



**ANNUAL  
FINANCIAL  
REPORT  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2020**

Photo by Rosmary Square

**CITY OF WEST PALM BEACH, FLORIDA  
COMMUNITY REDEVELOPMENT AGENCY**

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**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF WEST PALM BEACH)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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Curry Park/Photo by City of West Palm Beach

# FINANCIAL SECTION



## **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Board of Commissioners  
West Palm Beach Community Redevelopment Agency  
City of West Palm Beach, Florida

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

To the Honorable Mayor and  
Members of the Board of Commissioners  
West Palm Beach Community Redevelopment Agency  
City of West Palm Beach, Florida

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, 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, which 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 supplemental 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 28, 2021 on our consideration of the West Palm Beach Community Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 West Palm Beach Community Redevelopment Agency'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 West Palm Beach Community Redevelopment Agency's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

June 28, 2021

**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of West Palm Beach)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**  
**(UNAUDITED)**

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As management of the West Palm Beach Community Redevelopment Agency (the "CRA"), we offer readers of the CRA's financial statements this narrative overview and analysis of the financial activities of the CRA for the fiscal year ended September 30, 2020.

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 Discussion and Analysis for State and Local Governments*.

The information contained in this Management Discussion and Analysis (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 notes to the financial statements and required supplementary information provided.

### **Financial Highlights**

- The assets and deferred outflows of resources of the CRA exceeded its liabilities and deferred inflows (net position) at the close of fiscal year 2020 by approximately \$74.5 million.
- The CRA's total net position increased by approximately \$10.7 million, or 16.8%, from the prior year which was attributable to an increase in capital assets offset by the reduction of debt and other liabilities.
- The CRA's total debt decreased by \$8.0 million, from \$173.2 million to \$165.2 million, or approximately 8.0%, reflecting repayments on bonds and notes.
- Total spending for the CRA's governmental activities was approximately \$35.0 million, up by \$7.1 million, or 25.3%, over the prior year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements. These financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. In addition to the basic financial statements, this report contains other supplementary information.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the CRA's finances, in a manner similar to a private-sector business. Additionally, the government-wide financial statements are prepared using the accrual basis of accounting.

The Statement of Net Position presents financial information on all of the CRA's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CRA is improving or deteriorating.

**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
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The Statement of Activities presents information about how the CRA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The Statement of Net Position and the Statement of Activities are found beginning on page 13 of this report.

Fund Financial Statements:

The CRA uses fund accounting to track the sources and uses of resources for specific purposes and are reported in governmental funds.

The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Reporting for these funds focuses on inflows and outflows of spendable resources and the balances left at year-end that are available for spending. The modified accrual basis of accounting is used to report these funds and generally measures only current financial resources (essentially cash and other assets that can readily be converted to cash). The governmental fund statements provide a detailed short-term view of the CRA's operations and the services it provides.

Governmental fund statements report changes in the quantity of resources available for spending in the near future. To facilitate comparison between the two presentations, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances are accompanied by reconciliations to the government-wide statements. This comparison highlights the long-term impact of the CRA's near term financial decisions.

The CRA adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison schedules have been provided for the City Center Community Redevelopment Agency Fund and the Northwood/Pleasant City Community Redevelopment Agency Fund (operating funds), Series 2019 CCCRA Debt Service Fund, Series 2019 CCCRA Capital Bond Fund and the NPCCRA Series 2005A Construction Fund.

The CRA's governmental funds financial statements can be found beginning on page 15 of this report. The reconciliations between the governmental funds and the government-wide financial statements are found on pages 16 and 18.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, and is required by accounting principles generally accepted in the United States of America.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing individual fund budget and actual comparison schedules of the CRA operating funds. Individual fund budget and actual comparison schedules for the Series 2019 CCCRA Debt Service Fund, Series 2019 CCCRA Capital Bond Fund and the NPCCRA Series 2005A Construction Fund are found in the supplementary section of this report.



**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**(UNAUDITED)**

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Government-Wide Financial Analysis:

The overall net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows exceeded liabilities and deferred inflows by \$74.5 million at the close of the most recent fiscal year.

At the end of the fiscal year, the CRA's net position increased by \$10.7 million. The overall increase can be attributed to the net change in current and long-term liabilities of \$5.2 million offset by an overall increase in total assets of \$5.7 million.

Total assets of the CRA as of the end of the current fiscal year increased by \$5.7 million or 2.4%. The increase is attributed to an increase in the addition of capital assets, net of retirements and depreciation. Increases in property tax revenues of \$4.4 million and existing bond proceeds were spent on capital improvements resulting in a reduction in current and other assets and an increase in capital assets during the current fiscal year.

Long-term liabilities decreased by \$8.0 million or 4.6% primarily due to the repayment of bonds and notes payable during the current fiscal year.

The CRA's net investment in capital assets such as land, roads, parks, buildings, machinery and equipment, as a percentage of net position, amounts to \$30.1 million and \$22.9 million or 40.5% and 36.0%, respectively as of September 30, 2020 and 2019. These asset values are presented less any outstanding debt related to the acquisition and accumulated depreciation of those assets. The CRA uses capital assets to provide services to the citizens within their respective designated areas and consequently, these assets are not available for future spending.

Although the net investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to liquidate that liability, and other resources will be needed to repay any associated debt.

The net investment in capital assets increased from the previous year by \$7.2 million largely due to new additions, net of retirements and depreciation of \$16.7 million and the net reduction of outstanding long-term debt of \$8.0 million which was used to acquire the assets.

Another portion of the CRA's net position is restricted net position, totaling \$44.3 million and \$40.8 million or 59.5% and 64.0%, respectively at September 30, 2020 and 2019. These balances represent resources that are subject to constraints such as debt covenants, grantors, laws or regulations.

Restricted net position of \$44.3 million increased by \$3.5 million or 8.6% to comply with the requirements of the special revenue funds and other legal requirements. The increase in restricted net position is primarily due to the increase in the property tax values and the related tax revenues during fiscal year 2020.

**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**  
**(UNAUDITED)**

The following table provides a comparative analysis of the CRA's net position for the fiscal years ended September 30, 2020 and 2019:

**Condensed Statement of Net Position**  
**(in thousands)**

|                                  | <b>Governmental Activities</b> |                  |
|----------------------------------|--------------------------------|------------------|
|                                  | <b>2020</b>                    | <b>2019</b>      |
| <b>Assets:</b>                   |                                |                  |
| Current and other assets         | \$ 102,922                     | \$ 113,895       |
| Capital assets                   | 142,007                        | 125,295          |
| Total assets                     | <u>244,929</u>                 | <u>239,189</u>   |
| Deferred outflows of resources   | <u>900</u>                     | <u>1,064</u>     |
| <b>Liabilities:</b>              |                                |                  |
| Current liabilities              | 6,147                          | 3,256            |
| Long-term obligations            | 165,227                        | 173,273          |
| Total Liabilities                | <u>171,374</u>                 | <u>176,529</u>   |
| <b>Net position:</b>             |                                |                  |
| Net investment in capital assets | 30,128                         | 22,911           |
| Restricted                       | 44,326                         | 40,814           |
| Total net position               | <u>\$ 74,454</u>               | <u>\$ 63,725</u> |

**Governmental Activities - Change in Net Position**

The CRA reported total revenues and expenses of \$45.8 million and \$35.0 million, respectively. As shown below, both revenues and expenses increased during the current fiscal year by \$4.4 million and \$7.1 million, respectively.

The majority of the increase in revenues is attributed to the increase in property taxes of \$4.0 million and slight increases in charges for services and capital grants received, totaling \$0.7 million, offset by decreases in miscellaneous revenues. The increase in revenues afforded the CRA to provide increased services and assistance to its communities during the pandemic.

Property tax revenues increased due to an increase in property values within the CRA-designated areas combined with the increase in new construction within the downtown area.

The overall increase in expenses was attributed to the increase in interest costs associated with the 2019 bond issuance and increases in grants to local businesses impacted by the effects of the pandemic during fiscal year 2020.

**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of West Palm Beach)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**  
**(UNAUDITED)**

The following table provides a comparative analysis of the City's changes in net position:

|                                    | <b>Governmental Activities</b> |                  |
|------------------------------------|--------------------------------|------------------|
|                                    | <b>2020</b>                    | <b>2019</b>      |
| <b>Revenues:</b>                   |                                |                  |
| Program Revenue:                   |                                |                  |
| Charges for services               | \$ 428                         | \$ 248           |
| Operating grants and contributions | -                              | 32               |
| Capital grants and contributions   | 553                            | 18               |
| General revenue:                   |                                |                  |
| Ad valorem taxes                   | 42,642                         | 38,617           |
| Interest income                    | 1,591                          | 1,575            |
| Miscellaneous                      | 541                            | 906              |
| <b>Total revenues</b>              | <b>45,755</b>                  | <b>41,396</b>    |
| <b>Expenses:</b>                   |                                |                  |
| Economic environment               | 29,581                         | 23,328           |
| Interest on long-term debt         | 5,445                          | 4,614            |
| <b>Total expenses</b>              | <b>35,026</b>                  | <b>27,942</b>    |
| Increase in net position           | 10,729                         | 13,454           |
| Net position - beginning of year   | 63,725                         | 50,271           |
| <b>Net position - end of year</b>  | <b>\$ 74,454</b>               | <b>\$ 63,725</b> |

**Financial Analysis of Funds**

Unlike the government-wide financial statements, the fund financial statements focus on specific CRA activities rather than the CRA as a whole. The CRA uses specific funds to maintain managerial control over resources or to ensure and demonstrate compliance with finance-related legal requirements. The CRA maintains three major funds: City Center Community Redevelopment Agency Fund (CCCRA), Northwood/Pleasant City Community Redevelopment Agency Fund (NPCCRA) (operating funds) and the Series 2019 CCCRA Capital Bond Fund. The results of the current year's activity for each major fund is discussed below:

The CCCRA and the NPCCRA are the operating funds of the CRA, representing the activities for each redevelopment area. Fund balances at the end of the fiscal year for the CCCRA and NPCCRA were \$33.0 million and \$4.8 million, respectively. At the end of the current fiscal year the fund balance for the CCCRA and the NPCCRA funds increased by \$2.3 million and \$0.9 million, respectively. The increases in fund balance can be attributed to the increase in tax revenues net of expenditures in the current fiscal year.

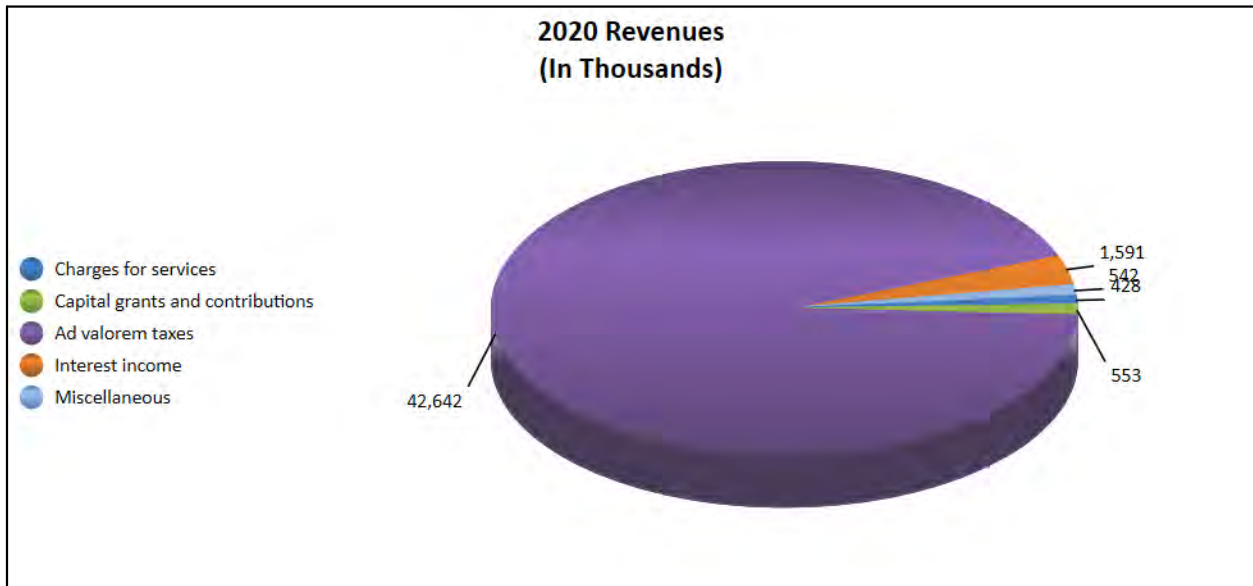
Total expenditures and net transfers for the CCCRA increased by \$8.5 million during the current fiscal year due to increases in capital spending and community assistance to residents during the pandemic. Total revenues for the CCCRA also increased in the current year by \$4.6 million, mainly due to the increase in the property tax base and corresponding revenues.

Expenditures for the NPCCRA declined in the current fiscal year by \$1.9 million as there were no capital outlay charges incurred. Revenues for the NPCCRA were relatively consistent with the prior fiscal year.

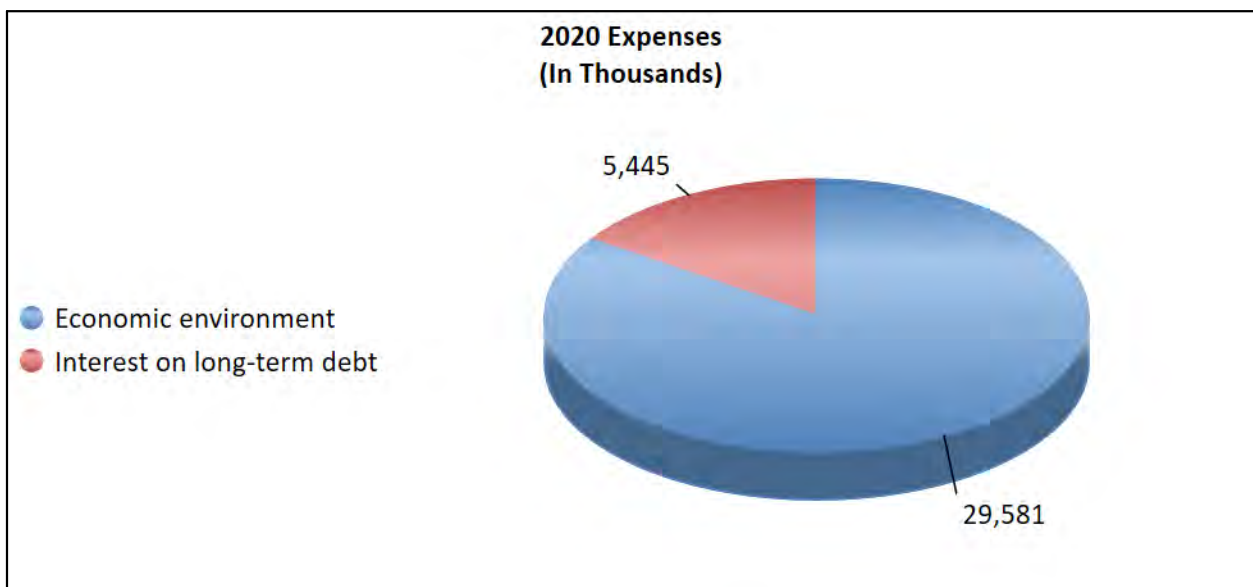
**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of West Palm Beach)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**  
**(UNAUDITED)**

At the end of the current fiscal year, fund balance for the Series 2019 CCCRA Capital Bond Fund and the Series 2019 CCCRA Debt Service Fund were \$50.7 million and \$7.0 million, respectively. The fund balance for the Series 2019 CCCRA Capital Bond Fund decreased by \$17.2 million, representing capital outlay expenditures, net of interest earnings during the year. The fund balance for the Series 2019 CCCRA Debt Service Fund showed a slight increase as a result of interest earnings during the year.

The following chart shows the revenues by source (in thousands) for the City's governmental activities during fiscal year 2020:



The following chart shows the expenses by function (in thousands) for the City's governmental activities during fiscal year 2020:



**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of West Palm Beach)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**  
**(UNAUDITED)**

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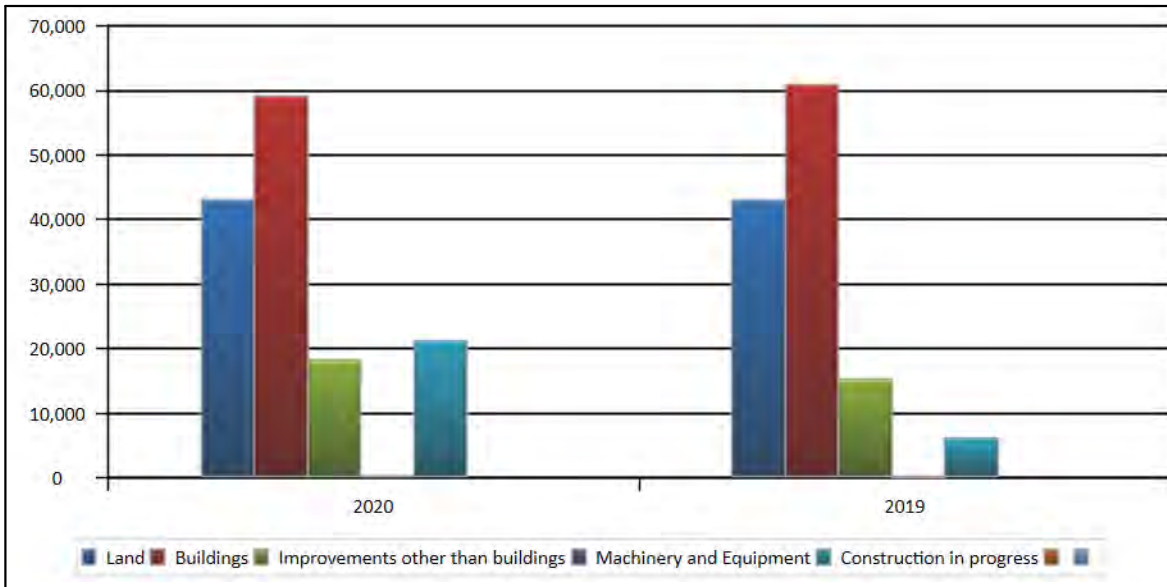
**Capital Assets**

The CRA's capital assets for its governmental activities as of September 30, 2020 and 2019 totaled \$142.0 million and \$125.3 million, net of accumulated depreciation, (in thousands). The net investment in capital assets as of September 30, 2020 and 2019 was \$29.2 million and \$21.8 million, respectively. The increase from the previous year by \$7.4 million was largely due to new additions, net of retirements and depreciation and the net reduction of outstanding long-term debt which was used to acquire the assets. Additional information on the CRA's capital assets can be found in Note E of this report.

The following table compares the CRA's capital assets from September 30, 2020 and 2019, in thousands:

|                                   | <b>Governmental Activities</b> |                   |
|-----------------------------------|--------------------------------|-------------------|
|                                   | <b>2020</b>                    | <b>2019</b>       |
| Land                              | \$ 43,138                      | \$ 43,093         |
| Buildings                         | 59,104                         | 60,846            |
| Improvements other than buildings | 18,297                         | 15,230            |
| Machinery and Equipment           | 226                            | 15                |
| Construction in progress          | 21,242                         | 6,111             |
| Total capital assets              | <u>\$ 142,007</u>              | <u>\$ 125,295</u> |

The following chart compares the City's capital assets from 2019 to 2020:





**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of West Palm Beach)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**  
**(UNAUDITED)**

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**Long-term Obligations**

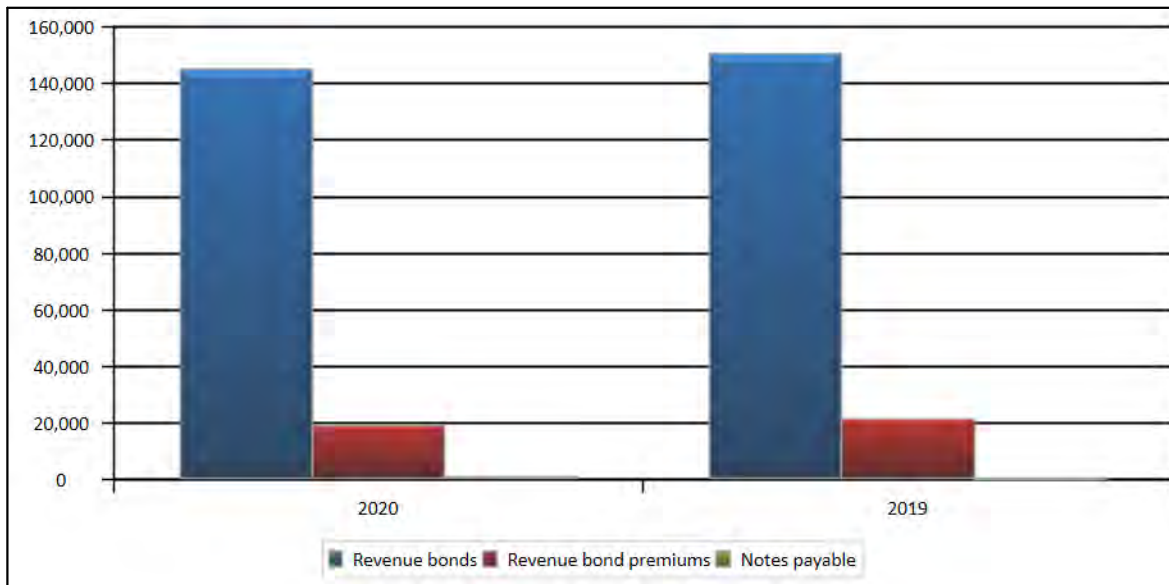
As of September 30, 2020, the CRA's \$164.2 million of bonded debt is secured by a stand-alone pledge of tax increment revenue. Notes payable totaling \$1.0 million is secured solely by the covenant of the CRA to budget and appropriate legally available non-ad valorem revenues.

Total of bonds and notes payable decreased during the current fiscal year reflecting repayments and amortization of bond premiums totaling \$8.0 million. Additional information on the CRA's long-term debt can be found in Note F of this report.

The following table compares the CRA's outstanding long-term debt from September 30, 2020 and 2019, in thousands:

|                             | <b>Governmental Activities</b> |                   |
|-----------------------------|--------------------------------|-------------------|
|                             | <b>2020</b>                    | <b>2019</b>       |
| Revenue bonds               | \$ 145,172                     | \$ 150,676        |
| Revenue bond premiums       | 19,074                         | 21,333            |
| Total bonds                 | 164,246                        | 172,009           |
| Notes payable               | 981                            | 264               |
| Total long-term obligations | <u>\$ 165,227</u>              | <u>\$ 172,273</u> |

The following chart compares the City's outstanding long-term debt from 2019 to 2020:



**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**(UNAUDITED)**

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**Economic Factors Affecting Next Year's Budget**

The CRA's next year's budget is consistent with maintaining services to citizens without raising the millage rate. Despite the effects of the pandemic, the property tax base within each of the CRA's designated areas has continued an upward trend and resulted in increased tax revenues.

In determining the next year's budget, the CRA considered the following activities and population needs within each designated area:

City Center Community Redevelopment Area:

Within the CCCRA, the CRA works with the West Palm Beach Downtown Development Authority (DDA), an independent taxing district and the City of West Palm Beach to provide impactful and value-based programs.

One way the CRA and the DDA work to strengthen the business environment is through the retention/attraction of businesses through its business development grant programs which include funding for grand opening events, leasehold improvements, façade enhancement, and business assistance. During fiscal year 2020, the CRA and the DDA provided over \$7.1 million and \$0.3 million, respectively, in grants to local businesses within the CCCRA community. The \$7.1 million by the CRA is an increase of \$1.6 million over the prior fiscal year in response to the needs of businesses affected by the pandemic.

The CRA also partners with local businesses and non-profit entities to provide assistance to the homeless population by providing part-time employment which enables those in need to secure housing. Part-time employment is also provided to formerly incarcerated individuals as they seek to and become reacclimated into society and earn honest wages while improving the quality of public spaces throughout the downtown development area.

Northwood/Pleasant City Community Redevelopment Area:

The CRA prioritizes home ownership within the Northwood/Pleasant City Neighborhood. Previously, Habitat for Humanity received five (5) of the vacant lots and successfully finished construction. These homes are now occupied by single family homeowners. Five (5) additional lots were conveyed to Habitat for Humanity, two of which have had their groundbreakings and began construction while the remaining three (3) lots began construction in 2020, with coinciding groundbreaking ceremonies.

In August of 2020, the CRA conveyed an additional vacant lot for the construction of a single-family home which will be sold to an affordable housing owner-occupied purchaser. Additionally, the CRA executed an agreement with a developer to lease property for the specific purpose of constructing a mixed-use building which will include over 300 apartments and other retail and office space. Construction of the building is anticipated to begin in fiscal year 2021.

The CRA is also focused on ensuring that the Northwood/Pleasant City area is economically vibrant by capitalizing on its resources and assets, enhancing its amenities, and strengthening the business environment. One way the CRA strengthens the business environment is through the retention/attraction of businesses through its business development grant programs which include funding for leasehold improvements, façade enhancement, and business assistance. The CRA approved approximately \$2.4 million of incentives in the Northwood/Pleasant City CRA district in fiscal year 2020, namely for The Lenora and Arts on Broadway Projects.

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In April 2020, the CRA created the Emergency Small Business Relief Program for small businesses within the Northwood/Pleasant City CRA District. This grant was a one-time financial assistance grant, not exceeding \$2,500, to be used for mortgage/rent and/or utility payments or payroll to continue limited operations during the pandemic. The total grant awarded was \$45,000.

At the height of the pandemic, the CRA contracted with local businesses to provide custom cleaning and management services and COVID 19 education workshops to the general public within the designated CRA neighborhoods. Concurrently, due to decreased automobile and pedestrian traffic, the City took the opportunity to complete various phases of its streetscape projects, without causing significant inconvenience to businesses and citizens in the CCCRA and the NPCCRA.

Major projects which completed during the current fiscal year included the following:

- Clematis streetscape improvements, \$6.2 million.
- Currie Park improvements, \$1.1 million.
- Other streetscape projects, \$1.8 million.

The projects identified above, among others will usher in an urban renaissance within the CRA, bringing about positive residual effects in areas of economic development, sustainability and other benefits.

**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 the Office of the Finance Department, 401 Clematis Street, West Palm Beach, Florida 33401.





Rosmary Square/Photo by Rosmary Square

# **BASIC FINANCIAL STATEMENTS**

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WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of West Palm Beach)  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>ASSETS:</b>                               |                                    |
| Cash and cash equivalents                    | \$ 18,442,772                      |
| Investments                                  | 20,638,144                         |
| Receivables, net:                            |                                    |
| Accounts                                     | 30,103                             |
| Interest                                     | 110,447                            |
| Notes  | 246,822                            |
| Due from other government                    | 601,554                            |
| Prepaid items                                | 6,269                              |
| Restricted assets:                           |                                    |
| Cash, cash equivalents                       | 56,789,558                         |
| Investments                                  | 6,052,154                          |
| Interest on restricted cash and investments  | 4,025                              |
| Capital assets:                              |                                    |
| Nondepreciable                               | 64,380,192                         |
| Depreciable, net of accumulated depreciation | <u>77,626,766</u>                  |
| <b>Total assets</b>                          | <u><u>\$ 244,928,806</u></u>       |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>       |                                    |
| Deferred loss on refunding                   | <u><u>\$ 899,557</u></u>           |
| <b>LIABILITIES:</b>                          |                                    |
| Accounts payable and accrued liabilities     | \$ 6,051,318                       |
| Due to other governments                     | 23,235                             |
| Deposits payable                             | 73,060                             |
| Due within one year:                         |                                    |
| Notes payable                                | 480,865                            |
| Bonds payable                                | 6,282,528                          |
| Due in more than one year:                   |                                    |
| Notes payable                                | 500,000                            |
| Bonds payable                                | <u>157,963,708</u>                 |
| <b>Total liabilities</b>                     | <u><u>\$ 171,374,714</u></u>       |
| <b>NET POSITION:</b>                         |                                    |
| Net Investment in Capital Assets             | \$ 30,127,875                      |
| Restricted for:                              |                                    |
| Debt service                                 | 7,012,843                          |
| Community development                        | <u>37,312,931</u>                  |
| <b>Total net position</b>                    | <u><u>\$ 74,453,649</u></u>        |



WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY  
 (A Component Unit of the City of West Palm Beach)  
 STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| FUNCTIONS/PROGRAMS:                      | Expenses             | Charges for Services | Program Revenues                   |                                  | Net Revenue (Expense) and Change in Net Position |
|--|----------------------|----------------------|------------------------------------|----------------------------------|--|
|  |                      |                      | Operating Grants and Contributions | Capital Grants and Contributions |  |
|  |                      |                      |                                    |                                  | Governmental Activities                          |
| Governmental activities:                 |                      |                      |                                    |                                  |  |
| Economic environment                     | \$ 29,581,490        | \$ 428,077           | \$ -                               | \$ 552,700                       | \$ (28,600,713)                                  |
| Interest on long-term debt               | 5,444,864            | -                    | -                                  | -                                | (5,444,864)                                      |
| <b>Total governmental activities</b>     | <b>\$ 35,026,354</b> | <b>\$ 428,077</b>    | <b>\$ -</b>                        | <b>\$ 552,700</b>                | <b>\$ (34,045,577)</b>                           |
| <b>General revenue:</b>                  |                      |                      |                                    |                                  |  |
| Ad valorem taxes                         |                      |                      |                                    |                                  | \$ 42,642,277                                    |
| Interest income                          |                      |                      |                                    |                                  | 1,590,789  |
| Miscellaneous                            |                      |                      |                                    |                                  | 541,540  |
| <b>Total general revenues</b>            |                      |                      |                                    |                                  | <b>\$ 44,774,606</b>                             |
| <b>Change in net position</b>            |                      |                      |                                    |                                  | <b>10,729,029</b>                                |
| <b>Net position at beginning of year</b> |                      |                      |                                    |                                  | <b>63,724,620</b>                                |
| <b>Net position at end of year</b>       |                      |                      |                                    |                                  | <b>\$ 74,453,649</b>                             |

**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of West Palm Beach)**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

|   | City Center<br>Community<br>Redevelopment<br>Agency Fund | Northwood /<br>Pleasant City<br>Community<br>Redevelopment<br>Agency Fund | Series 2019 CCCRA<br>Capital Bond Fund | Series 2019 CCCRA<br>Debt Service Fund | Non-Major<br>NPCCRA Series<br>2005A Construction<br>Fund | Total<br>Governmental<br>Funds |
|---|--|---|--|--|--|--------------------------------|
| <b>ASSETS:</b>  |  |   |  |  |  |                                |
| Cash and cash equivalents   | \$ 16,060,266  | \$ 2,382,506  | \$ 48,663,103                          | \$ 7,135,999                           | \$ 990,456   | \$ 75,232,330                  |
| Investments   | 17,972,032   | 2,666,112   | 5,797,654                              | 248,318                                | 6,182  | 26,690,298                     |
| Receivables, net:   |  |   |  |  |  |                                |
| Accounts  | 27,553   | 2,550   | -                                      | -                                      | -  | 30,103                         |
| Interest  | 95,901   | 14,546  | -                                      | 3,984                                  | 41   | 114,472                        |
| Notes   | 246,822  | -   | -                                      | -                                      | -  | 246,822                        |
| Due from other governments  | 601,554  | -   | -                                      | -                                      | -  | 601,554                        |
| Prepaid expenses  | 6,269  | -   | -                                      | -                                      | -  | 6,269                          |
| <b>Total assets</b>   | <b>35,010,397</b>  | <b>5,065,714</b>  | <b>54,460,757</b>                      | <b>7,388,301</b>                       | <b>996,679</b>   | <b>102,921,848</b>             |
| <b>LIABILITIES:</b>   |  |   |  |  |  |                                |
| Accounts payable and accrued liabilities                                  | 1,726,507  | 190,420   | 3,758,933                              | 375,458                                | -  | 6,051,318                      |
| Deposits payable  | 47,760   | 25,300  | -                                      | -                                      | -  | 73,060                         |
| Due to other governments  | 23,235   | -   | -                                      | -                                      | -  | 23,235                         |
| <b>Total liabilities</b>  | <b>1,797,502</b>   | <b>215,720</b>  | <b>3,758,933</b>                       | <b>375,458</b>                         | <b>-</b>   | <b>6,147,613</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |  |   |  |  |  |                                |
| Unavailable revenue   | 256,681  | 2,550   | -                                      | -                                      | -  | 259,231                        |
| <b>FUND BALANCES:</b>   |  |   |  |  |  |                                |
| Nonspendable  | 6,269  | -   | -                                      | -                                      | -  | 6,269                          |
| Restricted for:   |  |   |  |  |  |                                |
| Community development   | 32,949,945   | 4,847,444   | 50,701,824                             | -                                      | 996,679  | 89,495,892                     |
| Debt Service  | -  | -   | -                                      | 7,012,843                              | -  | 7,012,843                      |
| <b>Total fund balances</b>  | <b>32,956,214</b>  | <b>4,847,444</b>  | <b>50,701,824</b>                      | <b>7,012,843</b>                       | <b>996,679</b>   | <b>96,515,004</b>              |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 35,010,397</b>                                     | <b>\$ 5,065,714</b>   | <b>\$ 54,460,757</b>                   | <b>\$ 7,388,301</b>                    | <b>\$ 996,679</b>  | <b>\$ 102,921,848</b>          |

WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY  
 (A Component Unit of the City of West Palm Beach)  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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|  |               |                          |
|--|---------------|--------------------------|
| <b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>  | \$            | 96,515,004               |
| 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 funds                            |               | 142,006,958              |
| Intergovernmental revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds.                        |               | 259,231                  |
| Deferred outflows of resources used in governmental activities are not current financial resources and are not reported in the governmental funds: |               |                          |
| Deferred Loss on debt refunding  |               | 899,557                  |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:                    |               |                          |
| Notes payable  | (980,865)     |                          |
| Bonds payable  | (164,246,236) | (165,227,101)            |
|  |               |                          |
| <b>Net position of governmental activities</b>   | <b>\$</b>     | <b><u>74,453,649</u></b> |

**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of West Palm Beach)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

|  | City Center<br>Community<br>Redevelopment<br>Agency Fund | Northwood /<br>Pleasant City<br>Community<br>Redevelopment<br>Agency Fund | Series 2019<br>CCCRA Capital<br>Bond Fund | Series 2019<br>CCCRA Debt<br>Service Fund | Non-Major<br>NPCCRA Series<br>2005A<br>Construction<br>Fund | Total<br>Governmental<br>Funds |
|--|--|---|---|---|---|--------------------------------|
| <b>REVENUES:</b>   |  |   |   |   |   |                                |
| Taxes  | \$ 23,223,687  | \$ 2,718,972  | \$ -                                      | \$ -                                      | \$ -  | \$ 25,942,659                  |
| Intergovernmental  | 15,716,450   | 1,535,868   | -   | -   | -   | 17,252,318                     |
| Rents and royalties  | 319,437  | -   | -   | -   | -   | 319,437                        |
| Interest income  | 843,912  | 128,226   | 481,836                                   | 130,541                                   | 6,274   | 1,590,789                      |
| Miscellaneous  | 567,308  | 84,052  | -   | -   | -   | 651,360                        |
| <b>Total revenues</b>  | <b>40,670,794</b>  | <b>4,467,118</b>  | <b>481,836</b>                            | <b>130,541</b>                            | <b>6,274</b>  | <b>45,756,563</b>              |
| <b>EXPENDITURES:</b>   |  |   |   |   |   |                                |
| Current:   |  |   |   |   |   |                                |
| Economic environment   | 22,038,806   | 1,753,230   | 484,356                                   | -   | 46,084  | 24,322,476                     |
| Capital outlay   | 4,766,814  | -   | 17,203,931                                | -   | -   | 21,970,745                     |
| Debt service:  |  |   |   |   |   |                                |
| Principal  | 3,623,012  | 988,089   | -   | 1,175,000                                 | -   | 5,786,101                      |
| Interest expense   | 1,748,568  | 793,417   | -   | 4,998,180                                 | -   | 7,540,165                      |
| <b>Total expenditures</b>  | <b>32,177,200</b>  | <b>3,534,736</b>  | <b>17,688,287</b>                         | <b>6,173,180</b>                          | <b>46,084</b>   | <b>59,619,487</b>              |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <b>8,493,594</b>   | <b>932,382</b>  | <b>(17,206,451)</b>                       | <b>(6,042,639)</b>                        | <b>(39,810)</b>   | <b>(13,862,924)</b>            |
| <b>OTHER FINANCING SOURCES (USES):</b>                           |  |   |   |   |   |                                |
| Transfers in   | -  | -   | -   | 6,193,157                                 | -   | 6,193,157                      |
| Transfers out  | (6,193,157)  | -   | -   | -   | -   | (6,193,157)                    |
| <b>Total other financing sources (uses)</b>                      | <b>(6,193,157)</b>                                       | <b>-</b>  | <b>-</b>                                  | <b>6,193,157</b>                          | <b>-</b>  | <b>-</b>                       |
| <b>Net change in fund balances</b>                               | <b>2,300,437</b>   | <b>932,382</b>  | <b>(17,206,451)</b>                       | <b>150,518</b>                            | <b>(39,810)</b>   | <b>(13,862,924)</b>            |
| <b>Fund balances - beginning</b>                                 | <b>30,655,777</b>  | <b>3,915,062</b>  | <b>67,908,275</b>                         | <b>6,862,325</b>                          | <b>1,036,489</b>  | <b>110,377,928</b>             |
| <b>Fund balances - ending</b>                                    | <b>\$ 32,956,214</b>                                     | <b>\$ 4,847,444</b>   | <b>\$ 50,701,824</b>                      | <b>\$ 7,012,843</b>                       | <b>\$ 996,679</b>   | <b>\$ 96,515,004</b>           |

**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of West Palm Beach)  
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**

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|   |                    |                      |
|---|--------------------|----------------------|
| <b>NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS</b>  |                    | \$ (13,862,924)      |
| <p>Amounts reported for governmental activities in the statement of activities are different because</p> <p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expenses exceeded capital outlay in the current period</p>  |                    |                      |
| Capital outlay  | 21,970,745         |                      |
| Depreciation expense  | <u>(5,259,014)</u> | 16,711,731           |
| <p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds:</p> <p>Charges for services</p>   |                    |                      |
|   |                    | (1,180)              |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of insurance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are capitalized and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p> |                    |                      |
| Principal repayment on bonds payable  | 5,503,012          |                      |
| Principal repayment on notes payable  | 283,089            |                      |
| Amortization of bond premiums   | 2,259,767          |                      |
| Change in deferred loss on refunding  | <u>(164,466)</u>   | <u>7,881,402</u>     |
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>  |                    | <u>\$ 10,729,029</u> |





Northwood Village/Photo By City of West Palm Beach

# NOTES TO THE FINANCIAL STATEMENTS

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## **A. SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies for the Community Redevelopment Agency of West Palm Beach, Florida ("CRA") is presented to assist the reader in interpreting the basic financial statements. The policies are considered essential and should be read in conjunction with the basic financial statements. The accounting policies of the CRA have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. This report, the accounting system and classification of accounts conforms to the Governmental Accounting Standards Board ("GASB"), which is the standard setting body for governmental accounting and financial reporting. The following is a summary of the CRA's most significant accounting policies.

### **1. Financial Reporting Entity**

The Community Redevelopment Agency of West Palm Beach ("CRA") was established on September 10, 1984 by the City of West Palm Beach, Florida (the "City") under Ordinance No. 1805-84 (Redevelopment Act) pursuant to the "Community Redevelopment Act of 1969" and Chapter 163, Part III of the Florida Statutes. The CRA has created and is responsible for promoting the economic redevelopment of two designated areas: the City Center/Downtown Area and the Northwood/Pleasant City Area.

The CRA is governed by a board of directors comprised of five members of the City Commission. Management of the City has operational responsibility for the CRA. The City is considered to be financially accountable for the CRA in accordance with GASB Statement No. 61, and therefore the CRA is considered to be a blended component unit in the City's annual comprehensive financial report.

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.

### **2. Government-wide and Fund Financial Statements**

The basic financial statements of the CRA consist of the government-wide financial statements and fund financial statements which provide a more detailed level of financial information. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The CRA does not have any business-type activities and has only governmental activities. The accounts of the CRA are reported as special revenue funds, capital projects funds and debt service funds.

Government-wide Statements: The government-wide financial statements include a Statement of Net Position and the Statement of Activities. These statements report information on all of the activities of the CRA as a whole and provide a consolidated financial picture of the CRA. 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 governmental activities. The net position of the CRA (assets and deferred outflows of resources minus liabilities and deferred inflows resources) is reported in three separate components – net investment in capital assets, restricted and unrestricted net position.

**A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Government-wide and Fund Financial Statements (Continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Program revenues include (1) charges for goods and 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.

Fund Financial Statements: The financial transactions of the CRA are reported in individual governmental funds within the City's accounting system. Each fund is accounted for by providing a separate, self-balancing set of accounts comprised of the assets, deferred outflows/inflows of resources, liabilities, fund equity, revenues and expenditures of each fund. Major governmental funds are reported as separate columns in the fund financial statements.

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

**3. 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 are recorded when a liability is incurred, regardless of the timing of related cash flow. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when earned, measurable, and available to finance expenditures of the current period. Revenues are considered to be available for the current period when they are collected within the fiscal year being reported on or soon enough thereafter to pay liabilities of that fiscal year. The CRA considers revenues to be available if they are collected within 60 days of the end of the fiscal year being reported on. 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 measurable and available only when cash is received by the CRA or property has been 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.

**4. 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.

**A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Major Funds and Basis of Presentation (Continued)**

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets plus deferred outflows, liabilities plus deferred inflows, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined), for the determination of major funds. The CRA electively added funds, as major funds, which either have significant outstanding debt proceeds or a specific community focus. The CRA reports the following major governmental funds:

The City Center Community Redevelopment Agency Fund accounts for revenue received from tax increment financing. The fund is restricted for carrying out redevelopment activity in the designated downtown redevelopment area.

The Northwood/Pleasant City CRA Fund accounts for revenue received from tax increment financing. These funds are restricted for carrying out redevelopment activity in the Northwood/Pleasant City designated area. While not required to be a major fund, this Northwood/Pleasant City CRA Fund is deemed a major fund and is reported separately due to its high level of public interest.

Series 2019 CCCRA Capital Bond Fund accounts for the proceeds from the Series 2019 CCCRA Tax Increment Revenue and Refunding Bonds. The proceeds will be used for various capital improvements and capital purchases as outlined in the issue's Official Statement.

Series 2019 CCCRA Debt Service Fund accounts for principal and interest of the Series 2019 Tax Increment Revenue and Refunding Bonds.

**5. Budget Policy and Budgetary Data**

The CRA prepares an annual operating budget for all governmental funds. These budgets are prepared on the modified accrual basis of accounting.

The level of control (level at which expenditures may not exceed budget) is the department. The Executive Director is authorized to transfer budgeted amounts within departments of any fund. The CRA Board must approve any revisions that alter the total expenditures of any department.

The original and final budgets, as presented, include re-appropriated encumbrances of the prior year. The budgets have been adopted on a basis consistent with GAAP.

**6. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

**Cash, Cash Equivalents and Investments**

The CRA participates in a cash and investment pool maintained by the City. The City's cash and investment pool allows individual funds, at any time, to deposit additional cash or make withdrawals without prior notice or penalty. Cash and cash equivalents include cash on hand, demand and time deposits and short-term investments with original maturities of three months or less as of the date of purchase. Interest earned on pooled cash and investments is allocated to funds based on the average monthly balances.

**A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**6. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)**

**Cash, Cash Equivalents and Investments (Continued)**

Investments are stated at fair value which 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. Income from investments held by the individual funds is recorded in the respective fund as it is earned. All other investments owned by the CRA are accounted for in the City's investment pool.

Income earned from this pool is allocated to the respective funds based upon average monthly equity balances. State Statutes authorize the CRA to invest in the obligations of the United States Treasury, its Agencies, instrumentalities, commercial paper, corporate bonds, State Treasurer's Investment Pool, investment pools governed by interlocal agreements and the Florida Municipal Investment Trust.

**Receivables**

Receivables include amounts due from other governments, and other services provided by the City are recorded when the revenue is earned. All accounts and notes receivable are reported net of any allowances for uncollectible. Allowances for uncollectible receivables are based upon a review of accounts and the knowledge of the creditor's ability to pay. Notes receivables are analyzed for collectability based on terms and conditions of the agreements and are included in the allowance for uncollectible if deemed appropriate.

**Prepaid Items**

Prepaid items represent payments made to vendors for services that will benefit the period beyond September 30, 2020. These services are recorded as expenditures/expenses when consumed.

**Restricted Assets**

Certain proceeds from fund revenue bonds, as well as other resources set aside in accordance with bond indentures and other arrangements, are classified as restricted assets in the government-wide Statement of Net Position. Restricted assets are not required to be presented on the balance sheets of the governmental funds under the modified accrual basis of accounting; however, certain assets of these funds are restricted as to use.

**Capital Assets**

The CRA capitalizes all acquisitions of tangible and intangible property expected to be held for more than one year and which have a minimum cost of \$25,000 for buildings and infrastructure or a minimum cost of \$10,000 for all other assets.

Expenditures that materially extend the useful life of existing properties are capitalized. The cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts, and any resulting gain or loss is included in the change in net position.

**A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**6. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net position/Fund Balance (Continued)**

**Capital Assets (Continued)**

Depreciation, recorded in the Government-wide Statement of Activities, is computed using the straight-line method over the estimated useful lives of the related assets which are:

|                                  |               |
|----------------------------------|---------------|
| Buildings                        | 20 - 40 years |
| Improvements                     | 15 - 40 years |
| Infrastructure                   | 30 - 40 years |
| Equipment                        | 5 - 10 years  |
| Intangibles (primarily software) | 5 years       |

**Long-term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities of the statement of net position. Bond premiums and discounts are recorded as direct additions to or deductions from the related debt and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums and discounts.

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses.

Bond premiums or discounts are amortized over the life of the bonds using the effective interest method. Deferred amounts on refunding are amortized over the shorter of the remaining life of the old debt or the life of the new debt using the effective interest method and reported as deferred outflows of resources. Issuance costs are expensed in the year of issuance, except for prepaid bond insurance costs.

**Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future accounting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The CRA reports a deferred loss on refunding in this category.

The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**Deferred Inflows of Resources**

The governmental funds financial statements include a separate section for deferred inflow 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 in which it applies. The CRA reports unavailable revenue in this category.

**A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**6. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)**

**Fund Balance and Net Position**

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. The CRA reports the following fund balance classifications:

**Nonspendable Fund Balance:** Non-spendable fund balances include amounts which cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

**Restricted Fund Balance:** Restricted fund balances include 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.

Net Position is the result of assets and deferred outflows of resources, less liabilities and deferred inflows of resources. The government-wide financial statements utilize a net position presentation. The CRA reports the following net position classifications:

**Net Investment in Capital Assets:** Net investment in capital assets consists of capital assets reduced by the outstanding debt issued to acquire, construct or improve those assets, less any unspent debt proceeds.

**Restricted Net Position:** Restricted net position includes amounts that are restricted to specific 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. In the fund financial statements, governmental funds report fund balance classifications based on the level of constraint on the resources. Amounts which are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts which can only be appropriated, modified, or rescinded for specific purposes pursuant to constraints imposed by the City Commission through an ordinance are classified as committed fund balances.

**Revenues**

**Intergovernmental Revenue:** The CRA’s primary source of revenue is tax increment funds collected from the City, Palm Beach County (County) and the Downtown Development Authority (DDA). These entities levy ad valorem property taxes within the legally defined redevelopment areas of the CRA. The tax increment revenue is calculated by applying the adopted millage rate to the increase in current year taxable assessed valuations within the designated CRA areas using the year in which they were established as the “base year”. For example, if an unimproved property was valued at \$10,000 in the base year and a new house is built on the property tomorrow, the new value of the property is \$25,000. The incremental difference in value (new assessed value – base year value) is \$15,000. Taxes collected on the property will be split amongst the City, the County, DDA and various agencies. The CRA receives all taxes assessed on the incremental increase of \$15,000. Revenues generated by improvements in the CRA districts are to be reinvested in the designated CRA areas to continue to spur redevelopment.



**A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**6. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)**

**Revenues (Continued)**

Assessed values are established by the Palm Beach County Property Appraiser. The assessed property value recognized by the City, County and DDA includes the second homestead exemption. The City, County and DDA are required to pay 95% of these incremental property taxes to the CRA on or before January 1 of each year, otherwise the full amount of the incremental revenue will be due.

**Program Revenue:** In the Government-wide Statement of Activities, revenue that is derived directly from the program itself or from outside sources, if restricted to a specific program, it is called program revenue. Program revenue is classified as either operating grants or capital grants. Operating grant revenues received from other government entities to support the operational costs of a particular function are legally restricted to that function. Capital grants are received from other government entities for the purpose of constructing or purchasing capital assets.

**Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**B. DEPOSITS AND INVESTMENTS**

The CRA has elected to follow the City's investment policy. In accordance with Section 218.415, Florida Statutes, the City's Investment Policy applies to all cash and investments held or controlled by the City. Permitted investments, asset allocation limits, issuer limits, credit rating requirements and maturity limits are detailed in the investment policy in order to protect all of the City's cash and investments. As of September 30, 2020, total cash and investments for the CRA totaled \$101,922,628.

**Authorized Investments and Credit Risk**

The City adheres to an investment policy that conforms to state statutes. The City has no formal policy relating to foreign currency risk. For the year ended September 30, 2020 the City had no investment exposure to foreign currency. The City's policy regarding derivative instruments specifically states that City Commission approval is required prior to the use of derivatives. For the year ended September 30, 2020, the City had no investment exposure to derivative instruments.

The City's Investment Policy adheres to an investment policy that conforms to State Statutes and permits the following investments, which are limited to credit quality ratings from Nationally Recognized Statistical Ratings Organizations ("NRSRO") as follows:

- U.S. Treasury obligations which are guaranteed by the full faith and credit of the United States with maturities not to exceed ten years from the date of purchase.
- Money Market Mutual Fund shares in open-end, no-load funds that are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. § 270.2a-7. The prospectus of such funds must indicate that the share value shall not fluctuate.



**B. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Authorized Investments and Credit Risk (Continued)**

- Intergovernmental Investment Pools that are authorized pursuant to the Florida Inter-local Cooperation Act, as provided in Section 163.01, Florida Statutes and provided that said funds contain no derivatives.
- Corporate obligations or notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a minimum long term debt rating, at the time of purchase, of A or better by any Nationally Recognized Statistical Ratings Organization ("NRSRO"). Maximum term for corporate notes and obligations shall be seven years.
- In addition, under the Investment Policy, the Short Term and Long Term Portfolios may invest in the following investments: U.S. Government Agencies, State and Local Government Debt, Commercial Paper rated "Prime-1" by Moody's and "A-1" by Standard & Poor's or equivalent by another NRSRO, Banker's Acceptances rated Prime-1 by Moody's and A-1 by Standard and Poor's, Registered Investment Companies (Mutual Funds) rated AAA or better by Standard & Poor's.

The investment policy is designed to reduce the concentration of credit risk within the City's investment portfolio. A maximum of 20% of available funds may be invested in the Florida PRIME Fund, 100% of available funds may be invested in United States Treasury Securities, 50% of available funds may be invested in United States Government Agencies with a 25% limit on individual issuers, 80% of available funds may be invested in Federal Instrumentalities with a 50% limit on individual issuers, 25% of available funds may be invested in non-negotiable interest bearing time certificates of deposit with a 15% limit on individual issuers, 50% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements with a 25% limit on any one institution, 25% of available funds may be directly invested in prime commercial paper with a 5% limit on individual issuers, 25% of available funds may be directly invested in Bankers' acceptances with a 5% limit on individual issuers, 20% of available funds may be invested in taxable and tax-exempt debts with a limit of 20% on individual issuers, 40% of available funds may be invested in mutual funds with a limit of 20% invested in mutual funds with a limit of 20% with any one non-SEC Rule 2a-7 investment mutual fund, 25% of available funds may be invested in intergovernmental investment pools, 25% of available funds may be invested in corporate obligations or corporate notes of US corporations with a limit of 5% with any one corporate note, and 30% of available funds may be invested in mortgage-backed securities with a limit of 20% invested with any one MBS.

The City has investments in two investment pools, Florida Prime (previously known as the Local Government Surplus Funds Trust Fund - Pool A), and the Florida Local Government Investment Trust (Trust Fund). Florida Prime is managed by the State Board of Administration. The Florida Local Government Investment Trust is a member-owned, member-governed investment fund. Under the guidelines of GASB Codification Section 150, Florida Prime is a "2a-7 like" pool. Accordingly, investments in Florida Prime are reported at amortized cost. The Trust Fund is accounted for as net asset value (NAV) pools. As such, its investments have been valued based on their respective fair value factor as of the financial statement date.

The Trust Fund is accounted for as net asset value (NAV) pools. As such, its investments have been valued based on their respective fair value factor as of the financial statement date.

Florida PRIME is governed by the rules of Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Florida PRIME. Additionally, the Office of the Auditor General performs the operational audit of the activities and investment of the SBA.

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**B. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Authorized Investments and Credit Risk (Continued)**

According to the SBA, the pool follows GASB No. 31, Accounting and Financial Reporting for Certain Investment and for External Investment Pools, and GASB No. 79, Certain External Investment Pools and Pool Participants, where the City owns a share of the respective pool, not the underlying securities.

Accordingly, the City's investment in Florida PRIME is stated at amortized cost. (For investment pools valued at amortized cost under GASB No. 79, we must disclose if there are any of the following: any limitations or restrictions on participant withdrawals, such as redemption notice periods, maximum transactions, authority to impose liquidity fees or redemption gates.) There are no limitations or restrictions on participant withdrawals for the SBA investment fund that is recorded at amortized cost.

Florida PRIME is exempt from the GASB No. 72 fair value hierarchy disclosures. Additionally, the investment in the Florida PRIME is not insured by FDIC or any other governmental agency. Investments at September 30, 2020, were in the Florida PRIME with weighted average days to maturity (WAM) of 48 days. The City's investment in the Florida PRIME investment pool is rated AAAm by Standard and Poor's.

As of September 30, 2020, the CRA had the following cash, cash equivalents and investment types and effective duration presented in terms of years:

| <b><u>Credit and Interest Rate Risk</u></b>   | <b><u>Rating</u></b> | <b><u>% of Portfolio</u></b> | <b><u>Duration Years</u></b> | <b><u>As of September 30, 2020 (in thousands)</u></b> |                                |                           |
|---|----------------------|------------------------------|------------------------------|---|--------------------------------|---------------------------|
|   |                      |                              |                              | <b><u>Total Portfolio</u></b>                         | <b><u>Cash Equivalents</u></b> | <b><u>Investments</u></b> |
| Cash Deposits                                 | NR                   | \$ 7.2                       | 0.00                         | \$ 7,345  | \$ 7,345                       | \$ -                      |
| Money Market Funds                            | AAAm                 | \$ 55.3                      | 0.26                         | 56,389  | 56,389                         | -                         |
| Florida Prime                                 | AAAm                 | \$ 6.0                       | 0.20                         | 6,160   | 6,160                          | -                         |
| Florida Coop. Liquid Assets Securities System | AAAm                 | \$ 1.0                       | 0.21                         | 998   | 998                            | -                         |
| Certificates of Deposits                      | NR                   | \$ 9.7                       | 0.49                         | 9,911   | 3,771                          | 6,140                     |
| Sovereign Government                          | NR                   | \$ 0.3                       | 2.39                         | 350   | -                              | 350                       |
| United States Treasury Notes                  | NR                   | \$ 5.5                       | 2.39                         | 5,553   | -                              | 5,553                     |
| Federal Instrumentalities                     | NR                   | \$ 10.8                      | 1.29                         | 11,024  | -                              | 11,024                    |
| Municipal Bonds                               | AA+                  | \$ 2.9                       | 1.37                         | 2,996   | -                              | 2,996                     |
| Corporate Notes                               | AA-                  | \$ 0.6                       | 1.07                         | 627   | -                              | 627                       |
| Commercial Paper                              | AA-                  | \$ 0.6                       | 0.30                         | 570   | 570                            | -                         |
|   |                      | <u>\$ 100.0</u>              |                              | <u>\$ 101,923</u>                                     | <u>\$ 75,233</u>               | <u>\$ 26,690</u>          |

**Amounts from Statement of Net Position:**

|   |                   |
|---|-------------------|
| Unrestricted Cash and Cash Equivalents                  | \$ 18,443         |
| Unrestricted Investments                                | 20,638            |
| Restricted Cash and Cash Equivalents                    | 56,790            |
| Restricted Investments                                  | 6,052             |
| Total Cash and Investments on Statement of Net Position | <u>\$ 101,923</u> |

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**B. DEPOSITS AND INVESTMENTS (CONTINUED)**

**The Custodial Credit Risk**

**Investments:** Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the CRA will not be able to recover the value of its investment or collateral security that are in the possession of an outside party. The CRA's investment portfolio is held in safekeeping by the custodians in the name of the City of West Palm Beach, thereby eliminating exposure to custodial credit risk.

**Interest Rate Risk:** The Investment Policy sets limits for investment maturities to match known cash needs and cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds, "core funds", shall have a term appropriate to the need for funds and in accordance with debt covenants, not to exceed a maturity of five (5) years with an average duration of the portfolio as a whole not to exceed three (3) years. As of September 30, 2020, the CRA has no investments that have embedded options, allowing the issuer to call the obligation or demand a stated increase in the interest rate.

**Effective Duration:** Short Term Portfolio: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Investment Policy requires that 100% of the short term portfolio be invested in maturities of less than one year.

**Long Term Portfolio:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Investment Policy requires that the duration of the long term portfolio not exceed three years.

**Concentration of Credit Risk**

The Investment Policy permits up to 50% of the portfolio to be invested in any single Federal Instrumentality. As of September 30, 2020 investments in the following Federal Instrumentalities exceed 5% of the portfolio:

| Investment Vehicle           | % of Portfolio | Amount<br>(in thousands) |
|------------------------------|----------------|--------------------------|
| United States Treasury Notes | 5.4%           | \$ 5,553                 |

As of September 30, 2020, the CRA had the following issuer concentrations in the investment portfolio based on fair value:

| Issuer                              | % of Portfolio | Amount<br>(in thousands) |
|-------------------------------------|----------------|--------------------------|
| Federated Treasury Obligations Fund | 55.3%          | \$ 56,389                |
| United States Treasury Notes        | 5.5%           | 5,553                    |
| Florida Prime                       | 6.0%           | 6,160                    |
| Other                               | 33.2%          | 33,821                   |
| Total                               | 100.0%         | \$ 101,923               |

As of September 30, 2020, the CRA categorized its investment portfolio using the fair value measurements in accordance with GASB Statement No. 72. GASB 72 which uses a hierarchy based on the valuation inputs used to measure the fair value of the asset. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

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**B. DEPOSITS AND INVESTMENTS (CONTINUED)**

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are based on other significant observable inputs such as indices for fixed income bonds and quoted prices for similar assets in markets that are active and not active; Level 3 inputs are significant unobservable inputs.

As of September 30, 2020, the CRA had the following investment types portfolio based on fair value:

| Investment                                    | Fair Value (in thousands) |                  |              | Total             |
|---|---------------------------|------------------|--------------|-------------------|
|   | Prices in                 | Significant      | Significant  |                   |
|   | Active                    | Other            | Unobservable |                   |
|   | Markets For               | Observable       | Inputs       |                   |
|   | Identical                 | Inputs           | Level 3      |                   |
|   | Assets                    | Level 2          | Level 3      | Total             |
|   | Level 1                   | Level 2          | Level 3      | Total             |
| Municipal Obligation                          | \$ -                      | \$ 2,996         | \$ -         | \$ 2,996          |
| Federal Instrumentalities                     | -                         | 11,024           | -            | 11,024            |
| United States Treasury Notes                  | -                         | 5,553            | -            | 5,553             |
| Corporate Notes                               | -                         | 627              | -            | 627               |
| Sovereign Government                          | -                         | 350              | -            | 350               |
| Commercial Paper                              | -                         | 570              | -            | 570               |
| Florida Coop. Liquid Assets Securities System | 998                       | -                | -            | 998               |
| Money Market Funds                            | 56,389                    | -                | -            | 56,389            |
| Total Investments by Fair Value Level         | <u>\$ 57,387</u>          | <u>\$ 21,120</u> | <u>\$ -</u>  | <u>78,507</u>     |
| Florida Prime (exempt)                        |                           |                  |              | 6,160             |
| Certificates of Deposits (exempt)             |                           |                  |              | 9,911             |
| Cash Deposits (exempt)                        |                           |                  |              | 7,345             |
| Total   |                           |                  |              | <u>\$ 101,923</u> |

**C. RECEIVABLES AND UNEARNED REVENUE**

**Receivables**

Receivables as of year-end for the City's governmental activities and the aggregate and applicable allowances for uncollectible accounts are as follows:

|                   | City Center       | Northwood /      |                 | NPCCRA       |                   |
|-------------------|-------------------|------------------|-----------------|--------------|-------------------|
|                   | Community         | Pleasant City    | Series 2019     | Series 2005A |                   |
|                   | Redevelopment     | Community        | CCCRA Debt      | Construction |                   |
|                   | Agency Fund       | Redevelopment    | Service Fund    | Fund         | Total             |
|                   | Agency Fund       | Agency Fund      |                 |              |                   |
| Receivables:      |                   |                  |                 |              |                   |
| Accounts (gross)  | \$ 27,553         | \$ 2,550         | \$ -            | \$ -         | \$ 30,103         |
| Interest          | 95,901            | 14,546           | 3,984           | 41           | 114,472           |
| Notes (gross)     | 246,822           | -                | -               | -            | 246,822           |
| Total Receivables | <u>\$ 370,276</u> | <u>\$ 17,096</u> | <u>\$ 3,984</u> | <u>\$ 41</u> | <u>\$ 391,397</u> |

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**C. RECEIVABLES AND UNEARNED REVENUE (CONTINUED)**

**Unearned/Unavailable Revenue**

Unearned revenue from resources that have been received but not yet earned is reported on both the government-wide Statement of Net Position and on the fund financial statements. The governmental fund financial statements also report unavailable revenue from receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The components of unearned/unavailable revenues as of September 20, 2020 are as follows:

|                                    | <b>City Center<br/>Community<br/>Redevelopment<br/>Agency Fund</b> | <b>Northwood /<br/>Pleasant City<br/>Community<br/>Redevelopment<br/>Agency Fund</b> | <b>Total</b>      |
|------------------------------------|--|--|-------------------|
| Revenues Earned but Not Available: |  |  |                   |
| Liens and Mortgages Receivable     | \$ 246,822   | \$ -   | \$ 246,822        |
| Other Receivables                  | 9,859  | 2,550  | 12,409            |
| Total Unavailable Revenue          | <u>\$ 256,681</u>  | <u>\$ 2,550</u>  | <u>\$ 259,231</u> |

**D. RESTRICTED CASH AND INVESTMENTS**

Certain cash and investments are restricted by external third parties for the following purposes:

| <b>Purpose</b>                                   | <b>GOVERNMENTAL ACTIVITIES</b>                     |  |  | <b>Totals</b>        |
|--|--|--|--|----------------------|
|  | <b>Series 2019<br/>CCCRA Debt<br/>Service Fund</b> | <b>Series 2019<br/>CCCRA Capital<br/>Bond Fund</b> | <b>NPCCRA Series<br/>2005A<br/>Construction<br/>Fund</b> |                      |
| Debt Service                                     | \$ 7,384,317                                       |  |  | \$ 7,384,317         |
| Revenue Bond and Capital Improvement<br>Accounts | -  | 54,460,757   | 996,638  | 55,457,395           |
| Total Restricted Assets                          | <u>\$ 7,384,317</u>                                | <u>\$ 54,460,757</u>                               | <u>\$ 996,638</u>  | <u>\$ 62,841,712</u> |

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**E. CAPITAL ASSETS**

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

|   | <u>Beginning Balance</u> | <u>Additions</u>     | <u>Retirements</u> | <u>Transfers</u>   | <u>Ending Balance</u> |
|---|--------------------------|----------------------|--------------------|--------------------|-----------------------|
| <b>Governmental Activities:</b>                 |                          |                      |                    |                    |                       |
| Capital Assets Not Being Depreciated:           |                          |                      |                    |                    |                       |
| Land  | \$ 43,093,030            | \$ 44,973            | \$ -               | \$ -               | \$ 43,138,003         |
| Construction in Progress                        | 6,110,666                | 21,404,763           | -                  | (6,273,240)        | 21,242,189            |
| Total Governmental Activities                   | <u>49,203,696</u>        | <u>21,449,736</u>    | <u>-</u>           | <u>(6,273,240)</u> | <u>64,380,192</u>     |
| Capital Assets Being Depreciated:               |                          |                      |                    |                    |                       |
| Buildings                                       | 80,474,213               | 277,457              | -                  | -                  | 80,751,670            |
| Improvements Other Than Buildings               | 45,087,425               | 4,197                | -                  | 6,273,240          | 51,364,862            |
| Machinery, Furniture, and Equipment             | 148,983                  | 239,355              | -                  | -                  | 388,338               |
| Total Capital Assets Being Depreciated          | <u>125,710,621</u>       | <u>521,009</u>       | <u>-</u>           | <u>6,273,240</u>   | <u>132,504,870</u>    |
| Total Capital Assets                            | <u>174,914,317</u>       | <u>21,970,745</u>    | <u>-</u>           | <u>-</u>           | <u>196,885,062</u>    |
| Less Accumulated Depreciation and Amortization: |                          |                      |                    |                    |                       |
| Buildings                                       | 19,627,684               | 2,019,883            | -                  | -                  | 21,647,567            |
| Improvements Other Than Buildings               | 29,857,081               | 3,210,686            | -                  | -                  | 33,067,767            |
| Machinery, Furniture, and Equipment             | 134,325                  | 28,445               | -                  | -                  | 162,770               |
| Total Accumulated Depreciation and Amortization | <u>49,619,090</u>        | <u>5,259,014</u>     | <u>-</u>           | <u>-</u>           | <u>54,878,104</u>     |
| Total Capital Assets Being Depreciated, Net     | <u>76,091,531</u>        | <u>(4,738,005)</u>   | <u>-</u>           | <u>6,273,240</u>   | <u>77,626,766</u>     |
| <b>Governmental Activities</b>                  |                          |                      |                    |                    |                       |
| <b>Capital Assets, Net</b>                      | <u>\$ 125,295,227</u>    | <u>\$ 16,711,731</u> | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ 142,006,958</u> |

**F. LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term debt and liabilities for governmental activities:

|                                      | <u>Beginning Balances</u> | <u>Additions</u> | <u>Reductions</u>     | <u>Ending Balances</u> | <u>Total Current Liabilities</u> | <u>Total Noncurrent Liabilities</u> |
|--------------------------------------|---------------------------|------------------|-----------------------|------------------------|----------------------------------|-------------------------------------|
| <b>Governmental activities:</b>      |                           |                  |                       |                        |                                  |                                     |
| CCRA Bonds:                          |                           |                  |                       |                        |                                  |                                     |
| Revenue Bonds                        | \$ 130,995,540            | \$ -             | \$ (4,548,012)        | \$ 126,447,528         | \$ 5,282,528                     | \$ 121,165,000                      |
| Unamortized Premiums                 | 21,730,155                | -                | (2,260,247)           | 19,469,908             | -                                | 19,469,908                          |
| CCRA Bonds Payable, Net              | 152,725,695               | -                | (6,808,259)           | 145,917,436            | 5,282,528                        | 140,634,908                         |
| NPCRA Bonds:                         |                           |                  |                       |                        |                                  |                                     |
| Revenue Bonds                        | 19,680,000                | -                | (955,000)             | 18,725,000             | 1,000,000                        | 17,725,000                          |
| Unamortized Discount                 | (396,680)                 | -                | 480                   | (396,200)              | -                                | (396,200)                           |
| NPCRA Bonds Payable, Net             | 19,283,320                | -                | (954,520)             | 18,328,800             | 1,000,000                        | 17,328,800                          |
| Total Bonds                          | 172,009,015               | -                | (7,762,779)           | 164,246,236            | 6,282,528                        | 157,963,708                         |
| Notes payable                        | 1,263,954                 | -                | (283,089)             | 980,865                | 480,865                          | 500,000                             |
| <b>Total Governmental Activities</b> | <u>\$ 173,272,969</u>     | <u>\$ -</u>      | <u>\$ (8,045,868)</u> | <u>\$ 165,227,101</u>  | <u>\$ 6,763,393</u>              | <u>\$ 158,463,708</u>               |

**F. LONG-TERM OBLIGATIONS (CONTINUED)**

Bonds outstanding at September 30, 2020 payable from governmental activities are comprised of tax increment revenue bonds. These bonds mature in varying amounts during succeeding fiscal years through 2036. Interest rates on these long-term obligations range from 2.25% to 5.68%.

**Tax Increment Revenue Bonds:**

On June 3, 2005 and December 14, 2005, the City issued \$17,530,000 and \$7,280,000 of Northwood/Pleasant City Community Redevelopment Area (NPCCRA) Subordinate Tax Increment Revenue Bonds, Series 2005A and 2005B, respectively. The proceeds were used to fund the NPCCRA redevelopment project. The Series 2005A was refunded by the Tax Increment Revenue Bond, Series 2015. The interest rate on remaining annual principal amounts payable is fixed at 5.68% and matures on March 1, 2021. The Series 2010 Bond is secured by an irrevocable subordinate lien on Pledged Funds derived by the CRA from (i) CCCRA Tax Increment Revenues and (ii) all moneys securities and instruments held in the accounts and subaccounts created under the Bond Resolution, except the CCCRA Rebate Account. At September 30, 2020 the principal balance was \$655,000.

The \$77,175,000 City Center Community Redevelopment Area (CCCRA) Tax Increment Revenue Bonds, Series 2006A, were issued on November 30, 2006. Interest rates on remaining annual principal amounts payable vary from 4.00% to 5.00%. Proceeds of the bond are used to finance the costs of the CCCRA Redevelopment Project and mature on March 1, 2036. The Bonds will be payable solely from and are secured by Pledged Funds derived by the CRA from: (i) CCCRA Tax Increment Revenues; and (ii) all moneys, securities and instruments held in the accounts and subaccounts created under the Bond Resolution, except the CCCRA Rebate Account. On August 11, 2015, \$46,925,000 of the outstanding principal was refunded through the issuance of 2015 CCCRA Refunding Bond. The outstanding balance of Series 2006A CCCRA Tax Increment Revenue Bonds after this refunding was \$26,365,000 and the maturity date was unchanged and principal payments resume on March 1, 2032. At September 30, 2020 the principal balance was \$5,000.

The \$9,829,000 CCCRA Revenue Refunding Bonds, Series 2010A, were issued on May 12, 2010, partially refunding the outstanding Series 2006 Capital Improvement Revenue Refunding Note. Interest rates on remaining annual principal amounts payable are fixed at 5.06% and mature on August 1, 2021. The Series 2010 Bond is secured by an irrevocable subordinate lien on Pledged Funds derived by the CRA from (i) CCCRA Tax Increment Revenues and (ii) all moneys, securities and instruments held in the accounts and subaccounts created under the Bond Resolution, except the CCCRA Rebate Account. At September 30, 2020 the principal balance was \$1,057,528.

The \$18,870,000 NPCCRA Tax Increment Revenue Refunding Bonds, Series 2015, were issued on June 11, 2015 and advance refunded all of the outstanding Series 2005A bonds of like title. Interest rates on remaining annual principal amounts payable, vary from 2.25% to 4.00% and matures March 1, 2035. The Series 2015 Bonds are solely payable from and secured by a pledge of and first lien on the Pledged Funds derived by the Agency from (i) NPCCRA Tax Increment Revenues and (ii) all moneys, securities and instrument held in the accounts and subaccounts created under the Bond Resolution, except the NPCCRA Rebate Account. At September 30, 2020 the principal balance was \$18,070,000.

The \$44,060,000 CCCRA Tax Increment Revenue Refunding Bonds, Series 2015 were issued September 10, 2015 and advance refunded a portion of the outstanding Series 2006A bonds of like title. Interest rates on remaining annual principal amounts payable, vary from 3.25% to 5.25% and matures March 1, 2031. The bond is solely payable from and secured by a pledge of and first lien on the Pledged Funds derived by the Agency from (i) CCCRA Tax Increment Revenues and (ii) all moneys securities and instruments held in the accounts and subaccounts created under the Bond Resolution, except the CCCRA Rebate Account. At September 30, 2020 the principal balance was \$35,275,000.



**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of West Palm Beach)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**F. LONG-TERM OBLIGATIONS (CONTINUED)**

**Tax Increment Revenue Bonds: (Continued)**

The \$91,285,000 CCCRA Tax Increment Revenue Bonds, Series 2019, were issued July 23, 2019. Proceeds of the bond were used to finance the costs of the CCCRA redevelopment projects and partially refund the outstanding Series 2006A Bonds of \$24,265,000. The interest rate on the annual principal amounts payable is 5.0% and Matures on March 1, 2036.

The Bonds will be payable solely from and are secured by pledged funds derived by the CCCRA from: (i) tax increment revenues; and (ii) all moneys, securities and instruments held in the accounts and subaccounts created under the Board Resolution, except the CCCRA Rebate Account. At September 30, 2020 the principal balance was \$90,110,000.

The annual requirements to pay Governmental Activities principal and interest on the bonds outstanding at September 30, 2020 are as follows:

| Fiscal Years Ending<br>September 30 | GOVERNMENTAL ACTIVITIES |               |                   |               |              |                   |
|-------------------------------------|-------------------------|---------------|-------------------|---------------|--------------|-------------------|
|                                     | CCCRA Bonds             |               |                   | NPCCRA Bonds  |              |                   |
|                                     | Principal               | Interest      | Total<br>Required | Principal     | Interest     | Total<br>Required |
| 2021                                | \$ 5,282,528            | \$ 6,157,835  | \$ 11,440,363     | \$ 1,000,000  | \$ 683,203   | \$ 1,683,203      |
| 2022                                | 5,595,000               | 5,847,248     | 11,442,248        | 1,005,000     | 648,344      | 1,653,344         |
| 2023                                | 5,880,000               | 5,560,373     | 11,440,373        | 1,025,000     | 621,688      | 1,646,688         |
| 2024                                | 6,185,000               | 5,258,748     | 11,443,748        | 1,060,000     | 591,694      | 1,651,694         |
| 2025                                | 6,500,000               | 4,941,623     | 11,441,623        | 1,090,000     | 559,444      | 1,649,444         |
| 2026 - 2030                         | 37,685,000              | 19,528,650    | 57,213,650        | 6,095,000     | 2,158,466    | 8,253,466         |
| 2031 - 2035                         | 48,155,000              | 9,056,500     | 57,211,500        | 7,450,000     | 793,650      | 8,243,650         |
| 2036 - 2040                         | 11,165,000              | 279,111       | 11,444,111        | -             | -            | -                 |
| Total                               | \$ 126,447,528          | \$ 56,630,088 | \$ 183,077,616    | \$ 18,725,000 | \$ 6,056,489 | \$ 24,781,489     |
| Current Portion                     | (5,282,528)             |               |                   | (1,000,000)   |              |                   |
| Premium (discount)                  | 19,469,908              |               |                   | (396,200)     |              |                   |
| Long-term Portion                   | \$ 140,634,908          |               |                   | \$ 17,328,800 |              |                   |

**Pledged Revenue:**

Tax Increment Revenue Bonds are those secured by a pledge of and first lien on the Pledged Funds derived from the CRA. There are two types of Tax Increment Revenue Bonds: the Northwood/Pleasant City Community Redevelopment Area (NPCCRA), 2005B and 2015 and the City Center Community Redevelopment Area (CCCRA) Tax increment Revenue Bonds, 2006A, 2010A and 2015. Revenue received from the NPCCRA and CCCRA in fiscal year 2020 was \$2,718,972 and \$23,223,687 respectively.

**Notes Payable:**

On January 1, 2017, the CRA issued \$350,000 Note to Palm Beach County (Brownfield Note) to repay the County for funds extended for the environmental remediation of specific City properties. The interest rate was fixed at 3% with a ten year payment term. Upon certain conditions being met, \$50,000 of this Note will be forgiven. The note represents an obligation of the NPCCRA. At September 30, 2020 the principal balance was \$230,865. Subsequent fiscal year end, this Note was repaid and \$50,000 was forgiven by Palm Beach County, upon confirmation that the conditions for repayment were met (Note J). No interest was charged at the time of repayment.

**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of West Palm Beach)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**F. LONG-TERM OBLIGATIONS (CONTINUED)**

**Notes Payable: (Continued)**

On April 2, 2004, the City and the CRA entered into an agreement with Palm Beach County to pay \$5,000,000 in 20 equal annual installments of \$250,000. The City and the CRA entered into a separate interlocal agreement whereby the City would pay the annual debt service to Palm Beach County and be reimbursed by the CRA, until the note is paid in full. The note was used to defray operating expenses related to the Palm Beach County Convention Center and matures April 2023. The note payable to the City is secured solely by the covenant of the CRA to budget and appropriate legally available non-ad valorem revenues. As of September 30, 2020, the principal balance of the note was \$750,000.

The annual requirements to pay governmental activities principal and interest on the promissory note outstanding at September 30, 2020 was as follows:

| <b>Fiscal Years</b> | <b>Principal</b> | <b>Interest</b> | <b>Total Required</b> |
|---------------------|------------------|-----------------|-----------------------|
| 2021                | \$ 480,865       | \$ -            | \$ 480,865            |
| 2022                | 250,000          | -               | 250,000               |
| 2023                | 250,000          | -               | 250,000               |
| Total               | \$ 980,865       | \$ -            | \$ 980,865            |
| Current portion     | (480,865)        |                 |                       |
| Long-term portion   | \$ 500,000       |                 |                       |

The CRA's long-term debt for governmental activities is summarized as follows:

|  | <b>Purpose of Issue</b> | <b>Amount Issued</b>  | <b>Principal Amount Outstanding</b> | <b>Stated Interest Rate</b> | <b>Maximum Annual Debt Service</b> |
|--|-------------------------|-----------------------|-------------------------------------|-----------------------------|------------------------------------|
| <b>GOVERNMENTAL ACTIVITIES:</b>                          |                         |                       |                                     |                             |                                    |
| <b>Bonds:</b>  |                         |                       |                                     |                             |                                    |
| CCCRA Revenue Bonds                                      |                         |                       |                                     |                             |                                    |
| Series 2006A, CCCRA                                      | Redevelopment           | \$ 77,175,000         | \$ 5,000                            | 4.45%                       | \$ 5,111                           |
| Series 2010A, CCCRA                                      | Refunding               | 9,829,000             | 1,057,528                           | 5.06%                       | 1,122,615                          |
| Series 2015, CCCRA                                       | Refunding               | 44,060,000            | 35,275,000                          | 3.25 - 5.25%                | 4,119,150                          |
| Series 2019, CCCRA                                       | Refunding               | 91,285,000            | 90,110,000                          | 5.00%                       | 11,443,500                         |
| Total CCCRA Bonds  |                         | 222,349,000           | 126,447,528                         |                             | 16,690,376                         |
| NPCCRA Revenue Bonds                                     |                         |                       |                                     |                             |                                    |
| Series 2005B, NPCCRA                                     | Redevelopment           | 7,280,000             | 655,000                             | 5.68%                       | 673,415                            |
| Series 2015, NPCCRA                                      | Refunding               | 18,870,000            | 18,070,000                          | 2.25 - 4.13%                | 1,654,731                          |
| Total NPCCRA Bonds                                       |                         | 26,150,000            | 18,725,000                          |                             | 2,328,146                          |
| Total Bonds  |                         | 248,499,000           | 145,172,528                         |                             | 19,018,522                         |
| <b>Notes Payable:</b>                                    |                         |                       |                                     |                             |                                    |
| CCCRA:   |                         |                       |                                     |                             |                                    |
| 2016 Promissory Note                                     | Convention Center       | 5,000,000             | 750,000                             | 0.00%                       | 250,000                            |
| 2017 Promissory Note                                     | Brownfields             | 350,000               | 230,865                             | 3.00%                       | 40,556                             |
| Total Notes  |                         | 5,350,000             | 980,865                             |                             | 290,556                            |
| <b>Total Bonds and Notes for Governmental Activities</b> |                         | <b>\$ 253,849,000</b> | <b>\$ 146,153,393</b>               |                             | <b>\$ 19,309,078</b>               |

**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of West Palm Beach)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**F. LONG-TERM OBLIGATIONS (CONTINUED)**

The CRA had the following pledged debt as of September 30, 2020 in its governmental activities:

| Description of Issue  | Purpose  | Pledged Revenue                                     | Revenue Received in FY 2020 (1) | Principal and Interest Paid in FY 2020 | Debt Service as a Percentage of Revenues Pledged | Outstanding Principal and Interest (1) | Pledged Through                          |
|---|--|---|---------------------------------|--|--|--|--|
| Northwood / Pleasant City CRA Tax Increment Revenue Bonds Series: 2005B and 2015A | To pay for the cost of acquiring and clearing real property for redevelopment purposes and loan repayment made to the City                 | Northwood / Pleasant City CRA Tax Increment Revenue | \$ 2,718,972                    | \$ 1,740,755                           | 64.0%  | \$ 24,781,487                          | Fiscal years 2021 and 2035, respectively |
| City Center CRA Tax Increment Revenue Bonds Series 2006A, 2010A, 2015B and 2019   | To finance certain public improvements, refund Sunshine State Loans and a portion of the Agency's Tax Increment Revenue Bonds Series 2006A | City Center CRA Tax Increment Revenue               | \$23,223,687                    | \$11,292,705                           | 48.6%  | \$ 183,077,614                         | Fiscal years 2021 through 2036           |

**G. INTERFUND TRANSFERS**

The following is a summary of interfund transfer activity:

| Transfer-Out Fund:                              | Transfer-In<br>Series 2019 CCCRA<br>Debt Service Fund |
|---|---|
| City Center Community Redevelopment Agency Fund | \$ 6,193,157  |
| Total Transfers                                 | \$ 6,193,157  |

Transfers-out from the City Center Community Redevelopment Agency Fund to the Series 2019 CCCRA Debt Service Fund funded debt service requirements.

**H. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budget**

Annual budgets are adopted for major and nonmajor governmental funds. Budgets are prepared on the modified accrual basis of accounting.

All unencumbered and unexpended appropriations lapse at the fiscal year-end except those for ongoing capital projects and special revenue funds which are brought forward and become part of the subsequent year's original budget.

## **H. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

### **Budget (Continued)**

Appropriations at year end that are encumbered but unexpended are also brought forward and become part of the subsequent year's original budget. Supplemental appropriations made during the fiscal year are included in the 'Final Budget' columns on the statements of revenues, expenditures and changes in fund balances – budget and actual.

### **Budgetary Control**

Expenditures may not legally exceed appropriations at the fund and department level without Commission approval. Budget changes within a fund and department which do not affect the departmental total may be approved on the administrative level. The City Administrator and Chief Financial Officer have the authority to approve such administrative changes.

## **I. COMMITMENTS AND CONTINGENCIES**

### **State and Federal Grants**

Grant funds received and disbursed by the CRA are for specific purposes and are subject to audit by the grantor agencies. Amounts received or receivable from the agencies are subject to audit and adjustment. Any disallowed claims, including the amounts already collected, may constitute a liability of the applicable funds. Future disallowances, if any, cannot be determined at this time although in the opinion of management, any disallowed expenditures would not have a material adverse effect on the financial condition of the CRA.

### **City Place Community Development City Debt**

On April 20, 2012, the Community Development City (CDD) issued the \$39,890,000 Special Assessment and Refunding Bonds, Series 2012, primarily pledged by special assessments to the properties within the CDD. Additionally, the CRA pledged certain tax increment revenue for properties within the CDD and up to \$2 million of the existing tax increment revenues generated outside the CDD. The CRA payments, together with the special assessments required to be levied by the CDD, are anticipated to fully fund the debt service requirements. As of September 30, 2020, neither the City nor the CRA has an outstanding liability to the CDD.

### **Leased Property**

On March 30, 2018, the City and the CCCRA entered into a ground lease and development agreement (the "Agreement") with a developer to lease property. In accordance with the Agreement, the lessee will construct and develop commercial and residential buildings for the benefit of the public. The initial term of the lease is 50 years with an option to renew for an additional 25 years. No rent is payable by the buyer within the initial term. If the buyer elects to exercise the renewal option, the annual rent shall be the fair rental value of the leased property at renewal. Upon expiration of the lease, the ownership of improvements to the leased property will automatically revert to the City or the CCCRA.

On September 22, 2020, the NPCCRA entered into a property development and lease agreement (the "Development and Lease Agreement") with a third party to lease property for development and to remedy blight in the Northwood/Pleasant City Community Redevelopment District. In accordance with the Development and Lease Agreement, the lessee will construct and develop commercial and residential buildings in accordance with a specific plan to be approved by the CRA Board. The term of the lease is 50 years, with an option to purchase the property after 10 years, following the issuance of the final Certificate of Occupancy for the project.

**I. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Leased Property (Continued)**

Annual base rent of \$174,000 is due in twelve monthly installments after the final Certificate of Occupancy is issued. The base rent is subject to annual increases based on the National Consumer Price Index (CPI Index). On the 25th anniversary of the Development and Lease Agreement, the annual base rent will be recalculated without the CPI Index by multiplying the appraised value by the 20-year United States Treasury Note Interest Rate, or its equivalent at such time.

The NPCCRA shall not sell the property to a third party other than the developer or an affiliate of the developer for a period of 10 years, following the issuance of the final Certificate of Occupancy for the project. Should the developer elect to exercise the option to purchase the property, the purchase price shall be \$4,350,000.

During the construction phase of the project, the NPCCRA commits to reimburse the developer for building permit fees and other related charges, not to exceed \$1,000,000. Upon expiration of the lease, the ownership of improvements to the leased property will remain with the developer.

**J. SUBSEQUENT EVENT**

On March 8, 2021, the CRA repaid \$166,782 of the outstanding balance of the Brownfield note payable due to Palm Beach County. The remaining \$50,000 was forgiven by Palm Beach County upon the confirmation that the conditions for repayment were met in accordance with the note payable agreement.



Okeechobee Blvd Corridor/ Photo by Rosmary Square

# REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

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WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of West Palm Beach)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - BUDGETARY BASIS  
CITY CENTER COMMUNITY REDEVELOPMENT AGENCY FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

|  | Original<br>Budget<br>(Unaudited) | Final<br>Budget<br>(Unaudited) | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|-----------------------------------|--------------------------------|----------------------|---|
| <b>REVENUES:</b>   |                                   |                                |                      |   |
| Taxes  | \$ 22,925,681                     | \$ 22,925,681                  | \$ 23,223,687        | \$ 298,006  |
| Intergovernmental  | 16,051,321                        | 16,051,321                     | 15,716,450           | (334,871)   |
| Rents and royalties  | 220,827                           | 220,827                        | 319,437              | 98,610  |
| Interest income  | 225,000                           | 225,000                        | 843,912              | 618,912   |
| Miscellaneous  | 80,621                            | 562,044                        | 567,308              | 5,264   |
| <b>Total revenues</b>  | <b>39,503,450</b>                 | <b>39,984,873</b>              | <b>40,670,794</b>    | <b>685,921</b>  |
| <b>EXPENDITURES:</b>   |                                   |                                |                      |   |
| Current:   |                                   |                                |                      |   |
| Economic Environment   | 39,873,205                        | 39,981,739                     | 22,038,806           | (17,942,933)  |
| Capital outlay   | 17,470,612                        | 18,083,501                     | 4,766,814            | (13,316,687)  |
| Debt service:  |                                   |                                |                      |   |
| Principal  | 3,623,012                         | 3,623,012                      | 3,623,012            | -   |
| Interest expense   | 1,858,097                         | 1,858,097                      | 1,748,568            | (109,529)   |
| <b>Total expenditures</b>  | <b>62,824,926</b>                 | <b>63,546,349</b>              | <b>32,177,200</b>    | <b>(31,369,149)</b>                                       |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <b>(23,321,476)</b>               | <b>(23,561,476)</b>            | <b>8,493,594</b>     | <b>26,441,791</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>                           |                                   |                                |                      |   |
| Sale of assets   | 663,525                           | 663,525                        | -                    | (663,525)   |
| Transfers out  | (6,193,157)                       | (6,193,157)                    | (6,193,157)          | -   |
| <b>Total other financing sources (uses)</b>                      | <b>(5,529,632)</b>                | <b>(5,529,632)</b>             | <b>(6,193,157)</b>   | <b>(663,525)</b>  |
| <b>Net changes in fund balances</b>                              | <b>\$ (28,851,108)</b>            | <b>\$ (29,091,108)</b>         | <b>2,300,437</b>     | <b>\$ 30,064,495</b>                                      |
| <b>Fund balances - beginning</b>                                 |                                   |                                | <b>30,655,777</b>    |   |
| <b>Fund balances - ending</b>                                    |                                   |                                | <b>\$ 32,956,214</b> |   |



WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of West Palm Beach)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - BUDGETARY BASIS  
NORTHWOOD / PLEASANT CITY COMMUNITY REDEVELOPMENT AGENCY FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

|  | Original<br>Budget<br>(Unaudited) | Final<br>Budget<br>(Unaudited) | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------------------------|--------------------------------|---------------------|---|
| <b>REVENUES:</b>   |                                   |                                |                     |   |
| Taxes  | \$ 2,684,082                      | \$ 2,684,082                   | \$ 2,718,972        | \$ 34,890   |
| Intergovernmental  | 1,537,025                         | 1,537,025                      | 1,535,868           | (1,157)   |
| Interest income  | 30,000                            | 30,000                         | 128,226             | 98,226  |
| Miscellaneous  | 25,500                            | 25,500                         | 84,052              | 58,552  |
| <b>Total revenues</b>  | <u>4,276,607</u>                  | <u>4,276,607</u>               | <u>4,467,118</u>    | <u>190,511</u>  |
| <b>EXPENDITURES:</b>   |                                   |                                |                     |   |
| Current:   |                                   |                                |                     |   |
| Economic environment   | 5,173,114                         | 5,115,392                      | 1,753,230           | 3,362,162   |
| Debt service:  |                                   |                                |                     |   |
| Principal  | 988,089                           | 988,089                        | 988,089             | -   |
| Interest expense   | 740,548                           | 798,270                        | 793,417             | 4,853   |
| <b>Total expenditures</b>  | <u>6,901,751</u>                  | <u>6,901,751</u>               | <u>3,534,736</u>    | <u>3,367,015</u>  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(2,625,144)</u>                | <u>(2,625,144)</u>             | <u>932,382</u>      | <u>3,557,526</u>  |
| <b>Net change in fund balances</b>                               | <u>\$ (2,625,144)</u>             | <u>\$ (2,625,144)</u>          | <u>932,382</u>      | <u>\$ 3,557,526</u>                                     |
| <b>Fund balances - beginning</b>                                 |                                   |                                | <u>3,915,062</u>    |   |
| <b>Fund balances - ending</b>                                    |                                   |                                | <u>\$ 4,847,444</u> |   |



Clematis Street/Photo By City Of West Palm Beach

# SUPPLEMENTARY INFORMATION



WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of West Palm Beach)  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
SERIES 2019 CCCRA DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

|  | Original<br>Budget<br>(Unaudited) | Final<br>Budget<br>(Unaudited) | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------------------------|--------------------------------|---------------------|---|
| <b>REVENUES:</b>   |                                   |                                |                     |   |
| Interest income  | \$ -                              | \$ -                           | \$ 130,541          | \$ 130,541  |
| <b>Total revenues</b>  | <u>-</u>                          | <u>-</u>                       | <u>130,541</u>      | <u>130,541</u>  |
| <b>EXPENDITURES:</b>   |                                   |                                |                     |   |
| Debt service:  |                                   |                                |                     |   |
| Principal  | 1,175,000                         | 1,175,000                      | 1,175,000           | -   |
| Interest expense   | 5,018,157                         | 5,018,157                      | 4,998,180           | 19,977  |
| <b>Total expenditures</b>  | <u>6,193,157</u>                  | <u>6,193,157</u>               | <u>6,173,180</u>    | <u>19,977</u>   |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(6,193,157)</u>                | <u>(6,193,157)</u>             | <u>(6,042,639)</u>  | <u>150,518</u>  |
| <b>OTHER FINANCING SOURCES:</b>                                  |                                   |                                |                     |   |
| Transfers In   | 6,193,157                         | 6,193,157                      | 6,193,157           | -   |
| <b>Total other financing sources</b>                             | <u>6,193,157</u>                  | <u>6,193,157</u>               | <u>6,193,157</u>    | <u>-</u>  |
| <b>Net change in fund balances</b>                               | <u>\$ -</u>                       | <u>\$ -</u>                    | <u>150,518</u>      | <u>\$ 150,518</u>                                       |
| <b>Fund balances - beginning</b>                                 |                                   |                                | <u>6,862,325</u>    |   |
| <b>Fund balances - ending</b>                                    |                                   |                                | <u>\$ 7,012,843</u> |   |

WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY  
 (A Component Unit of the City of West Palm Beach)  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 NPCCRA SERIES 2005A CONSTRUCTION FUND  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

|  | Original<br>Budget<br>(Unaudited) | Final<br>Budget<br>(Unaudited) | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------------------------|--------------------------------|-------------------|---|
| <b>REVENUES:</b>   |                                   |                                |                   |   |
| Interest income  | \$ -                              | \$ -                           | \$ 6,274          | \$ 6,274  |
| <b>Total revenues</b>  | <u>-</u>                          | <u>-</u>                       | <u>6,274</u>      | <u>6,274</u>  |
| <b>EXPENDITURES:</b>   |                                   |                                |                   |   |
| Current:   |                                   |                                |                   |   |
| Economic environment   | 146,219                           | 146,219                        | 46,084            | 100,135   |
| Capital outlay   | <u>532,606</u>                    | <u>532,606</u>                 | <u>-</u>          | <u>532,606</u>  |
| <b>Total expenditures</b>  | <u>678,825</u>                    | <u>678,825</u>                 | <u>46,084</u>     | <u>632,741</u>  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(678,825)</u>                  | <u>(678,825)</u>               | <u>(39,810)</u>   | <u>639,015</u>  |
| <b>Net change in fund balances</b>                               | <u>\$ (678,825)</u>               | <u>\$ (678,825)</u>            | <u>(39,810)</u>   | <u>\$ 639,015</u>                                       |
| <b>Fund balances - beginning</b>                                 |                                   |                                | <u>1,036,489</u>  |   |
| <b>Fund balances - ending</b>                                    |                                   |                                | <u>\$ 996,679</u> |   |

WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY  
(A Component Unit of the City of West Palm Beach)  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
SERIES 2019 CCCRA CAPITAL BOND FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

|  | Original<br>Budget<br>(Unaudited) | Final<br>Budget<br>(Unaudited) | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------------------------|--------------------------------|----------------------|---|
| <b>REVENUES:</b>   |                                   |                                |                      |   |
| Interest income  | \$ -                              | \$ -                           | \$ 481,836           | \$ 481,836  |
| <b>Total revenues</b>  | <u>-</u>                          | <u>-</u>                       | <u>481,836</u>       | <u>481,836</u>  |
| <b>EXPENDITURES:</b>   |                                   |                                |                      |   |
| Current:   |                                   |                                |                      |   |
| Economic environment   | -                                 | 3,217,111                      | 484,356              | 2,732,755   |
| Capital outlay   | 67,594,164                        | 64,377,053                     | 17,203,931           | 47,173,122  |
| <b>Total expenditures</b>  | <u>67,594,164</u>                 | <u>67,594,164</u>              | <u>17,688,287</u>    | <u>49,905,877</u>                                       |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(67,594,164)</u>               | <u>(67,594,164)</u>            | <u>(17,206,451)</u>  | <u>50,387,713</u>                                       |
| <b>Net change in fund balances</b>                               | <u>\$ (67,594,164)</u>            | <u>\$ (67,594,164)</u>         | <u>(17,206,451)</u>  | <u>\$ 50,387,713</u>                                    |
| <b>Fund balances - beginning</b>                                 |                                   |                                | <u>67,908,275</u>    |   |
| <b>Fund balances - ending</b>                                    |                                   |                                | <u>\$ 50,701,824</u> |   |





Water Front/Photo by City of West Palm Beach

# COMPLIANCE REPORT AND MANAGEMENT LETTER



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*

**Independent Auditor's Report**

To Management, the Honorable Mayor, and  
Members of the Board of Commissioners  
West Palm Beach Community Redevelopment Agency  
City of West Palm Beach, Florida

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Palm Beach Community Redevelopment Agency (the "CRA"), a component unit of the City of West Palm Beach, 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 28, 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*.

To Management, the Honorable Mayor, and  
Members of the Board of Commissioners  
West Palm Beach Community Redevelopment Agency  
City of West Palm Beach, Florida

**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 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.

*Plante & Moran, PLLC*

June 28, 2021



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

To the Honorable Mayor and  
Members of the Board of Commissioners  
West Palm Beach Community Redevelopment Agency  
City of West Palm Beach, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Palm Beach Community Redevelopment Agency (the "CRA"), a component unit of the City of West Palm Beach, Florida, as of and for the fiscal year ended September 30, 2020 and have issued our report thereon dated June 28, 2021.

### **Auditor's Responsibility**

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.

During the audit, we also adhered to the requirements under Chapter 10.550, *Rules of the Auditor General*, which requires certain additional procedures and the reporting of certain items addressed in this letter.

### **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 and schedule, which are dated June 28, 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. This is the first year in which a financial audit report is required for the CRA; therefore, there were no findings or no recommendations were made in the preceding year.

### **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 CRA has included such disclosures in Note A1 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 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. Management of the CRA has determined that the CRA does not meet any of the conditions that are used in the determination of a financial emergency, as described in Section 218.503(1), Florida Statutes. In connection with our audit of the financial statements, we determined the CRA did not meet any of the conditions in Section 218.503(1), Florida Statutes.

To the Honorable Mayor and  
Members of the Board of Commissioners  
West Palm Beach Community Redevelopment Agency  
City of West Palm Beach, Florida

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 based on the audited financial statements as of and for the year ended September 30, 2020. 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.


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

**Purpose of This Section**

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 Commissioners, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



June 28, 2021

**Independent Accountant's Report on Compliance with Local Government Investment Policies  
and Community Redevelopment Agency Requirements**

To the Honorable Mayor and  
Members of the Board of Commissioners  
West Palm Beach Community Redevelopment Agency  
City of West Palm Beach, Florida

We have examined the West Palm Beach Community Redevelopment Agency's (the "CRA") compliance with the local government investment policies required by Section 218.415, Florida Statutes, and the community redevelopment agency requirements of Section 163.387, Florida Statutes, during the year ended September 30, 2020. The CRA's management 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 criteria 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 judgment, 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 the local government investment policies required by Section 218.415, Florida Statutes, and the community redevelopment agency requirements of Section 163.387, Florida Statutes, during the year ended September 30, 2020.

The purpose of this report is to comply with the audit requirements of Sections 218.415 and 163.387, Florida Statutes, and *Rules of the Auditor General*.

This report is intended solely for the information and use of the Florida auditor general, the honorable mayor, board of commissioners, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

June 28, 2021