

Pompano Beach
Community Redevelopment Agency
(A Component Unit of the City of Pompano Beach, Florida)

Basic Financial Statements

Fiscal Year Ended September 30, 2021

(With Independent Auditor's Report Thereon)

Prepared by the
Finance Department

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POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Pompano Beach, Florida)

Fiscal Year Ended September 30, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and CRA Director
Pompano Beach Community Redevelopment Agency
Pompano Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pompano Beach Community Redevelopment Agency (the "Agency"), as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Agency's internal control over financial reporting and compliance.



KEEFE MCCULLOUGH

Fort Lauderdale, Florida
May 31, 2022

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Pompano Beach, Florida)

Management Discussion and Analysis for the Fiscal Year Ended September 30, 2021
(Unaudited)

The Pompano Beach Community Redevelopment Agency (the "Agency") offers readers of its financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements.

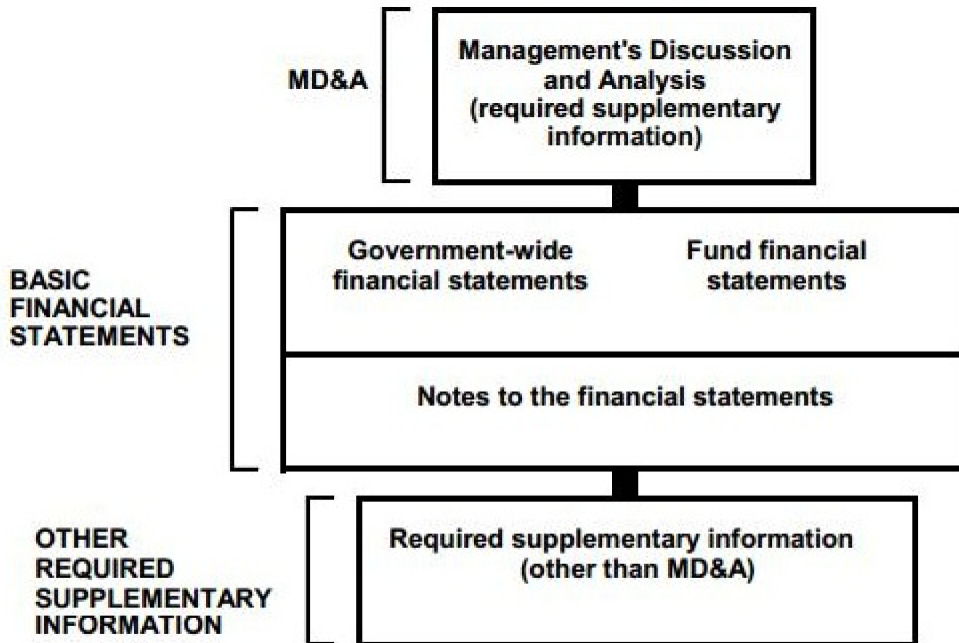
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report follows a format consisting of three parts – Management’s Discussion and Analysis (this section), the Basic Financial Statements and Required Supplementary Information. The basic financial statements include two kinds of statements that present different views of the Agency.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Agency’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Agency, reporting the Agency’s financial position and activity with a short-term focus and in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another.

FIGURE 1



FINANCIAL HIGHLIGHTS

The assets of the Agency exceeded its liabilities at the close of the fiscal year by \$59.0 million. The Agency’s total net position increased by \$4.2 million, The increase noted was primarily due to the timing of capital outlays for the Innovation District project, Downtown Pompano Infrastructure & Streetscapes

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2021
(Unaudited)

project, debt service for a tax increment bank loan and land acquisition that were budgeted but not expended as of September 30, 2021.

At the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$67.1 million, representing an increase of \$3.5 million from the previous fiscal year. The increase is primarily due to the timing of capital outlays for various projects and land acquisition.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the Agency's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two 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 Agency is improving or deteriorating. The statement of activities presents information showing how the Agency'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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both government-wide financial statements present functions of the Agency that are principally supported by taxes, intergovernmental revenues and various user fees and charges (governmental activities). The primary governmental activity of the Agency is economic environment.

The government-wide financial statements include only the financial activities of the Agency. However the Agency is considered a component unit of the City of Pompano Beach, Florida (the "City"), and as such, the financial activities of the Agency are included in the City's Annual Comprehensive Financial Report in each fiscal year.

FUND FINANCIAL STATEMENTS

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Reconciliation of the Governmental Fund Financial Statements to the Government-wide Financial Statements are provided within the Basic Financial Statements to explain the differences between the governmental fund financial statements and the government-wide financial statements.

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2021
(Unaudited)

Governmental-wide Financial Analysis

The following table provides a summary of the Agency's net position for the fiscal year ended September 30, 2021.

TABLE 1
SUMMARY OF NET POSITION
SEPTEMBER 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Current and other assets	\$ 68,868,644	\$ 65,760,708
Capital assets	329,904	355,231
Total assets	69,198,547	66,115,939
Long-term liabilities	10,014,056	11,127,579
Other liabilities	196,251	207,590
Total liabilities	10,210,307	11,335,169
Net position:		
Net Investment in capital assets	282,408	355,231
Restricted for		
Community Redevelopment	58,705,832	54,425,539
Total net position	\$ 58,988,240	\$ 54,780,770

At September 30, 2021 and 2020, the Agency is able to report positive balances in each category of net position.

Governmental Activities – There was an increase of \$3.1 million in current and other assets for governmental activities. The increase is due to an increase in cash and cash equivalents/investments due to the timing of capital outlays for the Innovation District project, Downtown Pompano Infrastructure & Streetscapes project, debt service for a tax increment bank loan and land acquisition that were budgeted but not expended as of September 30, 2021. There was a decrease in assets held for resale and redevelopment due to transfers to developers for affordable housing redevelopment within the districts.

The decrease of \$1.1 million in long-term liabilities is primarily the result of the satisfaction of annual debt service related to the Agency's East District Bonds.

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2021
(Unaudited)

Analysis of the Agency's Operations

The following table provides a summary of the Agency's changes in net position for the fiscal year ended September 30, 2021.

TABLE 2
SUMMARY OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Revenues		
Program Revenues:		
Charges for services	\$ 137,763	\$ 127,760
Operating grants and contributions	-	28,000
Capital grants and contributions	5,110,000	90,000
General Revenues		
Tax increment revenue	8,566,340	13,893,061
Gain from sale of capital assets	5,106	74,475
Investment earnings (loss)	(65,703)	103,685
Other revenue	46,209	92,760
Total revenues	<u>13,799,715</u>	<u>14,409,741</u>
Expenses		
Economic environment	9,230,660	4,729,999
Interest costs	361,585	402,083
Total expenses	<u>9,592,245</u>	<u>5,132,082</u>
Change in net position	4,207,470	9,277,659
Net position - beginning	<u>54,780,770</u>	<u>45,503,111</u>
Net position - ending	<u>\$ 58,988,240</u>	<u>\$ 54,780,770</u>

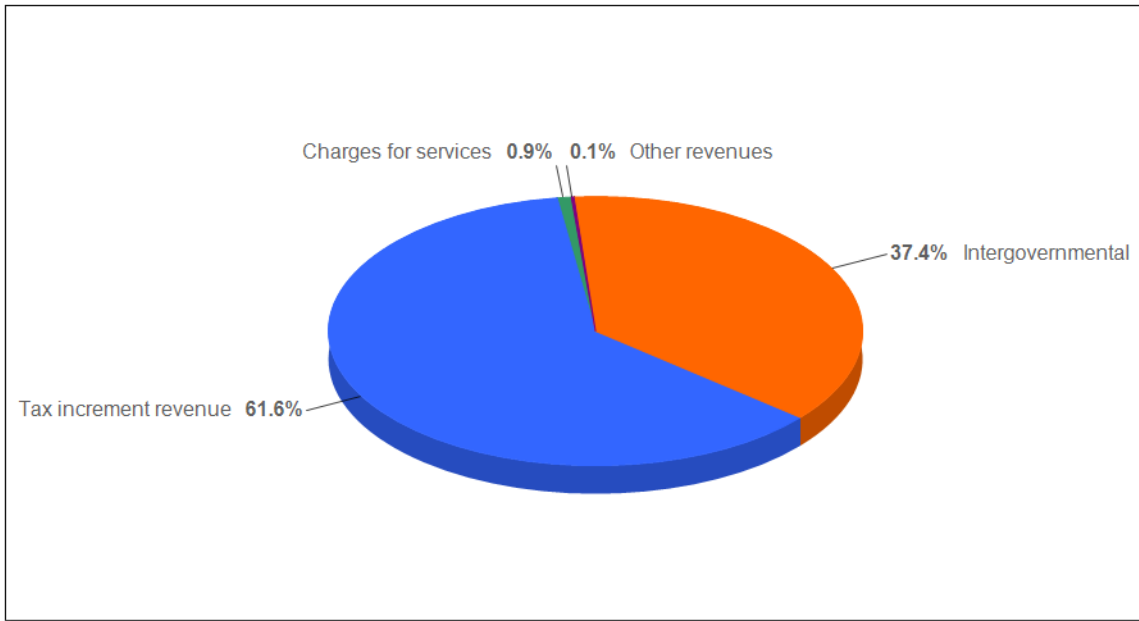
Governmental Activities – Governmental activities increased the Agency's net position by \$4.2 million.

Economic environment expenditures increased by \$4.5 million primarily due to the timing of expenditures.

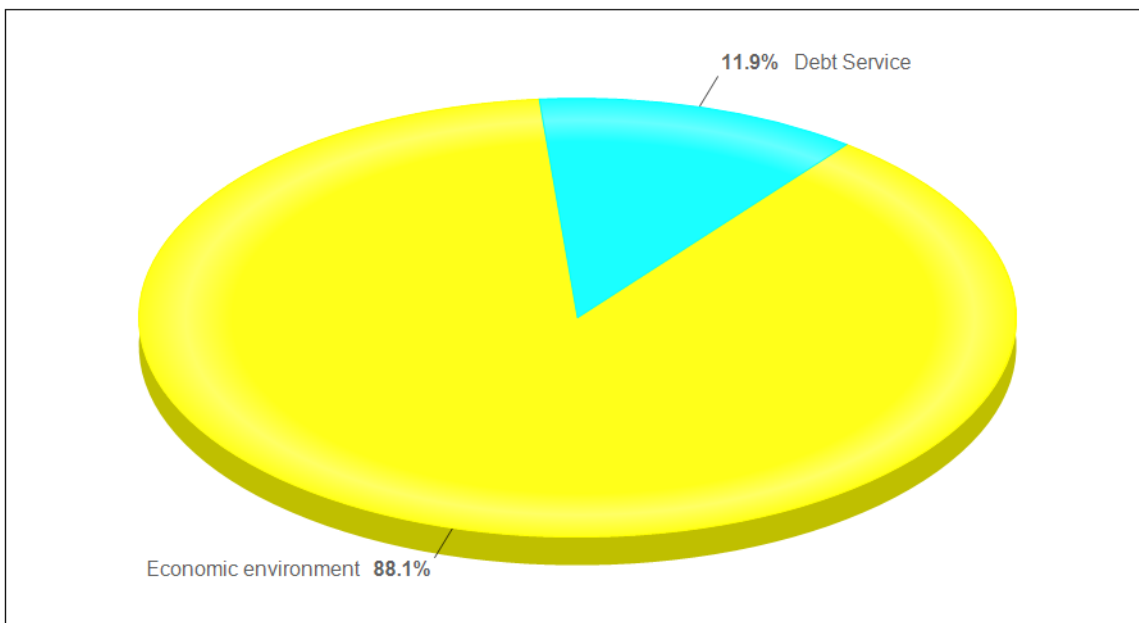
POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2021
(Unaudited)

The following pie charts depict the breakdown of actual receipts by revenue source and expenditures by function for the Agency, for the fiscal year ended September 30, 2021:

Revenues Received by Source



Actual Expenditures By Function



POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
Management Discussion and Analysis for the Fiscal Year Ended September 30, 2021
(Unaudited)

The Northwest Community Redevelopment Agency Northwest District Fund

The fund balance of the Northwest CRA District Fund increased by \$3.2 million primarily due to the timing of capital outlays compared to prior fiscal year.

The East Community Redevelopment Agency East District Fund

The fund balance of the East CRA District Fund increased by \$0.3 million primarily due to an increase in tax increment revenue (a function of the increase in assessed values within the districts from the base year formation and each taxing district's operating millage rate).

Final budget compared to actual

The Northwest Community Redevelopment Agency East District Fund

Economic environment expenditures were \$1.3 million less than the final budget primarily due to less than anticipated expenditures for various miscellaneous operating expenditures.

Capital outlay expenditures were \$18.9 million lower than the final budget primarily due to the timing of capital outlays for the Innovation District project and the Downtown Pompano Infrastructure & Streetscapes project.

Debt service principal expenditures were \$0.9 million lower than the final budget as the tax increment bank loan was not obtained as of September 30, 2021.

The East Community Redevelopment Agency East District Fund

Capital outlay expenditures were \$5.1 million lower than the final budget primarily due to the timing of capital outlay for land acquisition, Public Parking, Pier Street West and the McNab House projects.

Capital Assets

The Agency's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$0.3 million, net of accumulated depreciation. This investment in capital assets includes construction in progress, buildings, improvements, and equipment.

TABLE 3
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)
September 30, 2021

	Governmental Activities	
	2021	2020
Construction in Progress	\$ -	\$ 211,807
Improvements	310,713	115,304
Machinery and Equipment	19,191	28,120
TOTALS	\$ 329,904	\$ 355,231

Additional information on the Agency's capital assets can be found in the notes to the financial statements, Note II (C).

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
 (A Component Unit of the City of Pompano Beach, Florida)
 Management Discussion and Analysis for the Fiscal Year Ended September 30, 2021
 (Unaudited)

Outstanding Debt

At the end of the current fiscal year the Agency had total debt of \$8,490,000 outstanding compared to \$9,280,000 last year, a 9% decrease.

TABLE 4 - OUTSTANDING DEBT
September 30, 2021

	Governmental Activities	
	2021	2020
Tax increment bonds	\$ 8,490,000	\$ 9,280,000

Additional information on the Agency’s long-term debt can be found in the notes to the financial statements, Note II (F).

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET RATES

The Northwest Community Redevelopment Agency Northwest District Fund

Projected tax increment for fiscal year 2022 is based on taxable values provided by the Broward County Property Appraiser and an estimate of contributing taxing authorities millage rates. Taxable value growth for fiscal year 2022 totals 5.4% with the Residential market segment (10% growth) being the primary growth driver.

The Northwest District’s adopted budget for fiscal year 2022 is \$30,240,799. The primary source of revenue for the District is derived from tax increment received from the City. For fiscal year 2022 tax increment revenues for the District is anticipated as follows:

City of Pompano Beach	\$5,154,932
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The East Community Redevelopment Agency East District Fund

Projected tax increment for fiscal year 2022 is based on taxable values provided by the Broward County Property Appraiser and an estimate of contributing taxing authorities millage rates. Taxable value growth for fiscal year 2022 totals 3.1% with the Residential market segment (4% growth) being the primary growth driver.

The East District’s adopted budget for fiscal year 2022 is \$8,052,972. The primary source of revenue for the District is derived from tax increment received from the City, County and North Broward Hospital District. The fiscal year 2022 tax increment revenues for the District are anticipated as follows:

City of Pompano Beach	\$1,743,496
Broward County	1,853,030
North Broward Hospital District	430,332
Total:	\$4,026,858

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Pompano Beach, Florida)

Management Discussion and Analysis for the Fiscal Year Ended September 30, 2021

(Unaudited)

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the Agency's Finance Department, at the City of Pompano Beach, 100 W. Atlantic Boulevard, Pompano Beach, Florida 33060.

BASIC FINANCIAL STATEMENTS

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 15,544,602
Unrestricted investments	13,802,972
Restricted cash and cash equivalents	11,281
Interest receivable	2,622
Notes receivable	70,000
Prepays	324,114
Assets held for resale and redevelopment	39,113,052
Capital assets net of accumulated depreciation	<u>329,904</u>
Total assets	<u>69,198,547</u>
LIABILITIES	
Accounts payable	\$ 107,350
Accrued interest payable	48,172
Customer deposits payable	36,229
Unearned revenue	4,500
Liabilities payable from restricted assets:	
Noncurrent liabilities:	
Due within one year:	
Bonds payable	820,000
Advances from city	336,041
Due in more than one year:	
Bonds payable	7,670,000
Advances from city	<u>1,188,015</u>
Total liabilities	<u>10,210,307</u>
NET POSITION	
Net Investment in capital assets	282,408
Restricted for:	
Community Redevelopment	<u>58,705,832</u>
Total net position	<u>\$ 58,988,240</u>

The accompanying notes are an integral part of the financial statements.

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Economic environment	9,230,660	137,763	-	5,110,000	(3,982,897)
Interest on long-term debt	361,585	-	-	-	(361,585)
	<u>\$ 9,592,245</u>	<u>\$ 137,763</u>	<u>\$ -</u>	<u>\$ 5,110,000</u>	<u>\$ (4,344,482)</u>
General revenues:					
Tax increment revenue					8,566,340
Gain on sale of capital assets					5,106
Investment earnings (loss)					(65,703)
Other revenue					46,209
Total General Revenues and Transfers					<u>8,551,952</u>
Change in Net Position					4,207,470
Net position-beginning					54,780,770
Net position, ending					<u>\$ 58,988,240</u>

The accompanying notes are an integral part of the financial statements.

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
BALANCE SHEET
SEPTEMBER 30, 2021

	Northwest Community Redevelopment District	East Community Redevelopment District	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 13,879,266	\$ 1,665,336	\$ 15,544,602
Restricted cash and cash equivalents	-	11,281	11,281
Unrestricted investments	10,815,148	2,987,824	13,802,972
Interest receivable	2,051	571	2,622
Notes receivable	70,000	-	70,000
Assets held for resale and redevelopment	34,067,817	5,045,235	39,113,052
Prepays	32,063	292,051	324,114
Total assets	<u>\$ 58,866,345</u>	<u>\$ 10,002,298</u>	<u>\$ 68,868,643</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 31,320	\$ 76,030	\$ 107,350
Advances from city	1,524,056	-	1,524,056
Deposits	29,624	6,605	36,229
Unearned revenue	4,500	-	4,500
Total liabilities:	<u>1,589,500</u>	<u>82,635</u>	<u>1,672,135</u>
Deferred inflows of resources:			
Unavailable revenue	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Fund balances:			
Nonspendable	32,063	292,051	324,114
Restricted	57,174,782	9,627,612	66,802,394
Total fund balances	<u>57,206,845</u>	<u>9,919,663</u>	<u>67,126,508</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,866,345</u>	<u>\$ 10,002,298</u>	<u>\$ 68,868,643</u>

The accompanying notes are an integral part of the financial statements.

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Fund Balances - total governmental funds		\$ 67,126,508
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	555,894	
Less accumulated depreciation	<u>(225,990)</u>	329,904
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenue in the governmental funds financial statements:		
ETA Nu Foundation		70,000
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:		
Tax increment bonds	(8,490,000)	
Accrued interest payable	<u>(48,172)</u>	<u>(8,538,172)</u>
Net position of governmental activities		<u>\$ 58,988,240</u>

The accompanying notes are an integral part of the financial statements.

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Pompano Beach, Florida))

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Northwest Community Redevelopment District	East Community Redevelopment District	Total Governmental Funds
Revenues			
Taxes	\$ 4,653,166	\$ 3,913,174	\$ 8,566,340
Intergovernmental	5,200,000	-	5,200,000
Charges for services	46,053	91,710	137,763
Investment earnings (loss)	(43,169)	(22,534)	(65,703)
Other revenue	45,848	361	46,209
Total revenues	<u>9,901,898</u>	<u>3,982,711</u>	<u>13,884,609</u>
EXPENDITURES			
Current:			
Economic environment	6,606,115	973,339	7,579,454
Debt Service:			
Principal	-	790,000	790,000
Interest	56,869	309,198	366,067
Capital outlay	26,688	942,270	968,958
Total expenditures	<u>6,689,672</u>	<u>3,014,807</u>	<u>9,704,479</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,212,226</u>	<u>967,904</u>	<u>4,180,130</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	18,185	-	18,185
Transfers out	-	(650,000)	(650,000)
Total other financing sources (uses)	<u>18,185</u>	<u>(650,000)</u>	<u>(631,815)</u>
Net change in fund balances	3,230,411	317,904	3,548,315
Fund balances - beginning	53,976,434	9,601,759	63,578,193
Fund Balances - ending	<u>\$ 57,206,845</u>	<u>\$ 9,919,663</u>	<u>\$ 67,126,508</u>

The accompanying notes are an integral part of the financial statements.

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Pompano Beach, Florida)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds			\$ 3,548,315
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are capitalized and depreciated over their estimated useful lives.			
Expenditures for capital assets	\$	2,768	
Less depreciation		<u>(15,015)</u>	(12,247)
Some revenues and expenses reported in the statement of activities are not reported in the funds because they have no effect on current financial resources.			
Change in unavailable revenue		(110,000)	
Loss on sale of capital assets		(13,080)	
Change in accrued interest		<u>4,482</u>	(118,598)
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. However, neither transaction has any effect on net position.			
Principal payments			<u>790,000</u>
Change in Net Position - Governmental Activities			<u>\$ 4,207,470</u>

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

Pompano Beach Community Redevelopment Agency
(A Component Unit of the City of Pompano Beach, Florida)

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Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2021**

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(I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the Pompano Beach Community Redevelopment Agency (the "Agency") Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

(A) The Financial Reporting Entity

The City of Pompano Beach, Florida (the "City") was delegated by the Broward County Board of County Commissioners (the "County"), the authority to exercise the powers of the Community Redevelopment Act by a resolution passed on October 14, 1980.

On March 17, 1981, by Resolution No. 81-139, the City Commission determined the existence of slum or blighted conditions within a portion of the City, which was then the Community Development Block Grant Target Area and designated such area as appropriate for community redevelopment. This area was generally bounded by Copans Road on the north, Powerline Road on the west, Atlantic Boulevard on the south, and the F.E.C. Railroad on the east.

An additional declaration of blight was made by the City Commission on December 13, 1988, by Resolution No. 89-45. This finding expanded the original redevelopment area to include areas annexed to the City subsequent to the original resolution.

Upon the proper delegation of authority from the County and upon a further finding that it is necessary in the public interest for a community redevelopment agency to be formed to function in the City, the City Commission may create a public body corporate and politic to be known as a "Community Redevelopment Agency" and prepare a Community Redevelopment Plan to carry out the Community Redevelopment purposes outlined in Florida Statutes Chapter 163, Part III.

The Community Redevelopment Agency is a separate legal entity which is comprised of a Northwest District and an East District. Each District does not constitute a separate legal entity unto itself. The Northwest District which was created by the City in 1988 (Ordinance No. 89-27) and the East District which was created by the City in 2001 (Resolution No. 2002-12), collectively referred to as the Agency, were charged with preparing a Community Redevelopment Plan that would meet the requirements of the appropriate state statutes to eliminate blight and slum conditions within the redevelopment areas of the Agency pursuant to the redevelopment plans of the Districts for new residential and commercial activity in the redevelopment area.

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

The Agency has adopted GASB Statement No. 61 , *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 34*, for the purpose of

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evaluating whether it has any component units. Based on the criteria therein. The Agency has determined that there are no component units that meet criteria for inclusion in the Agency's financial statements.

The Board of Directors of the Agency (the "Board") is governed by five members of the City Commission and the Mayor. Management of the City has operational responsibility for the Agency. The City is considered to be financially accountable for the Agency; the Agency is considered to be a blended component unit in the City's annual comprehensive financial report.

The following is a summary of significant accounting policies of the Agency.

(B) Measurement focus, basis of accounting, and financial statement presentation

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements report information on all of the activities of the Agency, using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position reports all financial and capital resources of the Agency. The statement of activities represents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Program revenues derive directly from a program itself. The Agency reports rental revenue and donations as program revenue. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Agency reports donated assets held for resale and redevelopment as program revenue-operating contributions. Incremental property taxes and other items, not properly included as program revenue are reported instead as general revenue. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Incremental property taxes are recognized as revenue in the year for which they are levied. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Their operating statements present sources (revenue and other financing sources) and uses (expenditures and other financing uses) of available spendable resources during the period. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Incremental property taxes are recognized as revenues in the year for which they are levied. Rental revenue, proceeds from the sale of property and investment earnings associated with the current fiscal periods are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue is considered to be measurable and available only when cash is received by the Agency or property has legally transferred to the Agency. Expenditures, other than debt service are generally are recorded when a liability is incurred, as under accrual accounting.

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

The Agency reports the Northwest and East Districts as major governmental funds in the accompanying financial statements. The Northwest and East District funds account for the activity of the Agency, which uses tax-increment financing to encourage development in the Northwest and East community redevelopment areas.

(C) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, time and demand deposits and short term investments with original maturity dates within three months of the date acquired by the Agency.

(D) Investments

Investments in participating interest-earning contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. All other investments are reported at fair value or amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

(E) Capital Assets

Capital assets recorded in the government-wide statements are stated at historical cost or estimated historical cost and include buildings, improvements and equipment. Contributed capital assets are recorded at acquisition value when received.

Depreciation on all assets meeting the Agency's capitalization threshold of \$1,000 including those obtained through contributions is charged to operations.

Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are as follows:

Buildings	15-50 Years
Improvements other than buildings	5-50 Years
Machinery and equipment	3-15 Years

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

In governmental fund financial statements, the cost associated with the acquisition or construction of capital assets are shown as capital outlay expenditures. Capital assets

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are not shown on the governmental fund balance sheets and no depreciation expense is recognized in the governmental fund statement of revenues, expenditures and changes in fund balances.

(F) Deferred Inflows of Resources

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

(G) Risk Management

The City's risk management funds charge the Agency insurance premiums. The amount of the annual premium charged to the Agency by the City represents the maximum liability of the Agency for any related losses incurred for the fiscal year ended September 30, 2021. Consequently, the Agency does not retain its own liability on outstanding cases or claims against it beyond the maximum premium paid.

The City, which includes the Agency, is self-insured for automobile liability, general liability, including public official's liability and property damage claims pursuant to Florida Statute Section 768.28 (Waiver of Sovereign Immunity in Tort Actions; Recovery Limits; Limitation on Attorney Fees; Statute of Limitations; Exclusions; Indemnification; Risk Management Programs). Per Florida Statute Section 768.28, the City has sovereign immunity up to \$100,000 per person/\$200,000 per occurrence (\$200,000 and \$300,000, respectively effective October 1, 2011). The City is also self-insured for workers' compensation claims, in accordance with Florida Statute Section 440. Workers' compensation claims are self-insured up to \$500,000 per occurrence and property damage (buildings and contents) up to \$100,000, with property damage claims, related to named hurricane/windstorm, having a 5% of total location value deductible. Excess insurance policies apply above these self-insured levels.

(H) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts and gain/loss on bond refunding are deferred and amortized over the life of the bonds using the straight line method, which is not materially different than the effective interest method. Bonds payable are reported net of the unamortized amount of the applicable bond premium/discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Payments on debt are recorded as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred in government-wide statements. Prepaid insurance costs are reported as an asset and recognized as an expense over the duration of the

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related debt.

(I) Unearned/Unavailable Revenue

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

(J) Advances to/from City

Activity between the City and Agency that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Advances To City" or "Advances From City" as applicable.

(K) Fund Equity/Net Position

In the governmental fund financial statements, fund balance classifications are as follows:

- Restricted Fund Balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation.
- Restricted Net Position – amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation's.

(L) Accounting Estimates

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

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(II) DETAILED NOTES ON ALL FUNDS

(A) Cash and Cash Equivalents and Investments

The following are components of the Agency's cash, cash equivalents and investments at September 30, 2021:

	<u>Unrestricted</u>		<u>Restricted</u>		<u>Total cash, cash equivalents and investments</u>
	<u>Cash and cash equivalents</u>	<u>Investments</u>	<u>Cash and cash equivalents</u>	<u>Investments</u>	
Governmental activities:					
Northwest Community					
Redevelopment District	\$ 13,879,266	\$ 10,815,148	\$ -	\$ -	24,694,414
East Community					
Redevelopment District	1,665,336	2,987,824	11,281	-	4,664,441
Total governmental	<u>\$ 15,544,602</u>	<u>\$ 13,802,972</u>	<u>\$ 11,281</u>	<u>\$ -</u>	<u>\$ 29,358,855</u>

Public Deposits:

At September 30, 2021, the book balance of the Agency's deposits was \$15,555,883. Deposits whose balance exceeds the limits of federal depository insurance are collateralized pursuant to Florida Statutes, Chapter 280, Florida Security for Public Deposits Act (the Act). Under this Act, financial institutions which are qualified as public depositories place with the State Board of Administration ("SBA"), securities which have a market value equal to 50 percent of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Deposit Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. It is the Agency's practice to ensure that all its public deposits are maintained with a qualified depository and as a result, all Agency depositories at fiscal year end were designated as qualified public depositories in accordance with Florida Statute. Therefore, all deposits are insured or collateralized.

Investment Authorization:

The Agency's investment program is established in accordance with the Agency's investment policy, which was adopted via resolution by the Board, and Florida State Statute Chapter 218.415, Local Government Investment Policies, which establishes investment plan guidelines for local governments in Florida. Authorized investments include Florida Local Government Surplus Trust Fund, United States Government securities, United States Government Agency securities with the full faith and credit of the United States Government, Federal Instrumentalities (Government Sponsored Enterprises), Repurchase Agreements, Commercial Paper, Corporate Notes, Asset Backed Securities, Banker Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Money Market Mutual Funds, Intergovernmental Investment Pools and Savings Accounts of financial institutions that are Qualified Public Depositories, in

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accordance with Florida State Statute Chapter 280.01, Security for Public Deposits.

The Agency's investment policy stipulates the following maximum portfolio percentages:

Authorized Investments	Maximum % Portfolio Composition	Maximum % Individual Issuers	Maximum % Individual Sectors
Florida Local Government Surplus Funds Trust Fund	25%	NA	NA
U.S. Government Securities	100% ⁽¹⁾	NA	NA
U.S. Government Agencies	50%	10%	NA
U.S. Sponsored Agencies	80%	25%	NA
Interest Bearing Time Deposit	10%	10%	NA
Repurchase Agreements	20% ⁽²⁾	5%	NA
Commercial Paper	25%	2%	10%
Corporate Notes	25%	2%	10%
Asset Backed Securities	10%	2%	5%
Bankers' Acceptances	15%	5%	NA
State/Local Government Taxable/Tax Exempt general obligation bonds	25%	NA	NA
State/Local Government Taxable/Tax Exempt revenue/excise tax bonds	10%	NA	NA
Money Market Mutual Funds	35%	15%	NA
Intergovernmental Investment Pools	25%	NA	NA

⁽¹⁾ 10% for treasury strips

⁽²⁾ excludes one (1) business day agreements and overnight sweep agreements

NA-not applicable

Security:

The Agency has a third party custodial arrangement with certain financial institutions to accept securities on a delivery vs. payment basis for direct purchase agreements. Securities purchased in the Agency's name are registered in the name of the Agency by an agent of these entities and are confirmed with safekeeping statements.

Fair Value Measurement

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Intergovernmental Investment Pool invests mainly in US government and agency

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securities and asset-backed securities. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted. As such, this is reported as level 2, since the value is based on market-corroborated data. The Agency does not value any of its investments using level 1 or level 3 inputs.

The Agency has the following recurring fair value measurements as of September 30, 2021:

	Reported Value	Fair Value Hierarchy		
		Quotes Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury Notes	\$ 1,324,069	\$ -	\$ 1,324,069	\$ -
U.S. Sponsored Agencies	12,478,903	-	12,478,903	-
Total investments by fair value level	13,802,972	\$ -	\$ 13,802,972	\$ -
Demand Deposits	15,125,692			
Money Market Mutual Funds (Exempt)	430,191			
Total Government-wide	<u>\$ 29,358,855</u>			

Risk Disclosures:

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

The Agency employs multiple investment duration and investment management strategies which seek to minimize the Agency’s portfolio interest rate risk. The Agency maintains sixty days or more of liquidity in overnight investments and remaining assets are invested in short term securities with maturity and diversification limitations to further minimize changes in market price, as interest rates change.

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Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity at September 30, 2021:

Investment Type	Remaining Maturity (in years)		
	Reported Value	Less than 1	1 to 2
U.S. Treasury Notes	\$ 1,324,069	\$ 1,324,069	\$ -
U.S. Sponsored Agencies	12,478,903	12,478,903	-
Money Market Mutual Funds	430,191	430,191	-
	<u>\$ 14,233,163</u>	<u>\$ 14,233,163</u>	<u>\$ -</u>
Breakdown Government-wide Investments --			
(subject to interest rate risk)	\$ 14,233,163		
Deposits --			
(not subject to interest rate risk)			
Demand Deposits	<u>15,125,692</u>		
Total Cash, Cash Equivalents and Investments	<u>\$ 29,358,855</u>		

Credit Risk – This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. One measure of the perceived credit risk of an issuer is the credit rating. The Agency's investment policy provides strict guidelines and limits investments to highly rated securities with minimum ratings of AAA for money market funds, AA for corporate notes, A-1 for commercial paper and AAA for U.S. Agencies and U.S. Treasuries. To further minimize credit risk the Agency's investment policy also provides asset allocation limits for each security type. Issuer limits are also provided for certain investment types. Corporate notes limits (25%) and commercial paper limits (25%) are established with additional asset allocation limits for the sector (10%) and issuer (2%). Asset backed securities (10%) are established with additional asset allocation limits for the sector (5%) and issuer (2%). There were no individual investments in a single issuer that exceeded 5% of the investments. The following table discloses composite credit ratings by investment type for the Agency as rated by Moody's or Standard & Poor's (Fitch for LGIP) at September 30, 2021:

Investment Type	Rating at September 30, 2021			
	Reported Value	AAAm	P-1	Aaa/AAA/Aa1/Aa2 Aa3/A1/A2/A3
U.S. Treasury Notes	\$ 1,324,069	\$ -	\$ -	\$ 1,324,069
U.S. Sponsored Agencies	12,478,903	-	12,478,903	-
Money Market Mutual Funds	430,191	430,191	-	-
Total Investments with Credit Risk	14,233,163	<u>\$ 430,191</u>	<u>\$ 12,478,903</u>	<u>\$ 1,324,069</u>
Demand Deposits	15,125,692			
Total Agency Portfolio	<u>\$ 29,358,855</u>			

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(B) Receivables and Other Assets, net

Receivables at fiscal year-end for the Agency's governmental individual major funds are as follows:

Governmental	NW CRA
ETA NU Foundation	\$ 70,000
Total governmental note receivable	\$ 70,000

On May 15, 2018 the Agency provided a \$150,000 economic development loan to the ETA NU Education Foundation. The loan is non-interest bearing as it was provided to carry out the objectives for the Agency.

The loan payments are as follows:

Fiscal Year Ending	Principal	Interest	Total
2022	\$ 20,000	\$ -	\$ 20,000
2023	20,000	-	20,000
2024	20,000	-	20,000
2025	10,000	-	10,000
Total	\$ 70,000	\$ -	\$ 70,000

Mortgages

The Northwest Community Redevelopment District (the Northwest District) provided qualified individuals with loans/grants to build new homes at the Canal Point (10 year amortization period), Sabal Chase (30 year amortization period), and Ortanique Estates (30 year amortization period) subdivisions which were reported as community redevelopment expenses/expenditures. In addition, the Northwest District also provided similar grants for various infill housing projects during the current fiscal year. The Northwest District has placed a mortgage lien on these new homes with a covenant that the owner must reside at the property for the respective period of time in order to remain eligible for the grant. The Northwest District's reasonable assumption is that the homeowner will reside at the home for the stipulated period. The Northwest District maintains a memorandum record of the outstanding mortgage amounts related to these grants. These amounts are reduced ratably over the 10 year period as it relates to the grants for the Canal Point subdivision and the infill housing projects. Should the homeowner move, sell or refinance, the Northwest District is paid a prorated amount of the initial grant. After the 10 year period the amounts relating to these mortgages are forgiven. As it relates to the Sabal Chase and Ortanique Estates grants, these amounts are not amortized over the 30 year period. After the 30 year period the amounts relating to these mortgages are forgiven. During fiscal year 2021, no one defaulted on the terms

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of the grants and consequently, the Northwest District did not receive any repayments related to these grants. At September 30, 2021 the unamortized amount outstanding related to these grants was \$2,076,898. Due to the reasonable assumption made above of expected homeowner residence for the grant period a receivable has not been recorded.

Assets Held for Resale and Redevelopment

The Agency acquires and develops property in economically depressed areas, for the intention of rendering the property suitable for economic development and then reselling it to private sector purchasers meeting certain criteria. Since these properties are acquired with the express intent of resale and development, they are reported at lower of cost/donated value or net realizable value. Assets donated from the City or other related entities are recorded at the carrying value of the donor entity. Donated assets from other sources are recorded at lower of cost/donated value or net realizable value. The cost basis of assets held for resale and development include costs incurred to acquire the asset and prepare the asset for resale and development, such as purchase price, closing fees, surveys, lot clearing, demolition, judgments levied through suits, costs of construction, permits etc. These assets include land, land improvements and buildings. Upon the sale of these assets, a gain or loss is recognized. When the net realizable amount is less than the carrying amount a loss would be recognized. Gains are recorded as a gain from sale of capital assets in the government-wide statements and proceeds from sale of capital assets in the fund financial statements and losses are recorded as economic environment expenses/expenditures.

Assets held for resale and redevelopment activity for the fiscal year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets held for resale and redevelopment	\$ 42,578,849	\$ 1,275,631	\$ 4,741,428	\$ 39,113,052

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(C) Capital Assets and Construction Commitments

Capital asset activity for the fiscal year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Construction in progress*	\$ 211,807	\$ -	\$ 211,807	\$ -
Capital assets, being depreciated:				
Improvements other than buildings	163,363	211,807	19,566	355,604
Machinery and equipment	<u>216,304</u>	<u>2,768</u>	<u>18,782</u>	<u>200,290</u>
Total capital assets being depreciated	<u>379,667</u>	<u>214,575</u>	<u>38,348</u>	<u>555,894</u>
Less accumulated depreciation for:				
Improvements other than buildings	48,059	8,101	11,269	44,891
Machinery and equipment	<u>188,184</u>	<u>6,914</u>	<u>13,999</u>	<u>181,099</u>
Total accumulated depreciation	<u>236,243</u>	<u>15,015</u>	<u>25,268</u>	<u>225,990</u>
Total capital assets being depreciated, net	<u>143,424</u>	<u>199,560</u>	<u>13,080</u>	<u>329,904</u>
Governmental activities capital assets, net	<u>\$ 355,231</u>	<u>\$ 199,560</u>	<u>\$ 224,887</u>	<u>\$ 329,904</u>

Depreciation expense was charged to functions/programs of the Agency as follows:

Governmental activities:	
Economic environment	\$ 15,015
Total depreciation expense - governmental activities	<u>\$ 15,015</u>

The Agency has active construction projects as of September 30, 2021. Significant projects that were ongoing as of September 30, 2021 for governmental activities with significant commitments, were as follows:

Project	<u>Expended through September 30, 2021</u>	<u>Remaining Commitments</u>
CRA McNab House	\$ 1,205,954	\$ 71,821
Pier Street West Street	<u>506,281</u>	<u>253,799</u>
	<u>\$ 1,712,235</u>	<u>\$ 325,620</u>

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(D) Unearned/Unavailable Revenue

Unearned/Unavailable revenue at fiscal year end for the Agency's governmental individual major funds are as follows:

Governmental Activities	<u>N.W. CRA</u>
Unearned revenue:	
Prepaid Rent	\$ 4,500
Total unearned revenue	<u>\$ 4,500</u>
Unavailable revenue:	
ETA NU foundation	70,000
Total unavailable revenue	<u>\$ 70,000</u>

(E) Advances to/from City and Transfers to/from City

The composition of advances from City as of September 30, 2021, is as follows:

<u>Advances From City</u>	<u>Amount</u>
General Fund	\$ <u>1,524,056</u>

This amount represents a long-term payable from the Agency to cover the purchase of two (2) properties that would enable the development of a 30 acre Commerce Park at the northeast quadrant of Atlantic Boulevard and Interstate 95. The loan has a fixed annual interest rate of 2.91%, amortized over a 20 year term.

The annual requirements to pay on the advance from the City to the NW CRA District Fund are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 336,041	\$ 44,350	\$ 380,391
2023	345,820	34,571	380,391
2024	355,883	24,508	380,391
2025	366,239	14,152	380,391
2026	120,073	3,494	123,567
	<u>\$ 1,524,056</u>	<u>\$ 121,075</u>	<u>\$ 1,645,131</u>

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
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Transfers in/out are as follows:

Transfers out	Transfers In: Parking Fund
East District Fund*	\$ 650,000

*Transfer from East CRA to the Parking Fund was due to an Interlocal Agreement between the City and the CRA to contribute to the Oceanside Project located at 109 North Ocean Boulevard.

(F) Long-term Obligations

Summarized below is the Agency’s debt issued to finance the acquisition of properties for community development and construction of capital facilities, which were outstanding at September 30, 2021.

Governmental Activities Debt:

- On April 23, 2013 the Pompano Beach Community Redevelopment Agency Board authorized the issuance of tax increment revenue bonds – Series 2013A and B (collectively known as the Series 2013 bonds). The Series 2013 bonds were subsequently issued on June 20, 2013. The Series 2013A bonds were issued at a fixed rate of 3.48%, with a final maturity of February 1, 2030, for the purpose of refunding and redeeming the Agency's outstanding tax increment revenue bonds, Series 2010A, which bore an interest rate of 5.13% and had an outstanding balance of \$9,055,000. As a result of the refunding the Series 2010A bonds are considered fully refunded and the outstanding balance has been removed from the financial statements. The Series 2013B bonds were issued at a fixed interest rate of 2.83% and a final maturity of February 1, 2030, to finance the cost of community projects in the East District Redevelopment Area and to cover related costs of issuance in the original aggregate principal amount of \$5,000,000.

At September 30, 2021, the Agency had \$8,490,000 outstanding related to this obligation. Principal and interest paid for the current fiscal year and total tax increment revenues were \$1,099,198 and \$3,913,174, respectively. At September 30, 2021, total principal and interest remaining on the bonds is \$9,888,090 payable through February 2030.

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
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NOTES TO THE FINANCIAL STATEMENTS
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Changes in long-term liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Direct borrowings and direct placements					
Bonds payable:					
Tax increment bonds-East District	\$ 9,280,000	\$ -	\$ 790,000	\$ 8,490,000	\$ 820,000
Total long-term liabilities	<u>\$ 9,280,000</u>	<u>\$ -</u>	<u>\$ 790,000</u>	<u>\$ 8,490,000</u>	<u>\$ 820,000</u>

Direct borrowings and direct placements

The Agency's outstanding liabilities from direct borrowings and direct placements related to governmental activities was \$8,490,000 as of September 30, 2021.

The tax increment bonds are secured by a gross lien on tax increment revenues generated within the Agency's East District's Redevelopment Area on parity with the 2013A Bonds. The bond resolution contains events of default provisions such as payment defaults; and breaches of bond covenant, agreements and provisions in the bonds. The occurrence of a material adverse effect and certain bankruptcy events provides the bondholders the authority to pursue action in court to enforce collection, however it is not construed as granting the Bondholder to any lien on any real property of the City.

The Agency has no lines of credit. The annual requirements to pay principal and interest on the bonds at September 30, 2021 are as follows:

Bonds:

	<u>Governmental Activities</u>		
	<u>Direct Borrowings and Direct Placements</u>		
	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total East District</u>
2022	\$ 820,000	\$ 281,184	\$ 1,101,184
2023	845,000	252,213	1,097,213
2024	875,000	222,285	1,097,285
2025	905,000	191,313	1,096,313
2026	940,000	159,210	1,099,210
2027 - 2030	4,105,000	291,885	4,396,885
	<u>\$ 8,490,000</u>	<u>\$ 1,398,090</u>	<u>\$ 9,888,090</u>

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

(G) Incremental Property Tax Revenue

The Agency's primary source of revenue is tax-increment funds. This revenue is computed by applying the respective operating tax rates for the City, the County, the Children's Service Council and the North Broward Hospital District, multiplied by the increased value of property located within the boundaries of the redevelopment areas of the Agency in excess of the base property value, minus 5%. The City, the County, the Children's Service Council and the North Broward Hospital District are required to fund this amount annually without regard to tax collections or other obligations.

POMPAÑO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

(III) OTHER INFORMATION

(A) Deposits to and withdrawals from the Agency

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the Agency for the fiscal year ended September 30, 2021:

	NW CRA	
	Deposits	Withdrawals
Sources of deposits:		
Tax increment revenues	\$ 4,653,166	
Investment income (loss)	(43,169)	
Facility rentals & concessions	46,053	
Grants/Contributions	5,200,000	
Other revenue	64,033	
Purpose of withdrawals:		
Debt service - interest		56,869
Professional services		211,408
Other contractual		277,898
Reimbursement for services		644,486
Administrative and overhead		291,334
Utilities		8,233
Rentals and leases		133,360
Insurance premiums		18,821
Economic development		5,004,452
Advertising		381
Supplies		2,452
Capital Outlay		26,688
Miscellaneous		13,290
Total	\$ 9,920,083	\$ 6,689,672

	East CRA	
	Deposits	Withdrawals
Sources of deposits:		
Tax increment revenues	\$ 3,913,174	
Investment income (loss)	(22,534)	
Facility rentals & concessions	91,710	
Other revenue	361	
Purpose of withdrawals:		
Debt service - principal	\$	790,000
Debt service - interest		309,198
Professional services		436,609
Reimbursement for services		312,540
Administrative and overhead		80,896
Rentals and leases		5,103
Insurance premiums		19,886
Economic development		112,173
Advertising		101
Supplies		2,584
Miscellaneous		3,447

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	East CRA	
	Deposits	Withdrawals
Capital outlay		942,270
Transfers out		650,000
Total	\$ 3,982,711	\$ 3,664,807

REQUIRED SUPPLEMENTARY INFORMATION

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
NORTHWEST COMMUNITY REDEVELOPMENT DISTRICT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,655,994	\$ 4,655,994	\$ 4,653,166	\$ (2,828)
Intergovernmental	5,200,000	5,200,000	5,200,000	-
Charges for services	56,286	56,286	46,053	(10,233)
Investment earnings (loss)	30,000	30,000	(43,169)	(73,169)
Other revenue	17,000	17,000	45,848	28,848
Total revenues	<u>9,959,280</u>	<u>9,959,280</u>	<u>9,901,898</u>	<u>(57,382)</u>
EXPENDITURES				
Current:				
Economic environment	3,311,335	8,729,402	7,461,071	1,268,331
Capital outlay	11,815,885	22,029,493	3,089,611	18,939,882
Debt service:				
Principal	899,711	899,711	-	899,711
Interest & other charges	56,681	56,869	56,869	-
Total expenditures	<u>16,083,612</u>	<u>31,715,475</u>	<u>10,607,551</u>	<u>21,107,924</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,124,332)</u>	<u>(21,756,195)</u>	<u>(705,653)</u>	<u>21,050,542</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	18,185	18,185
Total other financing sources	-	-	18,185	18,185
Net change in fund balance	<u>\$ (6,124,332)</u>	<u>\$ (21,756,195)</u>	<u>(687,468)</u>	<u>\$ 21,068,727</u>
FUND BALANCE - BEGINNING			<u>53,976,434</u>	
FUND BALANCE - ENDING			<u>\$ 53,288,966</u>	

The above schedule reflects certain adjustments to actual expenditures to present data on a basis comparable to the adopted budget. See notes to required supplementary information.

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach, Florida)
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED) - BUDGETARY BASIS
EAST COMMUNITY REDEVELOPMENT DISTRICT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 3,933,587	\$ 3,933,587	\$ 3,913,174	\$ (20,413)
Investment earnings (loss)	28,000	28,000	(22,534)	(50,534)
Charges for services	100,494	100,494	91,710	(8,784)
Other revenue	-	-	361	361
Total Revenues	<u>4,062,081</u>	<u>4,062,081</u>	<u>3,982,711</u>	<u>(79,370)</u>
EXPENDITURES				
Current:				
Economic environment	1,411,988	1,461,256	1,161,473	299,783
Debt service:				
Principal	790,000	790,000	790,000	-
Interest & other charges	309,198	309,198	309,198	-
Capital outlay	<u>2,500,000</u>	<u>6,331,867</u>	<u>1,270,380</u>	<u>5,061,487</u>
Total expenditures	<u>5,011,186</u>	<u>8,892,321</u>	<u>3,531,051</u>	<u>5,361,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(949,105)</u>	<u>(4,830,240)</u>	<u>451,660</u>	<u>5,281,900</u>
Transfers out	-	<u>(650,000)</u>	<u>(650,000)</u>	-
Total other financing sources (uses)	-	<u>(650,000)</u>	<u>(650,000)</u>	-
Net Change in Fund Balance	<u>\$ (949,105)</u>	<u>\$ (5,480,240)</u>	<u>(198,340)</u>	<u>\$ 5,281,900</u>
FUND BALANCE - BEGINNING			<u>9,601,759</u>	
FUND BALANCE - ENDING			<u>\$ 9,403,419</u>	

The above schedule reflects certain adjustments to actual expenditures to present data on a basis comparable to the adopted budget. See notes to required supplementary information.

POMPANO BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pompano Beach)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Budgetary Information

The Agency is required to establish a budgetary system and an approved annual budget for the Northwest District Fund and East District Fund. The Agency's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board.

The Agency adopts an annual budget for each District. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except the budgets for each district includes encumbrances as the equivalent of expenditures. A budgetary comparison schedule is presented for each District. Expenditures may not exceed the budget and are controlled at the fund level.

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

Adjustments necessary to convert the Northwest District and East District Fund's results of operations and change in fund balances at September 30, 2021 from the accounting principles generally accepted in the United States of America ("GAAP") basis of accounting to the budget basis are as follows:

	<u>Revenues/ Other Financing Sources</u>	<u>Expenditures/ Other Financing Uses</u>	<u>Change in Fund Balances</u>
Northwest Community Redevelopment District			
GAAP Basis	\$ 9,920,083	\$ 6,689,672	\$ 3,230,411
Encumbrances	-	3,917,879	(3,917,879)
Budgetary Basis	<u>\$ 9,920,083</u>	<u>\$ 10,607,551</u>	<u>\$ (687,468)</u>
East Community Redevelopment District			
GAAP Basis	\$ 3,982,711	\$ 3,664,807	\$ 317,904
Encumbrances	-	516,244	(516,244)
Budgetary Basis	<u>\$ 3,982,711</u>	<u>\$ 4,181,051</u>	<u>\$ (198,340)</u>

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

To the Board of Directors and CRA Director
Pompano Beach Community Redevelopment Agency
Pompano Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Pompano Beach Community Redevelopment Agency (the "Agency") as of and for the year ended September 30, 2021, and the related notes to the financial statements which collectively comprise the Agency's basic financial statements and have issued our report thereon dated May 31, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 31, 2022

INDEPENDENT AUDITOR'S REPORT TO AGENCY MANAGEMENT

To the Board of Directors and CRA Director
Pompano Beach Community Redevelopment Agency
Pompano Beach, Florida

Report on Financial Statements

We have audited the financial statements of the Pompano Beach Community Redevelopment Agency (a component unit of the City of Pompano Beach, Florida) (the "Agency"), as of and for the year ended September 30, 2021, and have issued our report thereon dated May 31, 2022.

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 and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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 and Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 31, 2022 should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 to the financial statements.

Financial Condition

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

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

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Agency is required to report certain specific information, as the Agency is a dependent special district of the City of Pompano Beach, Florida. This information can be found in the City of Pompano Beach Florida's Annual Comprehensive Financial Report for the year ended September 30, 2021.

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

Purpose of this Letter

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 31, 2022

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, 163.387(6) and 163.387(7), FLORIDA STATUTES

To the Board of Directors and CRA Director
Pompano Beach Community Redevelopment Agency
Pompano Beach, Florida

We have examined Pompano Beach Community Redevelopment Agency (a component unit of the City of Pompano Beach, Florida) (the "Agency") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* and Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund*, during the year ended September 30, 2021. Management is responsible for the Agency's compliance with the specific requirements. Our responsibility is to express an opinion on the Agency's compliance with the specific 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 Agency complied, in all material respects, with the specific requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of 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 Agency's compliance with the specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended .

This report is intended solely for the information and use of the State of Florida Auditor General, the Board of Directors and CRA Director and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 31, 2022