperative Liquid Assets Securities System Trust (FLCLASS) is a common law trust established, created, and authorized by an Interlocal Agreement by and among participating Florida public agencies. FLCLASS is an authorized investment pool under Section 218.415(16)(a), Florida Statutes, and was established for participating Florida agencies on April 1, 2015 under the Interlocal Agreement and commenced operations on July 15, 2015 (inception). FLCLASS is available for investment by any unit of local government within the State of Florida. The purpose of FLCLASS is to enable such units to cooperate in the investment of their available funds. FLCLASS operates like a money market mutual fund with each share valued at \$1.00.

FL PALM

Florida Public Assets for Liquidity Management Fund (FL PALM) is a common law trust organized under the authority of the Florida Interlocal Cooperation Act of 1969, as amended (Section 163.01 of the Florida Statutes) and Section 218.415 of the Florida Statutes. FL PALM was created on October 22, 2010 by contract among its participating governmental units and is governed by its trustees.

The Trust Agreement for FL PALM permits and provides for the creation of several specialized asset portfolios. The CRA participates in two of these portfolios known as the FL PALM Portfolio and the FL PALM Term Portfolio. The FL PALM Portfolio seeks to maintain a stable \$1.00 net asset value and reports at amortized cost. The FL PALM Term Portfolio seeks to assure the return of principal on the planned maturity date and there is a penalty for early withdrawal. The Term Portfolio is reported at Net Asset Value (NAV). The CRA had no active investments in the Term Portfolio as of September 30, 2020.

FL-FIT

The Florida Fixed Income Trust (FL-FIT) was created on April 28, 2010, under the laws of the State of Florida, to provide eligible units of local governments with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Trust began operations on July 1, 2010. The CRA participates in the FL FIT Cash Pool, one of four portfolios offered by the Trust. The FL-FIT Cash Pool does not meet the criteria required to be exempted from fair value leveling and is measured and reported at Net Asset Value (NAV).

FMIvT

The CRA additionally participates in two pooled investment funds administered by the Florida League of Cities which do not meet the criteria required to be exempted from fair value leveling. These funds are referred to collectively as follows:

The Florida League of Cities Municipal Investment Trust (FMIvT) was created under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust.

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At September 30, 2020, the CRA had the following cash, cash equivalents and investments:

Portfolio/Investments	Fair Value	Average Maturity	Credit Rating	Rating Agency	Percent Distribution
Cash and cash equivalents:					
Cash Deposits	\$ 1,427,900				12.16%
Florida PRIME	2,599,882	48 days	AAAm	S&P	22.14%
FLCLASS	578,408	51 days	AAAm	S&P	4.93%
FL PALM Portfolio	872,072	46 days	AAAm	S&P	7.43%
Total Cash and Cash Equivalents	<u>\$ 5,478,262</u>				<u>46.65%</u>
FMIvT 0-2 Year High Quality Government Fund	940,845	0.70 years	AAAf/S1	Fitch, S&P	8.01%
FMIvT 1-3 Year High Quality Bond Fund	940,446	1.60 years	AAAf/S2	Fitch, S&P	8.01%
FMIvT Intermediate High Quality Bond Fund	940,785	3.40 years	AAAf	Fitch	8.01%
FL-FIT Cash Pool	1,327,232	100 days	AAAf/S1	S&P	11.30%
U.S. Government Securities:					
U.S. Government Sponsored Enterprises:					
Federal National Mortgage Association	260,456	1.51 years	AA+	S&P	2.22%
Certificates of Deposit	1,039,752	1 year	Not rated		8.85%
Corporate Obligations					
Bonds	127,856	4.16 years	A-	S&P	1.09%
Bonds	25,383	36 days	A	S&P	0.22%
Bonds	232,447	3.15 years	A+	S&P	1.98%
Bonds	148,901	1.24 years	AA-	S&P	1.27%
Bonds	104,927	1.80 years	AA	S&P	0.89%
Bonds	53,562	2.40 years	AA+	S&P	0.46%
Municipal Obligations					
Bonds	22,278	1.84 years	AA+	S&P	0.19%
Bonds	23,990	1.34 years	AAA	S&P	0.20%
International Investments:					
Foreign Bond	76,087	183 days	AA-	S&P	0.65%
Total Investments	<u>6,264,947</u>				<u>53.35%</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 11,743,209</u>				<u>100.00%</u>

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The CRA categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market. The investments are measured and reported at fair value and classified according to the following hierarchy:

Level 1 – Investments reflect unadjusted quoted prices in active markets for identical assets.

Level 2 – Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable inputs.

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The investment pricing transparency determines the category within the hierarchy and should not be observed as the investment risk. The custodian bank's (primary external pricing vendors) quoted prices were used to determine level classification based on the fair value hierarchy.

At September 30, 2020, the investments by fair value level are:

Investment Type	As of 9/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FMIvT 0-2 Year High Quality Bond Fund	\$ 940,845	\$ -	\$ 940,845	\$ -
FMIvT 1-3 Year High Quality Bond Fund	940,446	-	940,446	-
FMIvT Intermediate High Quality Bond Fund	940,785	-	940,785	-
U.S. Government Agencies:				
Federal National Mortgage Association	260,456	-	260,456	-
Corporate Bonds	693,076	-	693,076	-
Municipal Bonds	46,268	-	46,268	-
International Investments:				
Foreign Bond	76,087	-	76,087	-
Total Investments at Fair Value	\$ 3,897,963	\$ -	\$ 3,897,963	\$ -

Investment at the net asset value (NAV)	As of 9/30/2020	Redemption Frequency	Days Notice Before Redemption
FL-FIT Cash Pool	1,327,232	Daily	Same Day
Total Investments measured at NAV	1,327,232		
Certificates of Deposit (exempt)	1,039,752		
Total Investments	\$ 6,264,947		

There are no unfunded commitments.

FMIvT 0-2 Year High Quality Government Fund

This fund invests mainly in US government and agency securities and asset-backed securities. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted. (Level 2 inputs).

FMIvT 1-3 Year High Quality Bond Fund

This fund invests mainly in US government and agency securities and asset-backed securities. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted. (Level 2 inputs).

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FMIvT Intermediate High Quality Bond Fund

This fund invests mainly in US government and agency securities, asset-backed securities and corporate bonds and notes. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted. (Level 2 inputs).

U.S. Government Securities

The CRA's investment policy allows investments in U.S. Treasury, but there were no U.S. Treasury Notes in the CRA's investment portfolio at September 30, 2020.

U.S. Government Agencies

Security prices were obtained from a pricing service, Interactive Data Corporation (IDC). The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs.

Corporate Obligations

Security prices were obtained from a pricing service, Interactive Data Corporation (IDC). The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs.

Municipal Obligations

Security prices were obtained from a pricing service, Interactive Data Corporation (IDC). The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs.

International Investments

The CRA's investment policy allows investments in obligations of the government of Israel (State of Israel) and the single foreign obligation that is in the CRA's investment portfolio at September 30, 2020 is an Israel Jubilee Bond. The security prices were valued using a matrix pricing technique. Matrix pricing is used to value securities based on broker/dealer quotes (Level 2 inputs).

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The CRA's investment policy limits investments to those having a maturity, at the time of purchase, of less than five years. There were no investments in the CRA's portfolio that exceeded this maximum maturity at September 30, 2020.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counter-party to an investment may be unable to fulfill its obligations. The CRA's investment policy allows investments in U.S. Government sponsored agencies and enterprises, corporate notes, municipal notes, the Florida PRIME investment pool, interlocal investment pools, and the Florida Municipal Investment Trust. The ratings of the investments held at year end are shown above. All are rated within the policy guidelines.

Concentration of Credit Risk

In addition to describing the credit risk of investments in the portfolio, governmental entities need to disclose the concentration of any single investment type or holding per single issuer. The percentage allocation of each cash investment type in the portfolio is shown in the preceding table. The CRA's investment policy allows investment concentrations in various percentages for different types of investments. GASB Statement No. 40 requires disclosures when the percent is 5% or more of total investments position in any one issuer. As of September 30, 2020, the CRA had more than 5% invested with Florida PRIME, FL PALM, FMIvT, FL-FIT, and First Horizon

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National Bank. The percentage concentrations of investments from each issuer are shown above, except for certificates of deposit issued by First Horizon National Bank, which make up 6.41% of total cash & investments.

Custodial Risk

The CRA’s investment policy requires that all securities, with the exception of certificates of deposit, be held with a third-party custodian. Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities are made on a “delivery vs. payment” basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. As of September 30, 2020, the CRA’s investment portfolio was held with a third-party custodian.

3. Receivables

Accounts receivable as of the fiscal year-end for the CRA’s Operating fund are all collectible as follows:

Receivables:	
Lease revenues	\$ 14,115,691
Interest on investments	37,650
Net governmental receivables	\$ 14,153,341

The CRA entered into a 99-year lease as part of the development of Mizner Park. The following schedule provides the future minimum lease payments pursuant to several leases between the CRA and the developers.

Future Minimum Lease Revenue	
Fiscal Year	Lease Revenue
2021	\$ 1,810,000
2022	1,810,000
2023	1,810,000
2024	1,810,000
2025	1,810,000
2026-2030	9,050,000
2031-2035	9,050,000
2036-2040	9,050,000
2041-2045	9,050,000
2046-2050	9,050,000
2051-2055	9,050,000
2056-2060	9,050,000
2061-2065	9,050,000
2066-2070	9,050,000
2071-2075	9,050,000
2076-2080	9,050,000
2081-2085	9,050,000
2086-2088	4,675,833
Total	\$ 122,325,833

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4. Capital Assets and Construction Commitments

The following is a summary of capital asset activity for the fiscal year ended September 30, 2020:

Governmental activities:	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets not being depreciated:					
Land	\$ 41,616,144				\$ 41,616,144
Total capital assets not being depreciated	<u>41,616,144</u>				<u>41,616,144</u>
Total governmental activities, capital assets, net	<u>\$ 41,616,144</u>	\$ -	\$ -	\$ -	<u>\$ 41,616,144</u>

5. Services provided by the City of Boca Raton

The City of Boca Raton has advanced substantial funds to the CRA based upon interlocal agreements in order to cover a number of unforeseen events which have occurred with respect to the redevelopment program. Among these events were:

Florida State Legislative action reducing the tax increment through the exclusion of the Palm Beach County Health Care District in 1991. Florida State Legislative action reducing the tax increment through the exclusion of the Children’s Services Council in 1992. The significant reduction in taxable values in the redevelopment area brought about by the recession of the early 1990’s and the savings and loan crisis; and higher than expected Mizner Park Operating expenses.

As a result of these events in the past, there has not been sufficient revenues from the tax increment and Mizner Park leases to pay all of the Mizner Park debt service, maintain Mizner Park and the CRA operation. To address these issues, CRA and the City have entered into two (2) interlocal agreements. Under the first of these interlocal agreements, the City funds the debt service deficiency from Public Service Taxes. Under the second agreement, the City provides the resources necessary to continue the CRA operations through a combination of operating transfers to the CRA, the provision of services (accounting, legal, engineering, etc.) and maintenance of Mizner Park.

As of September 30, 2020, the outstanding amount of these transfers, deficiency payments and services were:

Transfers for Operations	\$ 712,200
Services Provided	26,466,324
Recreation Services(Including Mizner Park Maint)	21,487,560
Interest related to the above	7,115,983
Mizner Park Bond Deficiency payments & debt service transfers	<u>7,729,500</u>
Total	<u>63,511,567</u>
Total repayments	<u>(43,000,000)</u>
Total Outstanding	<u><u>\$ 20,511,567</u></u>

Under the terms of the interlocal agreements the CRA must repay the above amounts when future revenues become available. For FY 2010 through FY 2020 the CRA repaid the City \$43.0 million in total for Mizner Park deficiency

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Boca Raton, Florida)

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2020

payments, debt service transfers and other costs of operations. This includes a payment of \$12.0 million in 2020. An additional \$13.0 million is budgeted for repayment in FY 2020-21.

6. Deferred Inflows of Resources

Deferred inflows of resources as of the fiscal year-end as presented on the fund-level statements in the aggregate, are as follows:

Deferred inflows of resources:	Fund-Level Statements
Unavailable revenue	\$ 14,115,691
Total deferred inflows of resources	\$ 14,115,691

7. Interfund Transfers

During the fiscal year, Mizner Park Revenue's fund balance was transferred to the Operating Fund and the Mizner Park Revenue fund was closed.

The following is a summary of interfund transfers for the fiscal year ended September 30, 2020:

Fund	Interfund Transfer In	Interfund Transfer Out
Operating Fund	\$ 5,694,063	
Mizner Park Revenue Fund		\$ 5,694,063
Total	\$ 5,694,063	\$ 5,694,063

8. Source of Deposits and Purpose of Withdrawals for the Agency

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the CRA Funds for the fiscal year ended September 30, 2020:

	<u>Deposits</u>	<u>Withdrawals</u>
Source of deposits:		
Tax increment revenues	\$ 14,150,342	
Lease revenues	1,565,313	
Investment income	213,610	
Other charges for services	524,383	
Purpose of withdrawals		
Salaries and benefits		\$ 1,795,373
Professional services		286,852
Advertising		7,998
Repayment to City		12,000,000
Other contractual services		2,400
IT Technology		28,900
Insurance premiums		9,584
Supplies		89,169
Dues and subscriptions		3,243
Miscellaneous		910,438
	\$ 16,453,648	\$ 15,133,957

Required Supplementary Information

**BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
COMMUNITY REDEVELOPMENT AGENCY OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL 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				
Taxes	\$ 14,000,000	\$ 14,000,000	\$ 14,150,342	\$ 150,342
Charges for services	3,572,500	3,572,500	2,089,696	(1,482,804)
Investment earnings (loss)	240,300	240,300	213,610	(26,690)
Total revenues	<u>17,812,800</u>	<u>17,812,800</u>	<u>16,453,648</u>	<u>(1,359,152)</u>
EXPENDITURES				
Community development	15,511,600	15,645,300	14,887,355	757,945
Capital outlay	<u>5,103,000</u>	<u>5,719,500</u>	<u>246,602</u>	<u>5,472,898</u>
Total expenditures	<u>20,614,600</u>	<u>21,364,800</u>	<u>15,133,957</u>	<u>6,230,843</u>
Excess (deficiency) of revenues over expenditures	<u>(2,801,800)</u>	<u>(3,552,000)</u>	<u>1,319,691</u>	<u>4,871,691</u>
OTHER FINANCING USES				
Transfers in	<u>5,087,000</u>	<u>5,694,100</u>	<u>5,694,063</u>	<u>(37)</u>
Total other financing uses	<u>5,087,000</u>	<u>5,694,100</u>	<u>5,694,063</u>	<u>(37)</u>
Net change in fund balance	<u>\$ 2,285,200</u>	<u>\$ 2,142,100</u>	<u>7,013,754</u>	<u>\$ 4,871,654</u>
Fund balance - beginning			<u>4,317,164</u>	
Fund balance - ending			<u>\$ 11,330,918</u>	

See accompanying note to required supplementary information

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Boca Raton, Florida)

Notes to the Budgetary Comparison Schedules

For the Fiscal Year Ended September 30, 2020

Budgetary Information

The CRA is required to establish a budgetary system and an approved annual budget for each of the CRA Funds. The CRA's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The CRA adopts an annual budget for each Fund. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A budgetary comparison schedule is presented for each Fund. Expenditures may not exceed the budget and are controlled at the fund level.

Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board. The reported budgetary data represents the final approved budget after amendments adopted by the Board.

Supplementary Information

**BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
MIZNER PARK REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out		\$ (5,694,100)	\$ (5,694,063)	\$ 37
Total other financing sources (uses)		<u>(5,694,100)</u>	<u>(5,694,063)</u>	<u>37</u>
Net change in fund balance		<u>\$ (5,694,100)</u>	(5,694,063)	<u>\$ 37</u>
Fund balance - beginning			<u>5,694,063</u>	
Fund balance - ending			<u>\$</u>	

Reporting Section

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Chair, Vice Chair, Commissioners and Executive Director
Boca Raton Community Redevelopment Agency
Boca Raton, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Boca Raton Community Redevelopment Agency (the CRA), a component unit of the City of Boca Raton, Florida, as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's financial statements, and have issued our report thereon dated March 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA's internal control over financial reporting (internal control) 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 CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA'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 CRA'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 CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Marcum LLP

West Palm Beach, FL
March 29, 2021

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

To the Chair, Vice Chair, Commissioners and Executive Director
Boca Raton Community Redevelopment Agency
Boca Raton, Florida

Report on the Financial Statements

We have audited the financial statements of the Boca Raton Community Redevelopment Agency (the CRA), a component unit of the City of Boca Raton, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 29, 2021.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report 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*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 29, 2021, 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. The information is disclosed in Note 1 to the financial statements.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the CRA. It is management's responsibility to monitor the CRA's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was performed as of the fiscal year end.

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.

Additional Matters

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

Purpose of this Letter

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

Marcum LLP

West Palm Beach, FL
March 29, 2021

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
FLORIDA STATUTES**

To the Chair, Vice Chair, Commissioners and Executive Director
Boca Raton Community Redevelopment Agency
Boca Raton, Florida

We have examined the Boca Raton Community Redevelopment Agency (the CRA), a component unit of the City of Boca Raton, Florida compliance with Section 218.415, Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2020. We also examined the CRA's compliance with Sections 163.387(6) and 163.387(7), Florida Statutes for the fiscal year ended September 30, 2020. Management of the CRA is responsible for the CRA's compliance with the specified requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the CRA's compliance with the specified requirements.

In our opinion, the CRA complied, in all material respects, with Sections 218.415, 163.387(6) and 163.387(7), Florida Statutes for the fiscal year ended September 30, 2020.

This report is intended solely to describe our testing of compliance with aforementioned sections of the Florida Statutes, and is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
March 29, 2021