



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2021

Photo by Captain Kimmo

**CITY OF WEST PALM BEACH, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY (CRA)**

**WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of West Palm Beach)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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WEST PALM BEACH

Finance Department

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Water Front / Photo by CFay

FINANCIAL SECTION





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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, 2021 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, 2021 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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary 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 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CRA's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as identified in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 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 30, 2022

WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of West Palm Beach)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)

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, 2021.

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 2021 by approximately \$75.4 million.
- The CRA's total net position increased by approximately \$1.0 million, or 1.3%, 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 \$8.8 million, from \$165.2 million to \$156.4 million, or approximately 5.3%, reflecting repayments on bonds and notes.
- Total spending for the CRA's governmental activities was approximately \$44.5 million, up by \$9.5 million, or 27.0%, 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.

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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.

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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 by \$75.4 million at the close of the most recent fiscal year.

At the end of the fiscal year, the CRA's net position increased by \$1.0 million or 1.3%. The overall increase can be attributed to the net change in current and long-term liabilities of \$8.3 million offset by an overall increase in total assets and deferred outflows of \$7.3 million.

Total assets of the CRA as of the end of the current fiscal year decreased by \$7.7 million or 3.1%. The decrease is attributed to an increase in payments to community partners involved with community redevelopment and affordable housing projects.

Long-term liabilities decreased by \$8.8 million or 5.3% resulting from 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 \$37.0 million and \$30.1 million or 49.0% and 40.5%, respectively as of September 30, 2021 and 2020. 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 \$6.8 million largely due to new additions, net of depreciation of \$12.6 million and the net reduction of outstanding long-term debt of \$8.8 million which was used to acquire the assets.

Another portion of the CRA's net position is restricted net position, totaling \$38.5 million and \$44.3 million or 51.0% and 59.5%, respectively at September 30, 2021 and 2020. These balances represent resources that are subject to constraints such as debt covenants, grantors, laws or regulations.

Restricted net position of \$38.5 million decreased by \$5.9 million or 13.2% to comply with the requirements of the special revenue funds and other legal requirements. The decrease in restricted net position is primarily due to an increase in grants paid to community partners involved with community redevelopment and affordable housing projects during fiscal year 2021.

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The following table provides a comparative analysis of the CRA's net position for the fiscal years ended September 30, 2021 and 2020:

Condensed Statement of Net Position
(in thousands)

	Governmental Activities	
	2021	2020
Assets:		
Current and other assets	\$ 82,593	\$ 102,922
Capital assets not being depreciated	154,623	142,007
Total assets	<u>237,216</u>	<u>244,929</u>
Long-term obligations		
Deferred outflows of resources	<u>1,341</u>	<u>899</u>
Liabilities:		
Current liabilities	6,699	6,147
Long-term debt and other non-current liabilities	<u>156,411</u>	<u>165,227</u>
Total Liabilities	<u>163,110</u>	<u>171,374</u>
Net position:		
Net investment in capital assets	36,976	30,128
Restricted	<u>38,471</u>	<u>44,326</u>
Total net position	<u>\$ 75,447</u>	<u>\$ 74,454</u>

Governmental Activities - Change in Net Position

The CRA reported total revenues and expenses of \$45.5 million and \$44.5 million, respectively. As shown below, revenues remained consistent with the prior year, showing a slight decrease of \$0.3 million while expenses increased by \$9.5 million during the current fiscal year.

The majority of the increase in expenses was attributed to an award of grant funds for \$9.0 million to a third party to promote community redevelopment and affordable housing projects. Other increase in expenses resulted from increased depreciation resulting from capital assets placed in service during the current fiscal year of \$0.7 million and increased repairs and maintenance charges of \$0.9 million. This increase is offset by a reduction in interest on long term debt by \$1.1 million due to the repayment of Series 2005B Revenue Bond.

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

	Governmental Activities	
	2021	2020
Revenues:		
Program Revenue:		
Charges for services	\$ 1,420	\$ 428
Capital grants and contributions	50	553
General revenue:		
Ad valorem taxes	43,697	42,642
Interest income	271	1,591
Miscellaneous	52	541
Total revenues	<u>45,490</u>	<u>45,755</u>
Expenses:		
Economic environment	40,161	29,581
Interest on long-term debt	4,336	5,445
Total expenses	<u>44,497</u>	<u>35,026</u>
Increase in net position	993	10,729
Net position - beginning of year	<u>74,454</u>	<u>63,725</u>
Net position - end of year	<u><u>\$ 75,447</u></u>	<u><u>\$ 74,454</u></u>

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 \$26.8 million and \$5.1 million, respectively. At the end of the current fiscal year the fund balance for the CCCRA decreased by \$6.2 million while the NPCCRA increased by \$0.3 million. The decrease in fund balance in the CCCRA fund can be attributed to the increase in expenditures related to community development as well as as transfer out to fund debt payments related to the 2019 bonds in the current fiscal year.

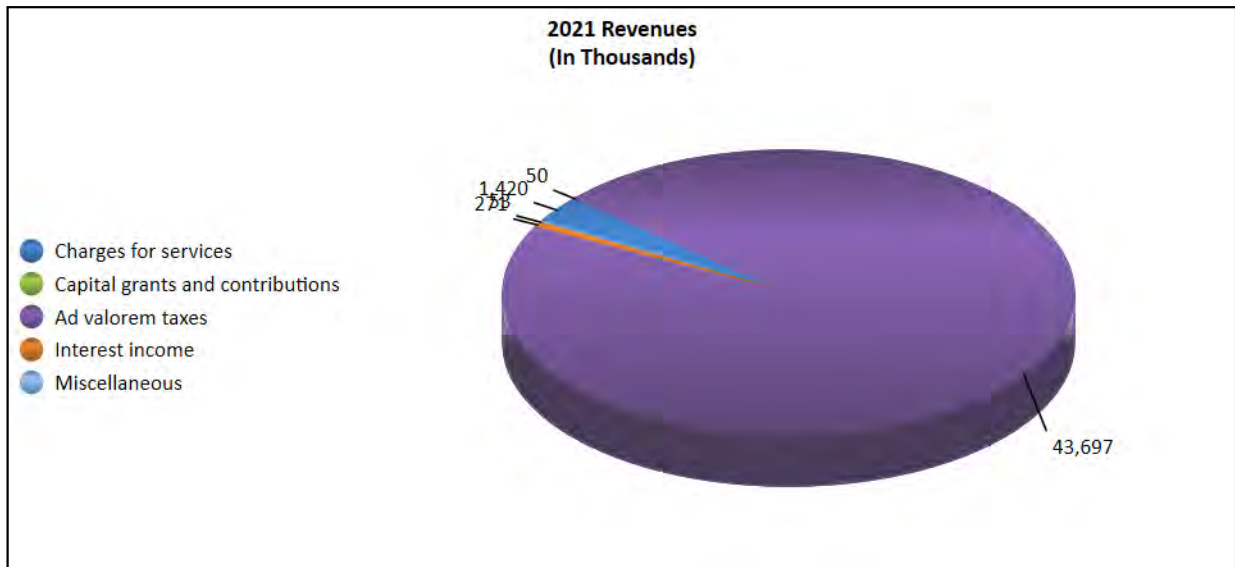
Total expenditures and net transfers for the CCCRA increased by \$8.9 million during the current fiscal year due to increases in community redevelopment with the assistance of community partners. Total revenues for the CCCRA also increased in the current year by \$0.4 million, mainly due to the increase in the property tax base and corresponding revenues.

Expenditures for the NPCCRA increased in the current fiscal year by \$0.7 million due to an increase in debt service expenditures on the NPCCRA Bonds. Revenues for the NPCCRA were relatively consistent with the prior fiscal year.

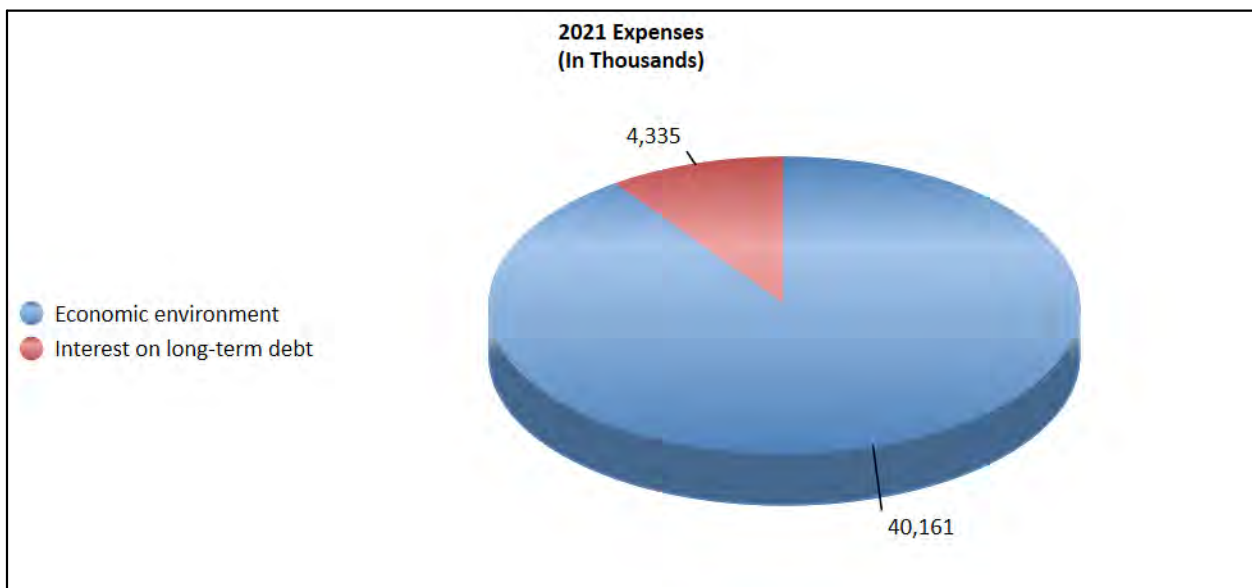
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At the end of the current fiscal year, fund balance for the Series 2019 CCCRA Capital Bond Fund and the Series 2019 CCCRA Debt Service Fund were \$36.1 million and \$7.0 million, respectively. The fund balance for the Series 2019 CCCRA Capital Bond Fund decreased by \$14.6 million, primarily representing capital outlay and other related project expenditures, net of interest earnings during the year. The fund balance for the Series 2019 CCCRA Debt Service Fund showed a slight increase resulting from interest earnings and slightly lower debt service payments than the amounts transferred in to fund to pay those payments during the year.

The following chart shows the revenues by source (in thousands) for the City's governmental activities during fiscal year 2021:



The following chart shows the expenses by function (in thousands) for the City's governmental activities during fiscal year 2021:



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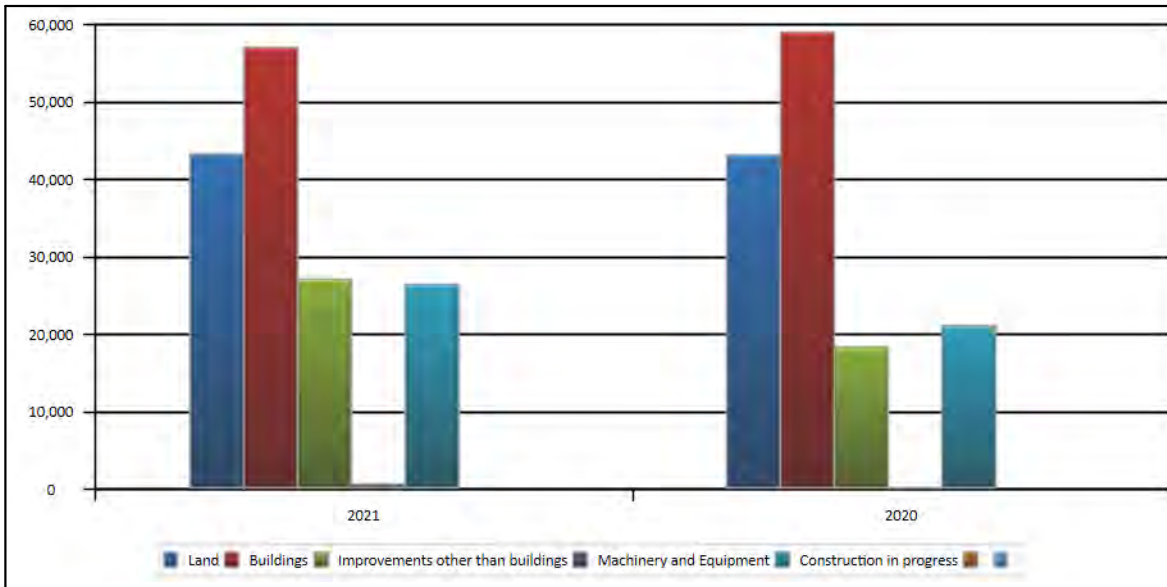
Capital Assets

The CRA’s capital assets for its governmental activities as of September 30, 2021 and 2020 totaled \$154.6 million and \$142.0 million, net of accumulated depreciation, (in thousands). The net investment in capital assets as of September 30, 2021 and 2020 was \$37.0 million and \$30.1 million, respectively. The increase from the previous year by \$6.8 million was largely due to new additions, net of 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, 2021 and 2020, in thousands:

	Governmental Activities	
	2021	2020
Land	\$ 43,310	\$ 43,138
Buildings	57,082	59,104
Improvements other than buildings	27,067	18,297
Machinery and Equipment	716	226
Construction in progress	26,449	21,242
Total capital assets	<u>\$ 154,624</u>	<u>\$ 142,007</u>

The following chart compares the CRA’s capital assets from 2020 to 2021:



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Long-term Obligations

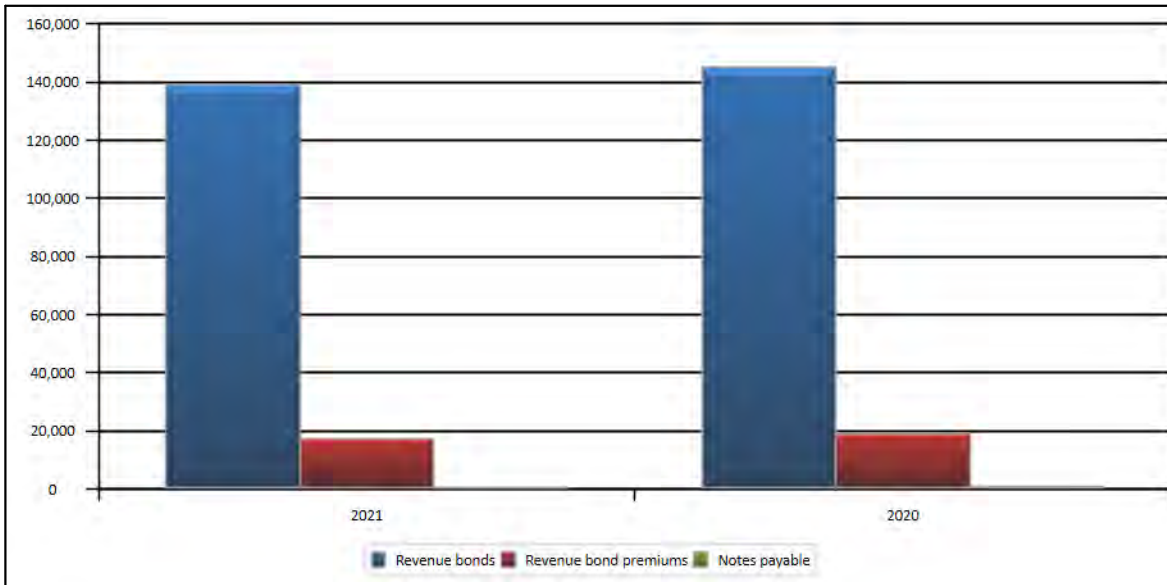
As of September 30, 2021, the CRA's \$155.9 million of bonded debt is secured by a stand-alone pledge of tax increment revenue. Notes payable totaling \$0.5 million is secured solely by the covenant of the CRA to budget and appropriate legally available non-ad valorem revenues.

Total of bonds and notes payable decreased during the current fiscal year reflecting repayments and amortization of bond premiums totaling \$8.8 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, 2021 and 2020, in thousands:

	Governmental Activities	
	2021	2020
Revenue bonds	\$ 138,890	\$ 145,172
Revenue bond premiums	17,021	19,074
Total bonds	155,911	164,246
Notes payable	500	981
Total long-term obligations	<u>\$ 156,411</u>	<u>\$ 165,227</u>

The following chart compares the City's outstanding long-term debt from 2020 to 2021:



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.

The is also invested in the increased value added within the Historic Northwest as the neighborhood moves toward a transformation into the hub of cultural tourism in West Palm Beach. In order to achieve these goals, the CRA has invested in infrastructure improvements, cleanliness and safety, removal of blight, and business attraction and retention.

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 2021, the CRA and the DDA provided over \$14.5 million and \$0.3 million, respectively, in grants to local businesses within the CCCRA community. The \$14.5 million by the CRA is an increase of \$7.3 million over the prior fiscal year in response to community redevelopment and affordable housing efforts.

In addition to the grants provided to community partners, the CRA provides various services to its residents and local businesses within the community. Some of these activities include the following:

- Partnering with non-profit entities to provide assistance to the homeless population and formerly incarcerated individuals so they can receive part-time employment. Employment enables those in need to secure housing and earn honest wages while improving the quality of public spaces throughout the downtown development area.
- The CCCRA, through a contracted third party, provides full-time private public safety services to its residents and business community. The contractor aids businesses, residents, and visitors with security, information, or contact emergency services seven days a week whether on foot, bike, or mobile transportation.
- Trolley services throughout the downtown area is available to residents and visitors at no cost. During fiscal year 2021, ridership of the trolley services totaled 34,786.

The CCCRA has the following ongoing or planned activity which are considered major redevelopment projects:

- The Banyan Garage is a public parking garage located at 200 Banyan Boulevard. The garage has reached the end of its useful life and has been reimagined as a mixed-use facility with active ground floor uses and public parking. The City and CRA are seeking a Public Private Partnership to finance the construction of a new mixed-use parking garage.

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- Clematis Street businesses have long experienced the challenge of converting former department store spaces that are deep and wide into current retail and office space needs. By improving the aesthetics of the alleyways, the businesses have opportunities to activate the rear of their space. The Clematis 300 Block, South Alley, was selected for the initial design and construction for activation of the alleyway spaces. Design for the north side of the 300 Block of Clematis Street alley upgrade will begin in 2022. Along with improvements to the Alleyways downtown, the CRA engaged in a program with the City's Public Works department to add a code officer and additional staff to upgrade the appearance and cleanliness of the Alleyways.
- Redevelopment of the historic Sunset Lounge (built in 1923) and surrounding properties into a cultural destination of the Northwest began to become a reality in fiscal year 2015. The CRA has begun restoring the building to how it looked at the height of the lounge's popularity in 1940 when as many as 1,000 people would dance together to the biggest names in music. The restored Sunset Lounge will be the centerpiece of a destination featuring a new Jazz Park and amphitheater, a full-service restaurant, lounge, and performance ballroom. The CRA developed the project concept and received support from the CRA Board on the \$16 million construction cost and to move forward with development. The project is currently under construction and is scheduled for completion in latter part of fiscal year 2022.
- The Tent Site is a prominent area of the CRA located at 801 S. Dixie Highway. It has long been desired for redevelopment as a key parcel in the heart of Downtown. The CRA previously leased this property to a third party who will construct a Class A office tower to be located on the Tent Site. Construction is anticipated to begin in mid-2022. The property was appraised at \$25.7 million and the CRA will receive annual lease payments on this property.
- As part of the CRA's goals to provide affordable housing, The "Grand" project is envisioned to be a mixed-use, mixed income work force housing development offering 287 units and 5,000 sq. ft. of street level retail space. The CRA provided a total of \$15.0 million of incentives to bring this important project to the Historic Northwest. Construction began in the summer of 2021.

Northwood/Pleasant City Community Redevelopment Area:

The NPCCRA continues to prioritize home ownership within the Pleasant City Neighborhood. Previously, the CRA conveyed five vacant properties to Habitat for Humanity who have successfully completed construction of homes in fiscal year 2021. The completed homes were sold to buyers that best qualified for stable home ownership under the affordable housing program. These sale of these properties assist the CRA in increasing home ownership within Pleasant City, with 23% of the residents in Pleasant City now being homeowners.

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 2022.

In addition to the investment in home ownership within the NPCCRA, the CRA has partnered with the City to fund the improvement of certain parks throughout the CRA designated areas, including Currie Park. The City has committed \$8.0 million towards the Currie Park improvement. Additionally, the CRA was instrumental in the application process that resulted in the City being awarded an additional \$16.7 million dollars to be used for the Currie Park improvement and construction of resilient seawalls, improve storm water quality, and develop living shorelines, pedestrian hardscaping, and native landscaping. The project is scheduled to begin in latter part of fiscal year 2022.

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

- Clematis streetscape improvements, blocks 400-600, \$8.3 million.
- Styx Alley improvement project, \$4.0 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.



Tri-Rail WPB / Photo by Olga Hernandez

BASIC FINANCIAL STATEMENTS

WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of West Palm Beach)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	<u>Governmental Activities</u>
ASSETS:	
Cash and cash equivalents	\$ 16,794,316
Investments	17,690,595
Receivables, net:	
Accounts	28,966
Interest	101,248
Notes	246,822
Due from other governments	351,554
Prepaid items	6,269
Restricted assets:	
Cash and cash equivalents	34,395,076
Investments	12,961,423
Interest on restricted cash and investments	17,254
Capital assets not being depreciated:	
Nondepreciable	69,758,950
Depreciable, net of accumulated depreciation	<u>84,863,557</u>
Total assets	<u><u>\$ 237,216,030</u></u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred loss on refunding	<u><u>\$ 1,341,056</u></u>
LIABILITIES:	
Accounts payable and accrued liabilities	\$ 6,607,957
Due to other governments	21,684
Deposits payable	69,266
Due within one year:	
Notes payable	250,000
Bonds payable	6,600,000
Due in more than one year:	
Notes payable	250,000
Bonds payable	<u>149,311,093</u>
Total liabilities	<u><u>\$ 163,110,000</u></u>
NET POSITION:	
Net investment in capital assets	\$ 36,975,588
Restricted for:	
Debt service	7,027,152
Community development	<u>31,444,346</u>
Total net position	<u><u>\$ 75,447,086</u></u>

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

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, 2021

FUNCTIONS/PROGRAMS:	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Economic environment	\$ 40,160,993	\$ 1,419,610	\$ -	\$ 50,000	\$ (38,691,383)
Interest on long-term debt	4,335,492	-	-	-	(4,335,492)
Total governmental activities	\$ 44,496,485	\$ 1,419,610	\$ -	\$ 50,000	\$ (43,026,875)
General revenue:					
Ad valorem taxes				\$ 43,696,554	
Interest income				270,592	
Miscellaneous				\$ 53,166	
Total general revenues				44,020,312	
Change in net position					993,437
Net position at beginning of year					74,453,649
Net position at end of year					\$ 75,447,086

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

WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of West Palm Beach)
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	City Center Community Redevelopment Agency Fund	Northwood / Pleasant City Community Redevelopment Agency Fund	Series 2019 CCCRA Debt Service Fund	Series 2019 CCCRA Capital Bond Fund	Non-Major NPCCRA Series 2005A Acquisition & Construction Fund	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	\$ 14,228,178	\$ 2,566,138	\$ 1,156,344	\$ 32,248,694	\$ 990,038	\$ 51,189,392
Investments	14,987,508	2,703,087	6,233,150	6,722,259	6,014	30,652,018
Receivables, net:	-	-	-	-	-	-
Accounts	28,266	700	-	-	-	28,966
Interest	87,315	13,933	5,866	11,355	33	118,502
Notes	246,822	-	-	-	-	246,822
Due from other governments	351,554	-	-	-	-	351,554
Prepaid items	6,269	-	-	-	-	6,269
Total assets	29,935,912	5,283,858	7,395,360	38,982,308	996,085	82,593,523
LIABILITIES:						
Accounts payable and accrued liabilities	3,046,677	149,185	368,208	2,848,661	195,226	6,607,957
Deposits payable	43,416	25,850	-	-	-	69,266
Due to other governments	21,684	-	-	-	-	21,684
Total liabilities	3,111,777	175,035	368,208	2,848,661	195,226	6,698,907
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	26,821	700	-	-	-	27,521
FUND BALANCES:						
Nonspendable	6,269	-	-	-	-	6,269
Restricted for:						
Community development	26,791,045	5,108,123	-	36,133,647	800,859	68,032,815
Debt service	-	-	7,027,152	-	-	7,027,152
Total fund balances	26,797,314	5,108,123	7,027,152	36,133,647	800,859	75,867,095
Total liabilities, deferred inflows of resources and fund balances	\$ 29,935,912	\$ 5,283,858	\$ 7,395,360	\$ 38,982,308	\$ 996,085	\$ 82,593,523

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

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, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 75,867,095
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		154,622,507
Intergovernmental revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds.		27,521
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		1,341,056
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Notes payable	(500,000)	
Bonds payable	(155,911,093)	(156,411,093)
Net position of governmental activities		<u>\$ 75,447,086</u>

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

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, 2021

	City Center Community Redevelopment Agency Fund	Northwood / Pleasant City Community Redevelopment Agency Fund	Series 2019 CCCRA Debt Service Fund	Series 2019 CCCRA Capital Bond Fund	Non-Major NPCCRA Series 2005A Acquisition & Construction Fund	Total
REVENUES:						
Taxes	\$ 23,745,658	\$ 2,828,466	\$ -	\$ -	\$ -	\$ 26,574,124
Intergovernmental	15,522,805	1,649,625	-	-	-	17,172,430
Charges for services	1,329,354	19,450	-	-	-	1,348,804
Rents and royalties	302,516	-	-	-	-	302,516
Interest income	169,589	24,365	6,490	70,148	-	270,592
Miscellaneous	53,168	-	-	-	-	53,168
Total revenues	41,123,090	4,521,906	6,490	70,148	-	45,721,634
EXPENDITURES:						
Current:						
Economic environment	30,244,858	2,343,858	-	1,618,410	594	34,207,720
Capital outlay	5,353,678	-	-	13,019,915	195,226	18,568,819
Debt service:						
Principal	3,792,528	1,230,865	1,740,000	-	-	6,763,393
Interest expense	1,687,426	686,504	4,455,681	-	-	6,829,611
Total expenditures	41,078,490	4,261,227	6,195,681	14,638,325	195,820	66,369,543
Excess (deficiency) of revenues over (under) expenditures	44,600	260,679	(6,189,191)	(14,568,177)	(195,820)	(20,647,909)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	6,203,500	-	-	6,203,500
Transfers out	(6,203,500)	-	-	-	-	(6,203,500)
Total other financing sources (uses)	(6,203,500)	-	6,203,500	-	-	-
Net change in fund balances	(6,158,900)	260,679	14,309	(14,568,177)	(195,820)	(20,647,909)
Fund balances - beginning	32,956,214	4,847,444	7,012,843	50,701,824	996,679	96,515,004
Fund balances - ending	\$ 26,797,314	\$ 5,108,123	\$ 7,027,152	\$ 36,133,647	\$ 800,859	\$ 75,867,095

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

**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, 2021**

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ (20,647,909)
Amounts reported for governmental activities in the statement of activities are different because		
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		
Capital outlay	18,568,819	
City equipment contributed to CRA	980,937	
Depreciation of City equipment contributed to CRA	(980,937)	
Depreciation expense	<u>(5,953,270)</u>	12,615,549
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds:		
Charges for services		(231,710)
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:		
Principal repayment on bonds payable	6,282,528	
Principal repayment on notes payable	480,865	
Amortization of bond premiums	2,052,615	
Change in deferred loss on refunding	<u>441,499</u>	<u>9,257,507</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 993,437</u>

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



WEST PALM BEACH

Finance Department

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NOTES TO THE FINANCIAL STATEMENTS

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 the current year. 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:

When both restricted and unrestricted resources are available for use for a given purpose, it is the CRA's policy to use restricted resources first, and then unrestricted resources as they are needed. When unrestricted resources are available for use for a given purpose, it is the CRA's policy to use committed resources first, then assigned, and then unassigned, as they are needed.

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.

Committed fund balance: Amounts which can only be appropriated, modified, or rescinded for specific purposes pursuant to constraints imposed by the City Commission through an ordinance.

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.

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

A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Revenues (Continued)

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.

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, 2021, total cash and investments for the CRA totaled \$81,841,410.

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, 2021 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, 2021, 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.

B. DEPOSITS AND INVESTMENTS (CONTINUED)

Authorized Investments and Credit Risk (Continued)

- 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.
- 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.

WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY
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B. DEPOSITS AND INVESTMENTS (CONTINUED)

Authorized Investments and Credit Risk (Continued)

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.

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, 2021, 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, 2021, the CRA had the following cash, cash equivalents and investment types and effective duration presented in terms of years:

Credit and Interest Rate Risk				As of September 30, 2021 (in thousands)		
Investment Vehicle	Rating	% of Portfolio	Duration Years	Total Portfolio	Cash Equivalents	Investments
Cash Deposits	NR	14.1%	0.00	\$ 11,541	\$ 11,541	\$ -
Money Market Funds	AAAm	28.3%	0.08	23,186	23,186	-
Florida Prime	AAAm	15.1%	0.13	12,348	12,348	-
Florida Coop. Liquid Assets Securities System	AAAm	1.1%	0.13	863	863	-
Florida Local Government Investment Trust	NR	1.8%	0.13	1,500	-	1,500
Certificates of Deposits	NR	9.5%	1.36	7,780	1,751	6,029
Sovereign Government	NR	0.3%	0.58	227	-	227
United States Treasury Notes	NR	20.7%	2.19	16,962	-	16,962
Federal Instrumentalities	NR	5.1%	2.24	4,146	-	4,146
Municipal Bonds	AA+	2.6%	2.03	2,133	-	2,133
Corporate Notes	AA-	1.4%	1.89	1,155	-	1,155
		<u>100.0%</u>		<u>\$ 81,841</u>	<u>\$ 49,689</u>	<u>\$ 32,152</u>

Amounts from Statement of Net Position:

Unrestricted cash and cash equivalents	\$ 16,794
Unrestricted investments	17,691
Restricted cash and cash equivalents	34,395
Restricted investments	12,961
Total cash and investments on Statement of Net Position	<u>\$ 81,841</u>

B. DEPOSITS AND INVESTMENTS (CONTINUED)

The Custodial Credit Risk

Cash, Cash Equivalents and 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 cash deposits are commingled with the City's cash deposits and are held by banks that qualify as public depositories under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes. As such, the cash deposits are fully insured by the Public Deposits Trust Fund. The CRA's cash equivalents and 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, 2021, 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, 2021 investments in the following Federal Instrumentalities exceed 5% of the portfolio:

Investment Vehicle	% of Portfolio	Amount (in thousands)
United States Treasury Notes	20.7%	\$ 16,962

As of September 30, 2021, the CRA had the following issuer concentrations in the investment portfolio based on fair value:

Issuer	% of Portfolio	Amount (in thousands)
Money Market Funds	28.3%	\$ 23,186
United States Treasury Notes	20.7%	16,962
Florida Prime	15.1%	12,348
Other	35.9%	29,345
Total	100.0%	\$ 81,841

WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY
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B. DEPOSITS AND INVESTMENTS (CONTINUED)

As of September 30, 2021, 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.

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, 2021, the CRA had the following investment types portfolio based on fair value:

Investment	Fair Value (in thousands)			
	Prices in Active Markets For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
	Level 1	Level 2	Level 3	
Municipal Bonds	\$ -	\$ 2,133	\$ -	\$ 2,133
Federal Instrumentalities	-	4,146	-	4,146
United States Treasury Notes	-	16,962	-	16,962
Corporate Notes	-	1,155	-	1,155
Sovereign Government	-	227	-	227
Florida Coop. Liquid Assets Securities System	863	-	-	863
Money Market Funds	23,186	-	-	23,186
Florida Local Government Investment Trust	1,500	-	-	1,500
Total Investments by Fair Value Level	\$ 25,549	\$ 24,623	\$ -	50,172
Florida Prime (exempt)				12,348
Certificates of Deposits (exempt)				7,780
Cash Deposits (exempt)				11,541
Total				\$ 81,841

C. RECEIVABLES AND UNEARNED REVENUE

Receivables

Receivables at the end of the year for the CRA governmental activities are as follows:

	City Center Community Redevelopment Agency Fund	Northwood / Pleasant City Community Redevelopment Agency Fund	Series 2019 CCCRA Capital Bond Fund	Series 2019 CCCRA Debt Service Fund	NPCCRA Series 2005A Acquisition & Construction Fund	Total
Receivables:						
Accounts (gross)	\$ 28,266	\$ 700	\$ -	\$ -	\$ -	\$ 28,966
Interest	87,315	13,933	11,355	5,866	33	118,502
Notes (gross)	246,822	-	-	-	-	246,822
Total receivables	\$ 362,403	\$ 14,633	\$ 11,355	\$ 5,866	\$ 33	\$ 394,290

WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY
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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, 2021 are as follows:

	City Center Community Redevelopment Agency Fund	Northwood / Pleasant City Community Redevelopment Agency Fund	Total
Revenues earned but not available:			
Other receivables	\$ 26,821	\$ 700	\$ 27,521
Total unavailable revenue	<u>\$ 26,821</u>	<u>\$ 700</u>	<u>\$ 27,521</u>

D. RESTRICTED CASH AND INVESTMENTS

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

Purpose	GOVERNMENTAL ACTIVITIES			Totals
	Series 2019 CCCRA Debt Service Fund	Series 2019 CCCRA Capital Bond Fund	NPCCRA Series 2005A Acquisition & Construction Fund	
Debt service	\$ 7,389,494			\$ 7,389,494
Revenue bond and capital improvement unspent proceeds	-	38,970,953	996,052	39,967,005
Total restricted assets	<u>\$ 7,389,494</u>	<u>\$ 38,970,953</u>	<u>\$ 996,052</u>	<u>\$ 47,356,499</u>

WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY
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E. CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 43,138,003	\$ 171,873	\$ -	\$ -	\$ 43,309,876
Construction in progress	21,242,189	18,168,980	-	(12,962,095)	26,449,074
Total capital assets not being depreciated	<u>64,380,192</u>	<u>18,340,853</u>	<u>-</u>	<u>(12,962,095)</u>	<u>69,758,950</u>
Capital assets being depreciated:					
Buildings	80,751,670	-	-	-	80,751,670
Improvements other than buildings	51,364,862	227,966	-	12,324,077	63,916,905
Machinery, furniture, and equipment	388,338	980,937	-	638,018	2,007,293
Total capital assets being depreciated	<u>132,504,870</u>	<u>1,208,903</u>	<u>-</u>	<u>12,962,095</u>	<u>146,675,868</u>
Total capital assets not being depreciated	<u>196,885,062</u>	<u>19,549,756</u>	<u>-</u>	<u>-</u>	<u>216,434,818</u>
Less accumulated depreciation and amortization:					
Buildings	21,647,567	2,022,926	-	-	23,670,493
Improvements other than buildings	33,067,767	3,782,260	-	-	36,850,027
Machinery, furniture, and equipment	162,770	1,129,021	-	-	1,291,791
Total accumulated depreciation and amortization	<u>54,878,104</u>	<u>6,934,207</u>	<u>-</u>	<u>-</u>	<u>61,812,311</u>
Total capital assets being depreciated, net	<u>77,626,766</u>	<u>(5,725,304)</u>	<u>-</u>	<u>12,962,095</u>	<u>84,863,557</u>
Governmental Activities					
Capital Assets, Net	<u>\$142,006,958</u>	<u>\$ 12,615,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,622,507</u>

F. LONG-TERM OBLIGATIONS

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

	Beginning Balances	Additions	Reductions	Ending Balances	Total Current Liabilities	Total Noncurrent Liabilities
Governmental Activities:						
CC CRA bonds (other):						
Revenue bonds	\$ 126,447,528	\$ -	\$ (5,282,528)	\$ 121,165,000	\$ 5,595,000	\$ 115,570,000
Unamortized premiums	19,469,908	-	(2,056,806)	17,413,102	-	17,413,102
CC CRA bonds payable, net	<u>145,917,436</u>	<u>-</u>	<u>(7,339,334)</u>	<u>138,578,102</u>	<u>5,595,000</u>	<u>132,983,102</u>
NPC CRA bonds (other):						
Revenue bonds	18,725,000	-	(1,000,000)	17,725,000	1,005,000	16,720,000
Unamortized discount	(396,200)	-	4,191	(392,009)	-	(392,009)
NPC CRA bonds payable, net	<u>18,328,800</u>	<u>-</u>	<u>(995,809)</u>	<u>17,332,991</u>	<u>1,005,000</u>	<u>16,327,991</u>
Total bonds	<u>164,246,236</u>	<u>-</u>	<u>(8,335,143)</u>	<u>155,911,093</u>	<u>6,600,000</u>	<u>149,311,093</u>
Notes payable (direct)	980,865	-	(480,865)	500,000	250,000	250,000
Total Governmental Activities	<u>\$ 165,227,101</u>	<u>\$ -</u>	<u>\$ (8,816,008)</u>	<u>\$ 156,411,093</u>	<u>\$ 6,850,000</u>	<u>\$ 149,561,093</u>

F. LONG-TERM OBLIGATIONS (CONTINUED)

Bonds outstanding at September 30, 2021 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:

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, 2021 the principal balance was \$5,000.

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, 2021 the principal balance was \$17,725,000.

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, 2021 the principal balance was \$32,790,000.

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 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, 2021 the principal balance was \$88,370,000.

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F. LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements to pay Governmental Activities principal and interest on the bonds outstanding at September 30, 2021 are as follows:

Fiscal Years Ending September 30	GOVERNMENTAL ACTIVITIES					
	CCCRA Bonds			NPCCRA Bonds		
	Principal	Interest	Total Required	Principal	Interest	Total Required
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	6,835,000	4,608,248	11,443,248	1,130,000	524,731	1,654,731
2027 - 2031	39,540,000	17,674,138	57,214,138	6,335,000	1,912,791	8,247,791
2032 - 2036	50,630,000	6,581,988	57,211,988	6,080,000	514,594	6,594,594
Total	\$ 121,165,000	\$ 50,472,366	\$ 171,637,366	\$ 17,725,000	\$ 5,373,286	\$ 23,098,286
Current Portion	(5,595,000)			(1,005,000)		
Premium (Discount)	17,413,102			(392,009)		
Long-term Portion	\$ 132,983,102			\$ 16,327,991		

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 CCCRA and NPCCRA in fiscal year 2021 was \$23,745,658 and \$2,828,466 respectively.

Notes Payable:

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, 2021, the principal balance of the note was \$500,000.

The annual requirements to pay governmental activities principal and interest on the promissory note outstanding at September 30, 2021 was as follows:

Fiscal Years	Principal	Interest	Total Required
2022	\$ 250,000	\$ -	\$ 250,000
2023	250,000	-	250,000
Total	\$ 500,000	\$ -	\$ 500,000
Current Portion	(250,000)		
Long-term Portion	\$ 250,000		

WEST PALM BEACH COMMUNITY REDEVELOPMENT AGENCY
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F. LONG-TERM OBLIGATIONS (CONTINUED)

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

	Purpose of Issue	Amount Issued	Principal Amount Outstanding	Stated Interest Rate	Maximum Annual Debt Service
GOVERNMENTAL ACTIVITIES:					
Bonds:					
CCCRA Revenue Bonds					
Series 2006A, CCCRA	Redevelopment	\$ 77,175,000	\$ 5,000	4.45%	\$ 5,111
Series 2015, CCCRA	Refunding	44,060,000	32,790,000	3.25 - 5.25%	4,119,150
Series 2019, CCCRA	Refunding	91,285,000	88,370,000	5.00%	11,443,500
Total CCCRA Bonds		212,520,000	121,165,000		15,567,761
NPCCRRA Revenue Bonds					
Series 2015, NPCCRRA	Refunding	18,870,000	17,725,000	2.25 - 4.13%	1,654,731
Total Bonds		231,390,000	138,890,000		17,222,492
Notes Payable:					
CCCRA:					
2016 Promissory Note	Convention Center	5,000,000	500,000	0.00%	250,000
Total Bonds and Notes for Governmental Activities		\$ 236,390,000	\$ 139,390,000		\$ 17,472,492

The CRA had the following pledged debt as of September 30, 2021 in its governmental activities:

Description of Issue	Purpose	Pledged Revenue	Revenue Received in FY 2021	Principal and Interest Paid in FY 2021	Debt Service as a Percentage of Revenues Pledged	Outstanding Principal and Interest	Pledged Through
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	\$23,745,658	\$11,675,635	49.2%	\$ 171,637,366	Fiscal years 2021 through 2036
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	\$ 2,828,466	\$ 1,917,369	67.8%	\$ 23,098,286	Fiscal years 2021 and 2035, respectively

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G. INTERFUND TRANSFERS

The following is a summary of interfund transfer activity:

Transfer-Out Fund:	Transfer-In
	Series 2019 CCCRA
	Debt Service Fund
City Center Community	
Redevelopment Agency Fund	\$ 6,203,500
Total Transfers	\$ 6,203,500

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.

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

At September 30, 2021, the City Center Community Redevelopment Agency Fund had a budgetary violation in interest expense due to an error in the amortization schedule of the 2010A Bonds. The error was fixed for future years. In addition, the Northwood/Pleasant City Community Redevelopment Agency Fund had a budgetary violation in principal expense related to the early payoff of the 2017 Brownfields Note, which was not budgeted.

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

Construction and Equipment Contracts

At year end, the City had the following significant commitments related to uncompleted contracts for construction and equipment:

Governmental activities:

Major Funds	\$ 1,697,740
Other Governmental Funds	<u>25,454,100</u>
	<u>\$ 27,151,840</u>

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, 2021, 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.



Rosemary Square/ Photo by Rosemary Square

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)



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, 2021

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 23,474,326	\$ 23,474,326	\$ 23,745,658	\$ 271,332
Intergovernmental	15,822,841	15,822,841	15,522,805	(300,036)
Charges for services	80,621	446,809	1,329,354	882,545
Rents and royalties	530,997	530,997	302,516	(228,481)
Interest income	225,000	225,000	169,589	(55,411)
Miscellaneous	-	-	53,168	53,168
Total revenues	40,133,785	40,499,973	41,123,090	623,117
EXPENDITURES:				
Current:				
Economic environment	43,939,510	42,740,015	30,244,858	12,495,157
Capital outlay	14,283,859	15,483,354	5,353,678	10,129,676
Debt service:				
Principal	3,292,528	3,292,528	3,792,528	-
Interest expense	1,676,223	1,676,223	1,687,426	(11,203)
Total expenditures	63,192,120	63,192,120	41,078,490	22,613,630
Excess (deficiency) of revenues over (under) expenditures	(23,058,335)	(22,692,147)	44,600	22,736,747
OTHER FINANCING SOURCES (USES):				
Transfers out	(6,203,500)	(6,203,500)	(6,203,500)	-
Total other financing sources (uses)	(6,203,500)	(6,203,500)	(6,203,500)	-
Net changes in fund balances	\$ (29,261,835)	\$ (28,895,647)	(6,158,900)	\$ 22,736,747
Fund balances - beginning			32,956,214	
Fund balances - ending			\$ 26,797,314	

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, 2021

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 2,796,146	\$ 2,796,146	\$ 2,828,466	\$ 32,320
Intergovernmental	1,600,988	1,600,988	1,649,625	48,637
Charges for services	26,000	26,000	19,450	(6,550)
Interest income	30,000	30,000	24,365	(5,635)
Total revenues	<u>4,453,134</u>	<u>4,453,134</u>	<u>4,521,906</u>	<u>68,772</u>
EXPENDITURES:				
Current:				
Economic environment	5,890,924	5,890,924	2,343,858	3,547,066
Debt service:				
Principal	1,034,096	1,200,878	1,230,865	(29,987)
Interest expense	687,560	687,560	686,504	1,056
Total expenditures	<u>7,612,580</u>	<u>7,779,362</u>	<u>4,261,227</u>	<u>3,518,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,159,446)</u>	<u>(3,326,228)</u>	<u>260,679</u>	<u>3,586,907</u>
Net change in fund balances	<u>\$ (3,159,446)</u>	<u>\$ (3,326,228)</u>	<u>260,679</u>	<u>\$ 3,586,907</u>
Fund balances - beginning			<u>4,847,444</u>	
Fund balances - ending			<u>\$ 5,108,123</u>	



WEST PALM BEACH

Finance Department

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Okeechobe Blvd / Photo By CFay

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, 2021

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest income	\$ -	\$ -	\$ 6,490	\$ 6,490
Total revenues	<u>-</u>	<u>-</u>	<u>6,490</u>	<u>6,490</u>
EXPENDITURES:				
Debt service:				
Principal	1,740,000	1,740,000	1,740,000	-
Interest expense	4,463,500	4,463,500	4,455,681	7,819
Total expenditures	<u>6,203,500</u>	<u>6,203,500</u>	<u>6,195,681</u>	<u>7,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,203,500)</u>	<u>(6,203,500)</u>	<u>(6,189,191)</u>	<u>14,309</u>
OTHER FINANCING SOURCES:				
Transfers in	6,203,500	6,203,500	6,203,500	-
Total other financing sources	<u>6,203,500</u>	<u>6,203,500</u>	<u>6,203,500</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>14,309</u>	<u>\$ 14,309</u>
Fund balances - beginning			<u>7,012,843</u>	
Fund balances - ending			<u>\$ 7,027,152</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 ACQUISITION & CONSTRUCTION FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Economic environment	7,670	7,670	594	7,076
Capital outlay	950,000	950,000	195,226	754,774
Total expenditures	957,670	957,670	195,820	761,850
Excess (deficiency) of revenues over (under) expenditures	(957,670)	(957,670)	(195,820)	761,850
Net change in fund balances	\$ (957,670)	\$ (957,670)	(195,820)	\$ 761,850
Fund balances - beginning			996,679	
Fund balances - ending			\$ 800,859	

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, 2021

	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest income	\$ -	\$ -	\$ 70,148	\$ 70,148
Total revenues	<u>-</u>	<u>-</u>	<u>70,148</u>	<u>70,148</u>
EXPENDITURES:				
Current:				
Economic environment	2,732,755	2,732,755	1,618,410	1,114,345
Capital outlay	<u>47,933,772</u>	<u>47,933,772</u>	<u>13,019,915</u>	<u>34,913,857</u>
Total expenditures	<u>50,666,527</u>	<u>50,666,527</u>	<u>14,638,325</u>	<u>36,028,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,666,527)</u>	<u>(50,666,527)</u>	<u>(14,568,177)</u>	<u>36,098,350</u>
Net change in fund balances	<u>\$ (50,666,527)</u>	<u>\$ (50,666,527)</u>	<u>(14,568,177)</u>	<u>\$ 36,098,350</u>
Fund balances - beginning			<u>50,701,824</u>	
Fund balances - ending			<u>\$ 36,133,647</u>	



Water Front / Photo by CFay

COMPLIANCE REPORT AND MANAGEMENT LETTER





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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

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, 2021 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 30, 2022.

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 30, 2022



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June 30, 2022

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 audited the financial statements of West Palm Beach Community Redevelopment Agency (the "CRA") as of and for the year ended September 30, 2021 and have issued our report thereon dated June 30, 2022. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the honorable mayor and members of the board of commissioners.

Section II includes comments and recommendations pursuant to Section 218.39(4), Florida Statutes, and Rule 10.557(3)(g), Rules of the Auditor General.

We would like to take this opportunity to thank the CRA's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

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

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Joe Kowalski
Partner

William Brickey
Colleague Partner



Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 15, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the CRA. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the CRA's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the CRA, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated June 30, 2022 regarding our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the CRA are described in Note A to the financial statements.

We noted no transactions entered into by the CRA during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

The disclosures in the financial statements are neutral, consistent, and clear.

**Section I - Required Communications with Those Charged with Governance
(Continued)**

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Management has corrected all such misstatements.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the CRA, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the CRA's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the CRA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Section II - Management Letter in Accordance with the Rules of the Auditor General of the State of 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, a component unit of the City of West Palm Beach, Florida, as of and for the fiscal year ended September 30, 2021 and have issued our report thereon dated June 30, 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.

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. This management letter should be considered in conjunction with the disclosures in those reports and schedule, which are dated June 30, 2022.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. No findings or 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, the results of our tests did not indicate that the CRA has met any of the conditions in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the CRA based on the audited financial statements as of and for the year ended September 30, 2021. 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.

**Section II - Management Letter in Accordance with the Rules of the Auditor General of the
State of Florida
(Continued)**

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, management of the CRA should provide the following specific information for which we provide no assurance:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year is one.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year is eight.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency is \$127,018.54.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency is \$1,147,776.90.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project, is included in Appendix A.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, is included in the financial statements.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the CRA reported:

- a. The mileage rate or rates imposed by the district as 8.3465 mills.
- b. The total number of ad valorem taxes collected by or on behalf of the district as \$43,746,554.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds as included in Appendix B.

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.

Appendix A - Construction Projects with a Cost Over \$65,000

Project Name	Project Expenditures for Fiscal Year End 9/30/2021
822 N. Tamarind	\$60,890
1031 N. Tamarind	\$76,435
Styx Shotgun Houses	\$1,050,220
Tamarind Streetscape - Banyan to Palm Beach Lakes	\$1,191,341
Mickens Moore Property	\$0

Appendix B - Terms and Amount of Outstanding Bonds

Name	Maturity Date	Outstanding Amount
City Center Community Redevelopment Area (CCCRA) Tax Increment Revenue Bonds, Series 2006A	March 1, 2036	\$5,000
NPCCRA Tax Increment Revenue Refunding Bonds, Series 2015	March 1, 2035	\$17,725,000
CCCRA Tax Increment Revenue Refunding Bonds, Series 2015	March 1, 2031	\$32,790,000
CCCRA Tax Increment Revenue Bonds, Series 2019	March 1, 2036	\$88,370,000



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**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, 2021. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2021.

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, the 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 30, 2022





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Finance Department

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