

TOWN OF LAKE PARK COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Park, Florida)



FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

**TOWN OF LAKE PARK COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Park, Florida)**

**FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**Michael O'Rourke
Chair**

**Kimberly Glas-Castro
Vice-Chair**

**Erin Flaherty
Board Member**

**Christiane Francois
Board Member**

**John Linden
Board Member**

**Roger Michaud
Board Member**

**John O. D'Agostino
Executive Director**

**Prepared By:
Town of Lake Park Finance Department**

TOWN OF LAKE PARK COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Park, Florida)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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NOWLEN, HOLT & MINER, P.A.

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INDEPENDENT AUDITOR’S REPORT

MARK J. BYMASTER, CFE, CPA
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WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

To the Governing Board
Town of Lake Park Community Redevelopment Agency

Report on the Financial Statements

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We have audited the accompanying financial statements of the governmental activities and the general fund of the Town of Lake Park Community Redevelopment Agency (the CRA), a component unit of the Town of Lake Park, Florida as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Town of Lake Park Community Redevelopment Agency, as of September 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 18-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 and compliance.

Nowlen, Holt & Mimer, P.A.

June 29, 2021
West Palm Beach, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Lake Park Community Redevelopment Agency's (the CRA) management's discussion and analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the CRA's financial activity, (c) identify changes in the CRA's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the MD&A is designed to focus on current year activities, resulting changes, and currently known facts, it should be read in conjunction with the CRA's financial statements which follow this section.

Financial Highlights

- The assets of the CRA exceeded its liabilities at September 30, 2020, by \$3,323,118 (net position). Of this amount, \$2,484,540 was invested in capital assets and \$838,578 was restricted for redevelopment purposes.
- As of September 30, 2020, the CRA's reported ending fund balances of \$838,578. Fund balance saw a change of \$232,124 when compared to the prior year.

The MD&A is intended to serve as an introduction to the CRA's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Overview of the Financial Statements

This annual report consists of four components: 1) management's discussion and analysis (this section), 2) government-wide and fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

Government-wide Financial Statements

Government-wide financial statements provide readers with a broad overview of the CRA's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the CRA's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the CRA is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported using the modified cash basis of accounting.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Statement of Net Position

The following is a summary of the CRA’s governmental activities net position for each of the past two years:

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	\$ 894,588	\$ 711,201
Capital Assets	2,484,540	2,551,775
Total Assets	3,379,128	3,262,976
Liabilities:		
Current liabilities	56,010	104,747
Total liabilities	56,010	104,747
Net Position		
Invested in capital assets	2,484,540	2,551,775
Restricted	838,578	606,454
Total Capital Assets	\$ 3,323,118	\$ 3,158,229

Statement of Activities

The following is a summary of the changes in the CRA’s governmental activities net position for each of the past two years:

	Governmental Activities	
	2020	2019
Revenues		
Tax increment - Palm Beach County	\$ 424,923	\$ 351,385
Tax increment - Town of Lake Park	783,106	647,102
Miscellaneous	1	78
Total revenues	1,208,030	998,565
Expenditures		
Economic environment	859,492	709,228
Grants and aid	183,649	125,707
Total expenditures	1,043,141	834,935
Net change in fund balance	164,889	163,630
Net position, beginning of year	3,158,229	2,994,599
Net position, end of year	\$ 3,323,118	\$ 3,158,229

Financial Analysis of the General Fund

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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the CRA's general fund reported an ending fund balance of \$838,578, a change of \$232,124 in comparison with the prior year.

At the end of the current fiscal year, the entire fund balance was restricted for community redevelopment.

As the CRA is focused on reinvestment revenues into the CRA district and does not have significant annual operational costs, the CRA does not maintain specific reserve levels for operations.

General Fund Budgetary Highlights

Actual expenditures in the general fund were \$230,401 less than final budget amounts. The main reason for less grants and aid being awarded and a reduction in the debt contribution to the Town.

Budgetary comparisons between the final budget and actual results can be found on page 18 of this report.

Economic Factors and Next Year's Budget

There are many challenges facing local governments today. Property values have continued to increase in recent years, contributing to related growth in the revenues of the CRA. While property values for the 2020-2021 fiscal year have increased, the future outlook of property values during and after the COVID-19 pandemic, and any potential impact they will have on the CRA's finances, are unknown.

Requests for Information

This report is designed to provide an overview of the CRA's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to the Town of Lake Park:

Finance Department
Town of Lake Park
535 Park Avenue
Lake Park, FL 33403
(561) 881-3350

Town Of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Governmental Balance Sheet / Statement Of Net Position
September 30, 2020

	General Fund	Adjustments	Statement of Net Position Governmental Activities
Assets			
Current Assets			
Pooled cash with primary government	\$ 864,576	\$	\$ 864,576
Due from primary government	30,012		30,012
Total current assets	894,588		894,588
Noncurrent Assets			
Capital assets not being depreciated		2,028,174	2,028,174
Capital assets net of accumulated depreciation		456,366	456,366
Total noncurrent assets		2,484,540	2,484,540
Total Assets	\$ 894,588	2,484,540	3,379,128
Liabilities			
Accounts payable	\$ 56,010		56,010
Total Liabilities	56,010		56,010
Fund balance / Net Position			
Fund Balance			
Restricted for community redevelopment	838,578	(838,578)	
Total Fund Balance	838,578	(838,578)	
Total Liabilities and Fund Balance	\$ 894,588	(3,323,118)	
Net Position			
Investment in capital assets		2,484,540	2,484,540
Restricted for community redevelopment		838,578	838,578
Total Net Position		\$	\$ 3,323,118

See notes to the financial statements.

Town Of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Reconciliation of the Balance Sheet – Governmental Fund to the Statement of Net Position
September 30, 2020

Total fund balances - governmental funds		\$ 838,578
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Governmental capital assets	\$ 4,061,980	
Less accumulated depreciation	<u>(1,577,440)</u>	<u>2,484,540</u>

Net position of governmental activities		<u>\$ 3,323,118</u>
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See notes to the financial statements.

**Town Of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances / Statement of Activities
For the Year Ended September 30, 2020**

	General Fund	Adjustments	Statement of Activities Governmental Activities
Revenues			
Tax increment - Palm Beach County	\$ 424,923	\$	\$ 424,923
Tax increment - Town of Lake Park	783,106		783,106
Miscellaneous	1		1
Total revenues	<u>1,208,030</u>		<u>1,208,030</u>
Expenditures / Expenses			
Current			
Economic environment	602,624	256,868	859,492
Contribution to Town debt service	189,633	(189,633)	
Grants and aid	183,649		183,649
Total Expenditures / Expenses	<u>975,906</u>	<u>67,235</u>	<u>1,043,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>232,124</u>	<u>(67,235)</u>	<u>164,889</u>
Net change in fund balances	232,124	(67,235)	164,889
Fund balances / Net Position			
Beginning of year	606,454	2,551,775	3,158,229
End of year	<u>\$ 838,578</u>	<u>\$ 2,484,540</u>	<u>\$ 3,323,118</u>

See notes to the financial statements.

**Town Of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of the Governmental Fund to the Statement of Activities
For the Year Ended September 30, 2020**

Net change in fund balances - total governmental funds	\$	232,124
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Amounts reported for governmental activities in the statement of activities are different because:

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

Expenditures for capital assets	\$		
Less: current year depreciation		<u>(67,235)</u>	<u>(67,235)</u>

Change in net position of governmental activities	\$	<u>164,889</u>
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See notes to the financial statements.

Town of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Notes to Financial Statements
September 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Lake Park Community Redevelopment Agency (the “Agency” or “CRA”) is a dependent special district established by the Town of Lake Park, Florida, (the “Town”) under authority granted by Florida Statute 163, Section III. The CRA is included in the Town’s financial reporting entity as a blended component unit reported as a governmental (special revenue) fund, the *Community Redevelopment Fund*. The Board of County Commissioners of Palm Beach County delegated redevelopment powers to the Town Commission through Resolution R-96-1852 on November 6, 1996. The Town Commission passed Resolution 65-1966 on November 20, 1996, formally creating the CRA. The organizational structure of the Agency was also established through Resolution 65-1966 and consists of a board of seven members – the five Town Commissioners and two additional members appointed by the Town Commission. The members serve staggered four-year terms. The Town Manager acts as the Agency’s Executive Director. The Agency does not have any employees; its affairs are administered by employees of the Town.

The CRA encompasses about 308 acres within the Town of approximately 2.3 square miles. The CRA was established to guide the redevelopment interest in the downtown area and western portions of the Town. The purpose of the agency is to revitalize both the physical and economic environment of the Community Redevelopment Area.

As required by generally accepted accounting principles, these financial statements include the Agency (the primary government) and any component units. Component units are legally separate entities for which the Agency is financially accountable. The Agency is financially accountable if:

- it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Agency or
- the organization is fiscally dependent on the Agency and (1) there is a potential for the organization to provide specific financial benefits to the Agency or (2) impose specific financial burdens on the Agency.

Organizations for which the Agency is not financially accountable are also included when doing so is necessary in order to prevent the Agency’s financial statements from being misleading.

Based upon application of the above criteria, the Agency has determined that there are no legally separate entities to consider as potential component units.

Town of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Notes to Financial Statements
September 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Agency. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support. The Agency does not have any business-type activities.

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

For financial reporting purposes, the Agency is considered a special-purpose government engaged in a single governmental program. As such, the Agency uses the option to present the government-wide statements and the fund financial statements on the same page. Currently the Agency only uses the General Fund, which is reported in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers revenue to be available if it is collected within ninety days of the end of the current fiscal year.

Expenditures are generally recognized in the accounting period in which the fund liability is incurred. Intergovernmental revenue, charges for services and investment income are all considered susceptible to accrual and so have been recognized as revenue in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Agency. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Town of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Notes to Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity

Cash, Cash Equivalents and Investments

The Town uses a pool for both cash and investments for investment and resource management purposes. The Agency is included in the Town's cash pool and each fund's equity in pooled cash represents the balance on hand as if each fund maintained its own cash and investment account. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months. The Agency currently does not have any investments.

Capital Assets and Depreciation

Capital assets, which include property, plant, infrastructure, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The Agency defines capital assets as assets with an initial individual cost of \$5,000 or more and an estimated life in excess of one year. In accordance with GASB Statement No. 34, the Agency has elected not to record infrastructure assets purchased prior to October 1, 2003 in the accompanying financial statements.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are assets of the Agency as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net position. General capital assets are carried at historical cost. Where cost cannot be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. Donated capital assets, donated works of art and similar items, and capital assets received in service concession arrangements are reported at acquisition value. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives for improvements is 20 to 50 years and equipment is 5 to 15 years.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. The Agency does not have any long-term obligations.

Town of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Notes to Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Net Position

Net position is the residual of all other elements presented in a statement of net position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in the following three components:

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net position – Consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions of enabling legislation.
- Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Equity

Fund balance is the difference between assets, liabilities and deferred inflows of resources reported in governmental funds. There are five components of fund balance:

- Nonspendable fund balance represents amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts that can be spent only for specific purposes stipulated by external providers (e.g. creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance represents amounts that can be used only for the specific purposes pursuant to constraints imposed by Agency Board by the adoption of an ordinance, the Town’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Agency removes or changes the specified use by the adoption of an ordinance.

Town of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Notes to Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Fund Equity (Continued)

- Assigned fund balance includes spendable fund balance amounts that are intended to be used for specific purposes, that are neither considered restricted or committed. In accordance with the Town's fund balance policy, assignments can be made by the Town Commission or Town Manager.
- Unassigned fund balance is the residual fund balance classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the Agency's policy to reduce restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Agency's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

E. Incremental Property Tax Revenue

The Agency's primary source of revenue is tax-increment funding. This revenue is computed by applying the respective tax rates for the Town and Palm Beach County multiplied by the increased value of property tax located within the boundaries of the redevelopment area of the CRA in excess of the base property value.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and deferred outflows, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include the collectability of accounts receivable, the use and recoverability of inventory, the useful lives and impairment of tangible assets, and the realization of net pension assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

**Town of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Notes to Financial Statements
September 30, 2020**

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

An appropriated budget has been legally adopted for the General Fund on the same modified-accrual basis used to reflect revenue and expenditures.

The Agency follows these procedures in establishing the annual budget:

1. Prior to September 1, the Executive Director submits to the Governing Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Changes or amendments to the total budgeted expenditures must be approved by the Governing Board. Accordingly, the legal level of control is at the fund level.
3. All unencumbered balances lapse at the end of each fiscal year.

The reported budgetary data represents the final appropriated budget after amendments adopted by the Governing Board. There were no outstanding encumbrances at year end.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

As of September 30, 2020, the carrying amount of pooled cash with the primary government was \$864,576. In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Agency's deposits at year end are considered insured for custodial credit risk purposes.

**Town of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Notes to Financial Statements
September 30, 2020**

NOTE 4 – NOTES RECEIVABLES AND GRANT COMMITMENTS

The CRA has a program to give grants and low interest loans for business development and façade improvements. The loans bear interest at 2% and are payable monthly for terms of five to ten years. The grants are to be repaid if the business is sold within five years and one fifth of the grant is forgiven each year. Both the loans and grants are secured by a lien on the improvements and/or the property of the business. There are no loans outstanding at September 30, 2020.

On December 20, 2017, the CRA awarded a \$400,000 grant over 5 years to a business to relocate within the CRA. In the current fiscal year \$125,849 was paid leaving a remaining commitment of \$103,201. In current year two grants totaling \$57,800 were awarded and paid.

NOTE 5 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2020, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,028,174	\$	\$	\$ 2,028,174
Capital assets being depreciated:				
Improvements	1,993,694			1,993,694
Machinery and equipment	<u>40,112</u>			<u>40,112</u>
Total at historical cost:	4,061,980			4,061,980
Less accumulated depreciation for:				
Improvements	(1,477,475)	(65,126)		(1,542,601)
Machinery and equipment	<u>(32,730)</u>	<u>(2,109)</u>		<u>(34,839)</u>
Total accumulated depreciation	<u>(1,510,205)</u>	<u>(67,235)</u>		<u>(1,577,440)</u>
Governmental activities capital assets, net	<u>\$ 2,551,775</u>	<u>\$ (67,235)</u>	<u>\$</u>	<u>\$ 2,484,540</u>

Depreciation expense was charged to the economic environment function.

**Town of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Notes to Financial Statements
September 30, 2020**

NOTE 6 – LONG-TERM LIABILITIES

The Agency's tax increment revenues are not pledged externally to any lender for any indebtedness related to the Agency. However, internally the Town and the Agency entered into an interlocal agreement regarding portions of the Bank of America Promissory Notes Series 2008A and 2009 that the Agency will repay the Town for any such debt service payments made on its behalf to the extent of available accumulated tax increment revenues. Externally, the bonds are secured by the non-ad valorem revenues of the Town.

Future debt service obligations of the Town that the Agency intends to Fund, should funds be available from tax increment revenues are as follows:

Year Ending September 30	Principal	Interest	Total Amount
2021	\$ 128,331	\$ 57,040	\$ 185,371
2022	133,041	48,421	181,462
2023	137,923	39,430	177,353
2024	142,985	30,052	173,037
2025	148,233	20,268	168,501
2026	153,673	14,728	168,401
2027	159,312	8,985	168,297
2028	165,159	3,031	168,190
Total	<u>\$ 1,168,657</u>	<u>\$ 221,955</u>	<u>\$ 1,390,612</u>

NOTE 7 – RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance through the Florida League of Cities, Inc., a statewide commercial insurance program. The policy for comprehensive property, casualty and liability insurance provides coverage with a deductible of \$5,000 for property and casualty and \$25,000 for liability claims per occurrence, with a combined annual cap of \$2 million. The Agency does not retain any risk of loss under this policy.

Florida Statutes limit the Agency's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts. There have been no significant reductions in insurance coverage in the prior year. No settlements exceeded insurance coverage for the past three years.

Required Supplementary Information

TOWN OF LAKE PARK COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the Town of Lake Park, Florida)
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Tax increment - Palm Beach County	\$ 423,201	\$ 423,201	\$ 424,923	\$ 1,722
Tax increment - Town of Lake Park	783,106	783,106	783,106	
Miscellaneous revenue			1	1
Total revenues	<u>1,206,307</u>	<u>1,206,307</u>	<u>1,208,030</u>	<u>1,723</u>
Expenditures				
Economic environment	590,726	590,726	602,624	(11,898)
Contribution to Town debt service	354,770	354,770	189,633	165,137
Grants and aids	260,811	260,811	183,649	77,162
Total expenditures	<u>1,206,307</u>	<u>1,206,307</u>	<u>975,906</u>	<u>230,401</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>\$ 232,124</u>	<u>\$ 232,124</u>

See notes to the budgetary comparison schedule.

**Town of Lake Park Community Redevelopment Agency
(A Component Unit of the Town of Lake Park, Florida)
Required Supplementary Information
Notes to Budgetary Comparison Schedule
September 30, 2020**

NOTE A - BUDGETARY ACCOUNTING

An appropriated budget has been legally adopted for the General Fund on the same modified-accrual basis used to reflect revenue and expenditures.

The Agency follows these procedures in establishing the annual budget:

1. Prior to September 1, the Executive Director submits to the Governing Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Changes or amendments to the total budgeted expenditures must be approved by the Governing Board. Accordingly, the legal level of control is at the fund level.
3. All unencumbered balances lapse at the end of each fiscal year.

The reported budgetary data represents the final appropriated budget after amendments adopted by the Governing Board.



NOWLEN, HOLT & MINER, P.A.

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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*

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To the Governing Board
Town of Lake Park 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 the general fund of the Town of Lake Park Community Redevelopment Agency (the CRA), a component unit of the Town of Lake Park, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements and have issued our report thereon dated June 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 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.

Nowlen, Holt & Mimer, P.A.

June 29, 2021
West Palm Beach, Florida



NOWLEN, HOLT & MINER, P.A.

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

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To the Governing Board
Town of Lake Park Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the Town of Lake Park Community Redevelopment Agency (the CRA), as of and for the year ended September 30, 2020, and have issued our report thereon dated June 29, 2021.

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 Reporting Requirements

We have issued our Independent Auditor's 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 Accountant's 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 June 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 financial audit report. No prior separate audit has been performed for the CRA, therefore there are no prior findings and recommendations.

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. This information is disclosed in Note 1 to the financial statements.

Financial Condition and Management

Sections 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 met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of 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, during the fiscal year ended September 30, 2020.

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 done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

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 have the recommendation noted below.

Finding 2020-1

Condition

The CRA did not submit the adopted budget to the Board of County Commissioners within 10 days after the adoption of such budget, as required by Florida Statue 163.387(6)(b) and there was no documented plan in place for excess funds remaining at the end of the year, as required by Florida Statue 163.387(7).

Effect

Noncompliance with Florida Statues.

Recommendation

We recommend that management review Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund* and develop procedures to ensure compliance.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The CRA contains no special district component units.

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Response to Management Letter

The CRA's responses to the findings identified in our audit are described in the attached letter dated June 29, 2021. We did not audit Town of Lake Park, Florida's responses and, accordingly, we express no opinion on them.

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, Federal and other granting agencies, the CRA's governing board and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

June 29, 2021
West Palm Beach, Florida

Nowlen, Holt & Miner, P.A.



NOWLEN, HOLT & MINER, P.A.

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INDEPENDENT ACCOUNTANT’S EXAMINATION REPORT

To the Governing Board
Town of Lake Park Community Redevelopment Agency

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We have examined the Town of Lake Park Community Redevelopment Agency’s (the CRA) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, and Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund*, during the 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 with the specified requirements 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 risk 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 Town of Lake Park Community Redevelopment Agency’s compliance with the specified requirements.

Our examination disclosed the following material noncompliance with Sections 163.387(6) and (7), Florida Statutes applicable to the CRA for the year ended September 30, 2020. The CRA did not submit the adopted budget to the Board of County Commissioners within 10 days after the adoption of such budget, as required by Florida Statute 163.387(6)(b) and there was no documented plan in place for excess funds remaining at the end of the year, as required by Florida Statute 163.387(7). These conditions were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2020 financial statements, and this report does not affect our report dated June 29, 2021, on those financial statements.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Town of Lake Park Community Redevelopment Agency complied, in all material respects, with Section 218.415, Florida Statutes, *Local Government Investment Policies*, and Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund* for the year ended September 30, 2020.

This report 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, Federal and other granting agencies, the CRA's governing board and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Mimer, P.A.

June 29, 2021
West Palm Beach, Florida



Finance
Department

June 30, 2021

Governing Board
Town of Lake Park Community Development Agency

RE: Response to Report of Audit Findings Management Letter for the
Fiscal Year ended September 30, 2020

2020-1 Noncompliance with Sections 163.387(6) and (7) Florida Statutes
applicable to the CRA

The Town has created a procedure to ensure that the CRA budget, once
adopted, is forwarded to Palm Beach County within the 10 day timeframes
allowed by Section 163.387(6).

The Town will create a plan to account for excess funds remaining at year
end as required by Section 163.387(7).

Should you have any questions or concerns about the above response,
please contact me directly.

Sincerely,

Lourdes Cariseo
Finance Director

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