

**BOYNTON BEACH**  
**COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Basic Financial Statements

September 30, 2010

(With Independent Auditor's Report Thereon)

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

For the Year Ended September 30, 2010

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## **FINANCIAL SECTION**

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**Independent Auditor's Report**

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**Independent Auditor's Report**

To the Board of Directors  
Boynton Beach Community  
Redevelopment Agency:

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Boynton Beach Community Redevelopment Agency (the Agency), a component unit of the City of Boynton Beach, Florida (the City), as of and for the year ended September 30, 2010, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of September 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have issued our report dated November 18, 2010 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis on pages 3 through 7 and the budgetary comparison information on pages 23 and 24 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Sanson, Kline, Taccone & Company LLP*

November 18, 2010

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## **Management's Discussion and Analysis**

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**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Management's Discussion and Analysis

September 30, 2010

The Management's Discussion and Analysis (MD&A) of the Boynton Beach Community Redevelopment Agency (the "Agency") is designed to provide an objective and easy to read analysis of the financial activities based on currently known facts, decisions, and conditions. The MD&A provides a broad overview, short-term and long-term analysis of the Agency's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the Agency's financial activity and identify changes in the Agency's financial position and its ability to address the next year's challenges. Finally, the MD&A will identify any material deviations from the approved budget.

The Agency is an independent agency and a component unit of the City of Boynton Beach, Florida ("City"). The Agency has presented its financial statements in accordance with the reporting model required by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

The information contained in this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and required supplementary information provided.

**FINANCIAL HIGHLIGHTS**

- The Agency's tax increment fund revenues decreased by 22% (approximately \$1.5 million) to \$6,760,869 during the fiscal year. This resulted from the continued decreased in assessed property values in the redevelopment district reflective of the depressed housing market.
- The Agency began the fiscal year with a net assets balance of \$8,503,752. The Agency's total revenues for the year ended September 30, 2010, were approximately \$8 million, while total expenses were approximately \$8.4 million, decreasing net assets by \$356,259.
- Redevelopment funds and fund balance were strategically utilized during the past fiscal year to begin revitalization projects in the Agency's downtown corridor. These projects include the construction of an amphitheater to showcase talent and events; the relocation of the Ruth Jones Historic Cottage to Ocean Avenue; renovation funding for the Oscar Magnuson Historic House; Boynton Harbor Marina and Ocean Ave. entryway signage; and renovation of the vacant Holiday Day House on Federal Highway for future Agency office space.
- In addition, the slip renovation project at the Boynton Harbor Marina was completed and the success of new Small Business Programs initiated in January 2010 warranted renewing the programs in the new fiscal year 2010-2011.
- The Agency was awarded funding by the City as a sub-recipient of Neighborhood Stabilization Program (NSP) Grants. This Federal program was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. NSP funds will be used for site development and infrastructure improvement on the property known as Ocean Breeze West. The project's key goal is to create affordable housing and improve neighborhoods within the Boynton Beach Community Redevelopment District.

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Management's Discussion and Analysis

September 30, 2010

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. In addition, the government-wide statements are prepared using the accrual basis of accounting. The *Statement of Net Assets* (balance sheet) presents information on the Agency's assets and liabilities, with the difference between the two reported as net assets.

The *Statement of Activities* (income statement) presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in revenues are reported as soon as underlying events giving rise to the change occur regardless of the timing of related cash flows. The expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements present functions of the Agency that are principally supported by tax increment financing (governmental activities). The governmental activities of the Agency include general government activities, public safety and redevelopment projects. Thus, the Agency has no business-type activities.

The government-wide financial statements are found beginning on page 8 of this report.

**Fund Financial Statements**

The governmental fund financial statements provide readers with an overview of each fund and its related function in a traditional format. A fund is a grouping of related accounts that maintain control over resources that are segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The Agency utilizes three funds for the fiscal year ending September 30, 2010, the *General Fund*, which is a governmental fund, the *Debt Service Fund*, used for servicing all debt payments and the *Projects Fund*, from which all capital outlays financed from Bond proceeds or other sources of financing are spent.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than government-wide financial statements, and it is therefore useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By comparing and contrasting, readers may better understand the long-term impact of the Agency's near term financing decisions. The "Balance Sheet – Governmental Funds" and "Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Funds" are reconciled as shown on the "Reconciliation of the Balance Sheet – Governmental Fund to the Statement of Net Assets" and the "Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance – Governmental Funds to the Statement of Activities" to facilitate the comparison between the *governmental funds* and *governmental activities*.

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Management's Discussion and Analysis

September 30, 2010

The Agency adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule provided for the General Fund demonstrates compliance with this budget.

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

**Notes to the Basic Financial Statements**

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

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Agency's budget to actual results for the General Fund for the current year. The required supplementary information can be found on page 23 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$8,147,493 at the close of the most recent fiscal year.

However, the largest portion of the Agency's total assets, 71%, is reflected in its capital assets.

**Summary of Net Assets**

	<b>September 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Current and other assets	\$ 9,060,139	\$ 11,073,782
Investments	1,707,250	1,707,809
Capital assets	26,223,527	25,755,124
<b>Total assets</b>	<u>36,990,916</u>	<u>38,536,715</u>
<b>Liabilities</b>		
Current liabilities	733,103	179,230
Long term liabilities	28,110,320	29,853,733
<b>Total liabilities</b>	<u>28,843,423</u>	<u>30,032,963</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	1,404,016	(414,149)
Restricted for:		
Capital projects	3,184,033	5,185,065
Debt service	3,143,827	3,066,688
Unrestricted	415,617	666,149
<b>Total net assets</b>	<u>\$ 8,147,493</u>	<u>\$ 8,503,752</u>

The Agency has restricted assets for various capital projects and the bond reserve fund requirement.

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Management's Discussion and Analysis

September 30, 2010

**Governmental Activities**

Governmental activities decreased the Agency's net assets by \$356,259. Key elements of this decrease are detailed as follows:

**Summary of Changes in Net Assets**

	<b>Year Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>Revenues</b>		
Program Revenues		
Charges for services	\$ 1,159,607	\$ 1,047,125
General Revenues		
Tax increment revenues	6,760,869	8,315,313
Other revenues	119,520	266,487
<b>Total revenues</b>	<u>8,039,996</u>	<u>9,628,925</u>
<b>Expenses</b>		
General government	2,958,152	3,031,921
Redevelopment projects	2,874,972	2,445,758
Interest on long-term debt	1,407,120	1,476,310
Loss on sale of capital assets	1,156,011	-
<b>Total expenses</b>	<u>8,396,255</u>	<u>6,953,989</u>
Decrease in net assets	(356,259)	2,674,936
Net assets beginning of year	8,503,752	5,828,816
<b>Net assets end of year</b>	<u>\$ 8,147,493</u>	<u>\$ 8,503,752</u>

Tax increment revenues decreased by approximately \$1.5 million during fiscal year 2010. This decrease is a result of the decline in assessed values of all property in the Agency's redevelopment area and the continued pressure of the depressed housing market.

Year-to-year expenses increased by approximately \$1.4 million due primarily to a land swap transaction between the Agency and the City. Parcels were exchanged to allow for the strategic positioning of land to facilitate and attract future development. The loss on sale of capital assets reflects the value of the parcels exchanged with the City.

**FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS**

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of fiscal year 2010, the Agency's governmental funds reported an ending fund balance of approximately \$9.7 million, of which \$3.2 million and \$3.1 million is reserved for capital projects and debt service, respectively.

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Management's Discussion and Analysis

September 30, 2010

**GENERAL BUDGETARY HIGHLIGHTS**

Due to the anticipated decrease in tax increment revenues the Agency reduced its fiscal year 2009-2010 operating budget by approximately 18% versus fiscal year 2008-2009. In fiscal year 2009-2010, actual total revenues were over budgetary estimates by approximately \$199,000; and actual total expenditures were under budgetary estimates by approximately \$168,661. Refer to page 23 for budgetary comparison schedule.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

During the year ended September 30, 2010, the Agency made strategic acquisitions of real property. Properties that have been acquired are targeted for development of low to moderate income residential projects. In addition, the Agency entered into a land swap agreement with the City for strategic positioning of land parcels to stimulate redevelopment opportunities with the Heart of Boynton community within the district.

**Long-Term Debt**

At the end of fiscal year 2010, the Agency has total bond debt and loans payable outstanding of \$27,486,833. Of this amount, \$15,510,000 and \$10,265,000 represents the 2004 and 2005 Series Tax Increment Revenue Bonds, respectively. In addition, there are two loans payable of totaling approximately \$1.7 million. The Agency's total debt decreased by approximately \$1.6 million during the current fiscal year.

**ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET**

The Agency's Board approved the 2010-2011 budget, which included a \$1.3 million decrease in tax increment revenues. Tax increment revenue projections were based upon actual values from the Palm Beach County tax appraiser's office. The tax increment revenue decrease is attributable to a 13% loss in property valuations within the Agency's district.

Despite the downturn in the real estate market, the Agency anticipates capturing tax increment revenues from several projects that are completed, in the development pipeline or are expected to be realized in the upcoming fiscal years.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Susan Harris, Finance Director at 915 S. Federal Highway, Boynton Beach Florida 33435.

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## **Basic Financial Statements**

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**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**

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

Statement of Net Assets

September 30, 2010

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,706,273
Investments	1,707,250
Accounts receivables	20,703
Prepays	16,534
Unamortized bond issuance costs	316,629
Capital assets, net of accumulated depreciation:	
Land	25,517,069
Furniture and equipment	21,105
Renovations	667,525
Leasehold improvements	17,828
Total assets	<u>36,990,916</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	728,295
Deposits payable	4,808
Long-term liabilities:	
Due within one year	1,362,698
Due in more than one year	26,747,622
Total liabilities	<u>28,843,423</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,404,016
Restricted for:	
Capital projects	3,184,033
Debt service	3,143,827
Unrestricted	415,617
Total net assets	<u>\$ 8,147,493</u>

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

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**

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

Statement of Activities

For the Year Ended September 30, 2010

<b>Functions/Programs</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>
	<b>Expenses</b>	<b>Charges For Services</b>	
Governmental Activities:			
General government	\$ 2,958,152	\$ 1,159,607	\$ (1,798,545)
Redevelopment projects	2,874,972	-	(2,874,972)
Interest on long-term debt	1,407,120	-	(1,407,120)
Total	<u>\$ 7,240,244</u>	<u>\$ 1,159,607</u>	<u>\$ (6,080,637)</u>
General Revenues:			
Tax increment revenue			\$ 6,760,869
Loss on sale of capital assets			(1,156,011)
Interest and other income			119,520
Total general revenues			<u>5,724,378</u>
Change in net assets			(356,259)
Net assets - beginning of year			<u>8,503,752</u>
Net assets - end of year			<u>\$ 8,147,493</u>

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

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Balance Sheet  
Governmental Funds

September 30, 2010

	<u>General Fund</u>	<u>Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,461,891	\$ 3,807,805	\$ 1,436,577	\$ 8,706,273
Investments	-	-	1,707,250	1,707,250
Accounts receivables	360	20,343	-	20,703
Prepays	16,534	-	-	16,534
Total assets	<u>\$ 3,478,785</u>	<u>\$ 3,828,148</u>	<u>\$ 3,143,827</u>	<u>\$ 10,450,760</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable and accrued expenses	84,180	644,115	-	728,295
Deposits payable	4,808	-	-	4,808
Total liabilities	<u>88,988</u>	<u>644,115</u>	<u>-</u>	<u>733,103</u>
Fund Balances:				
Reserved for:				
Prepays	16,534	-	-	16,534
Capital projects	-	2,490,082	-	2,490,082
Debt service	-	-	3,143,827	3,143,827
Encumbrances	166,471	693,951	-	860,422
Unreserved	3,206,792	-	-	3,206,792
Total fund balances	<u>3,389,797</u>	<u>3,184,033</u>	<u>3,143,827</u>	<u>9,717,657</u>
Total liabilities and fund balances	<u>\$ 3,478,785</u>	<u>\$ 3,828,148</u>	<u>\$ 3,143,827</u>	<u>\$ 10,450,760</u>

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

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**

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

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

For the Year Ended September 30, 2010

Fund balance - governmental funds	\$	9,717,657
Amounts reported for governmental activities in the statement of net asset are different because:		
Capital assets used in governmental activities are not reported in the governmental funds.		
Capital assets - net of accumulated depreciation		26,223,527
Unamortized bond issuance costs are not reported in the governmental funds.		
		316,629
Long-term liabilities are not reported in the governmental funds.		
Compensated absences		(93,257)
Bonds and notes payable		(28,017,063)
Net assets of governmental activities	\$	<u>8,147,493</u>

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

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**

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

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

For the Year Ended September 30, 2010

	<u>General Fund</u>	<u>Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Tax increment revenue	\$ 6,760,869	\$ -	\$ -	\$ 6,760,869
Charges for services	1,159,607	-	-	1,159,607
Interest and other income	23,904	30,510	27,090	81,504
Total revenues	<u>7,944,380</u>	<u>30,510</u>	<u>27,090</u>	<u>8,001,980</u>
<b>EXPENDITURES</b>				
General government	2,944,762	-	-	2,944,762
Redevelopment projects	-	3,032,022	-	3,032,022
Debt service:				
Principal	-	-	1,662,699	1,662,699
Interest and other charges	-	-	1,406,778	1,406,778
Capital Outlay	-	1,501,564	-	1,501,564
Total expenditures	<u>2,944,762</u>	<u>4,533,586</u>	<u>3,069,477</u>	<u>10,547,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,999,618</u>	<u>(4,503,076)</u>	<u>(3,042,387)</u>	<u>(2,545,845)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	2,502,045	3,119,526	5,621,571
Transfers out	(5,621,571)	-	-	(5,621,571)
Total other financing sources (uses)	<u>(5,621,571)</u>	<u>2,502,045</u>	<u>3,119,526</u>	<u>-</u>
Net change in fund balances	<u>(621,953)</u>	<u>(2,001,031)</u>	<u>77,139</u>	<u>(2,545,845)</u>
Fund balances - beginning of year	<u>4,011,750</u>	<u>5,185,064</u>	<u>3,066,688</u>	<u>12,263,502</u>
Fund balances - end of year	<u>\$ 3,389,797</u>	<u>\$ 3,184,033</u>	<u>\$ 3,143,827</u>	<u>\$ 9,717,657</u>

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

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Reconciliation of the Statements of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2010

Net changes in fund balances - total governmental funds	\$	(2,545,845)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlay expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital assets		507,766
Less current year depreciation expense		(39,363)
<p>For governmental funds, the issuance of long-term debt provides current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,678,143
<p>Some expenses reported in the statement of activities do not require the use of current financial resource and, therefore, are not reported as expenditures in governmental funds.</p>		
Net change in long-term compensated absences.		43,040
Change in net assets of governmental activities	\$	<u><u>(356,259)</u></u>

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

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## **Notes to the Basic Financial Statements**

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**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of the Boynton Beach Community Redevelopment Agency (the “Agency”) significant accounting policies 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 Agency conform to U.S. generally accepted accounting principles applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

**A. Organization and reporting entity**

The Agency is a component unit established by the City of Boynton Beach, Florida (the “City”) under the authority granted by Florida Statutes 163, Section III. The purpose of the Agency is to promote and guide physical and economic redevelopment in the City and part of Palm Beach County, Florida (the “District”). The Agency is a legally separate entity established by Ordinance number 83-41 of the City on December 20, 1983.

The Agency has adopted GASB Statement No. 14, *the Financial Reporting Entity*, for the purpose of evaluating its component unit financial statements. Based on the criteria in GASB Statement No. 14, the Agency has determined that there are no component units that meet criteria for inclusion in the Agency’s financial statements.

The Agency is governed by a board comprised of the elected officials of the City. The City is considered to be financially accountable for the Agency and in accordance with GASB Statement No. 14, the Agency is considered as a blended component unit in the City’s comprehensive annual financial report.

**B. Reporting Model**

The Agency’s basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The statement of net assets and the statement of activities report information on all of the activities of the Agency. Governmental activities are reported separately from business-type activities which rely on fees charged to external parties as their primary revenues. The Agency has no business-type activities.

The statement of net assets reports the Agency’s financial position as of the end of the fiscal year. In this statement, the Agency’s net assets are reported in three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges for services that are directly related to a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Tax increment revenue and other items not meeting the definition of program revenue are reported instead as general revenue.

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Reporting model (Continued)**

Fund financial statements

For the fiscal year ending September 30, 2009, the Agency reports three major funds, the General Fund, the Debt Service Fund, and the Projects Fund. The General Fund is classified as a governmental fund and accounts for all financial resources controlled by the Agency. The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term obligation debt. The Projects Fund accounts for financial resources to be used for redevelopment programs and the acquisition or construction of capital projects. The governmental fund statement includes reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental fund.

**C. Measurement focus and basis of accounting**

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 flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**D. Cash and Cash Equivalents**

Cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less from the date of purchase. Cash and cash equivalents consist of petty cash and deposits with financial institutions qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

**E. Investments**

Investments made locally consist of amounts placed in obligations of United States Government Agencies and Instrumentalities, and are reported at fair value. Investments for the Agency funds consist of monies placed in certificates of deposit.

The Agency is authorized to invest in direct obligations of the United States of America or any agency thereof, interest bearing time or demand deposits with any qualified depository institution, commercial paper, bankers' acceptances, state and/or local government taxable debt, mutual funds, repurchase agreements and the State Treasurer's investment pool, which has the characteristics of a money market fund.

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Capital assets**

Capital assets are defined by the Agency as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Capital assets are depreciated using the straight-line method over the assets' estimated useful lives of all reported capital assets, except land and land improvements. The estimated useful life of furniture, fixtures and equipment is five to ten years.

**G. Bond premiums, discounts and issuance costs**

In the government-wide financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**H. Revenue sources**

Tax increment revenues are the primary source of revenue for the Agency. Tax increment revenues are collected from two governmental entities that levy property taxes within the legally defined redevelopment area of the Agency, which is the City of Boynton Beach, Florida and Palm Beach County, Florida.

**I. Compensated absences**

It is the Agency's policy to permit employees to accumulate earned but unused vacation, sick pay and comp time benefits. Employees may, depending on their level of service, be paid for various amounts of their total accrued leave by the end of each fiscal year, upon termination or retirement. The Agency accrues a liability for leave hours that meet the criteria for payment at the eligible employees' current rates of pay.

**J. Long-term liabilities**

All long-term debt and other long-term obligations are reported in the government-wide financial statements.

**K. Net assets**

Net assets represent the difference between assets and liabilities and are reported in three categories as hereafter described. Net assets *invested in capital assets, net of related debt*, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net assets are reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net assets are net assets that do not meet the definitions of the classifications previously described.

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

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2010

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

All of the Agency’s bank deposits are insured by the Federal Deposit Insurance Corporation or collateralized in accordance with Florida Security for Public Deposits Act (the “Act”). Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral having a market value equal to 50% of the average daily balance for each month that all public deposits are in excess of any applicable deposit insurance. If the public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits.

The Agency’s investment policy is designed to ensure the prudent management of funds, and the availability of operating and capital funds when required, while earning a competitive return within the policy framework. The primary objectives, in order of priority, of investment activity shall be safety, interest rate risk, liquidity and yield.

Investments of the Agency include deposits and guaranteed contracts with banks or other financial institutions which meet standards for deposits stipulated in investment agreements.

	<u><b>Fair value</b></u>
Cash and cash equivalents:	
Cash in bank	\$ 8,706,273
Investments:	
Certificates of deposit	<u>1,707,250</u>
Total deposits and investments	<u>\$ 10,413,523</u>

**A. Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency’s investment policy to minimize interest rate risk is to structure the investment portfolio so that the securities mature to meet cash requirements for current budgeted needs, thereby avoiding the need to sell securities on the open market prior to maturity.

		<u><b>Investment Maturities</b></u>	
		<u>(in years)</u>	
<u><b>Investment type</b></u>	<u><b>Fair value</b></u>	<u><b>Less than 1</b></u>	<u><b>1-10</b></u>
Certificates of deposit	\$ 1,707,250	\$ 1,707,250	-

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2010

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Foreign currency risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Agency does not hold foreign currency or foreign currency investments and therefore is not subject to foreign currency risk.

**C. Credit risk**

The Agency also mitigates credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Agency will not be able to recover the value of investment or collateral securities that are held in the possession of an outside party.

**D. Concentration of credit risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Agency diversifies its investment portfolio, where necessary, to minimize the impact of potential losses from one type of security or individual issuer, excluding U.S. Treasuries, and Federally Guaranteed Obligation. The implementation of GASB Statement No. 40 requires the disclosure of investments in any one issuer that represents five percent or more of total investments. As of September 30, 2010, all of the Agency's investments were held with TD Bank (bond reserves).

**3. CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2010, was as follows:

	Balance at 10/1/2009	Additions	Deletions	Balance at 9/30/2010
Capital assets, not being depreciated:				
Land	\$ 25,665,382	\$ 1,041,184	\$ (1,189,497)	\$ 25,517,069
Capital assets, being depreciated:				
Furniture and equipment	117,741	5,163	-	122,904
Renovations	40,606	650,916	-	691,522
Leasehold improvements	50,479	-	-	50,479
Total capital assets, being depreciated	<u>208,826</u>	<u>656,079</u>	<u>-</u>	<u>864,905</u>
Less accumulated depreciation for:				
Furniture and equipment	(82,000)	(19,799)	-	(101,799)
Renovations	(9,510)	(14,487)	-	(23,997)
Leasehold improvements	<u>(27,574)</u>	<u>(5,077)</u>	<u>-</u>	<u>(32,651)</u>
Total accumulated depreciation	<u>(119,084)</u>	<u>(39,363)</u>	<u>-</u>	<u>(158,447)</u>
Total capital assets, being depreciated, net	<u>89,742</u>	<u>616,716</u>	<u>-</u>	<u>706,458</u>
Total capital assets, net of accumulated depreciation	<u>\$ 25,755,124</u>	<u>\$ 1,657,900</u>	<u>\$ (1,189,497)</u>	<u>\$ 26,223,527</u>

Depreciation expense of \$39,725 was charged to general government.

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2010

**4. LONG-TERM LIABILITIES**

At September 30, 2010, bonds and loans payable consisted of the following:

**BONDS:**

2004 Tax Increment Revenue Bonds, dated December 14, 2004, due in annual principal installments of \$375,000 to \$1,625,000 through October 1, 2024, bearing interest rates of 3.0% to 5.0%.	\$ 15,510,000
2005 Tax Increment Revenue Bonds, Series A&B Bonds dated December 12, 2005, due in annual principal installments of \$235,000 to \$2,395,000 through October 1, 2026, bearing interest rates of 4.50% to 5.65%.	
2005A	3,000,000
2005B	7,265,000

**LOANS:**

Promissory note to TRG-Boynton Beach, Ltd. at 5% interest, payable in monthly installments through January 25, 2011.	182,331
Promissory note to Bank of America, N.A. at 5.65% interest, payable in semi-annual installments through September 20, 2016.	<u>1,529,502</u>
	<u><u>\$ 27,486,833</u></u>

The annual requirements to amortize bonds and loans payable outstanding as of September 30, 2010, are as follows:

Fiscal Year(s)	2004 Tax Increment Revenue Bonds		2005A Tax Increment Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 675,000	\$ 714,525	\$ -	\$ 135,000
2012	695,000	690,900	-	135,000
2013	725,000	664,838	-	135,000
2014	750,000	635,838	-	135,000
2015	780,000	605,838	-	135,000
2016-2020	5,840,000	2,373,137	-	675,000
2021-2025	6,045,000	774,250	1,465,000	675,000
2026-2028	-	-	1,535,000	69,075
	<u>\$ 15,510,000</u>	<u>\$ 6,459,326</u>	<u>\$ 3,000,000</u>	<u>\$ 2,094,075</u>

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2010

**4. LONG-TERM LIABILITIES (Continued)**

Fiscal Year(s)	2005B Tax Increment Revenue Bonds		Bank of America, N.A. Note Payable	
	Principal	Interest	Principal	Interest
	2011	\$ 285,000	\$ 401,810	\$ 220,367
2012	300,000	387,275	232,960	71,877
2013	310,000	371,975	246,708	58,129
2014	330,000	356,165	261,043	43,795
2015	350,000	339,335	276,211	28,627
2016-2020	1,990,000	1,393,291	292,213	12,626
2021-2025	2,840,000	767,552	-	-
2026-2028	860,000	48,590	-	-
	<u>\$ 7,265,000</u>	<u>\$ 4,065,993</u>	<u>\$ 1,529,502</u>	<u>\$ 299,524</u>

Fiscal Year(s)	TRG Boynton Beach, Ltd. Note Payable		Totals	
	Principal	Interest	Principal	Interest
	2011	\$ 182,331	\$ 1,903	\$ 1,362,698
2012	-	-	1,227,960	1,285,052
2013	-	-	1,281,708	1,229,942
2014	-	-	1,341,043	1,170,798
2015	-	-	1,406,211	1,108,800
2016-2020	-	-	8,122,213	4,454,054
2021-2025	-	-	10,350,000	2,216,802
2026-2028	-	-	2,395,000	117,665
	<u>\$ 182,331</u>	<u>\$ 1,903</u>	<u>\$ 27,486,833</u>	<u>\$ 12,920,821</u>

The changes in long-term liabilities for the year ended September 30, 2010 are summarized as follows:

	Balance at 10/01/09	Additions	Deletions	Balance at 9/30/10	Due within one year
Bonds payable	\$ 26,700,000	\$ -	\$ (925,000)	\$ 25,775,000	\$ 960,000
Plus deferred amounts					
For discount	(31,825)	-	1,989	(29,836)	-
For issuance premium	600,071	-	(40,005)	560,066	-
Total bonds payable	27,268,246	-	(963,016)	26,305,230	960,000
Notes payable	2,449,190	-	(737,357)	1,711,833	402,698
Compensated absences	136,297	24,189	(67,229)	93,257	-
Total long-term liabilities	<u>\$ 29,853,733</u>	<u>\$ 24,189</u>	<u>\$ (1,767,602)</u>	<u>\$ 28,110,320</u>	<u>\$ 1,362,412</u>

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2010

**5. INTERFUND TRANSFERS**

During the fiscal year ended September 30, 2010, the General Fund transferred \$2,502,045 and \$3,119,526 to the Projects Fund and Debt Service Fund, respectively. The transfers made to the Projects Fund were to fund the costs of ongoing redevelopment projects. The transfers made to the Debt Service Fund were to fund the annual debt service expenditures on the bonds and loans payable.

**6. HOMEBUYER ASSISTANCE PROGRAM**

The Agency established the Homebuyer Assistance Program to assist local residents with the purchase of a home by providing a subsidy in an amount not to exceed \$50,000 per homeowner. The subsidy is secured by a mortgage, which is required to be paid back only under certain circumstances outlined in the mortgage agreement. The mortgage is forgiven if the homeowner remains in the home during the full term outlined in the agreement. The amount of mortgages receivable outstanding at September 30, 2010 totaled \$1,694,672. Given the nature of these loans, collection is uncertain, and therefore an allowance for uncollectible mortgages has been established at 100% of the value of the mortgages receivable outstanding. Consequently these mortgages are not recognized on the financial statements.

**7. RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency purchases commercial insurance for the risks of loss to which it is exposed. Policy limits and deductibles are reviewed by management and established at amounts to provide reasonable protection from significant financial loss. Settlements did not exceed insurance coverage for the current fiscal year.

**8. COMMITMENTS AND CONTINGENT LIABILITIES**

**A. Facade Grant Program**

The Agency established a Facade Grant Program in an effort to promote the redevelopment of existing businesses located in the City. The program offers businesses a \$15,000 matching grant to improve the facades of their businesses. During the year ended September 30, 2010, the Agency closed and disbursed \$84,913 in Facade Grants.

**B. Lease commitments**

The Agency leases a building under a non-cancelable operating lease. The lease terminates in January 2011, with the option to renew for one year. Future minimum rental payments as of September 30, 2010 required by this lease are \$3,700 per month. Rental costs for the year ended September 30, 2010 were approximately \$44,500.

**9. RETIREMENT CONTRIBUTIONS**

The Agency participates in a 401(a) defined contribution retirement plan and a 457(b) deferred compensation plan (the "Plans"). The Plans are qualified under Sections 401(1), 403 (a) and 501(a) of the Internal Revenue Code. The Plans are administered by independent trustees. All employees who meet the requirements are qualified to participate. Employees make voluntary contributions to the 457(b) plan. The Agency's required contribution is 5% of the total salaries of qualified participants. Employer contributions for fiscal year 2010 totaled \$29,169. Employer contributions for the 401(a) plan for fiscal year 2010 totaled \$37,734.

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Basic Financial Statements

September 30, 2010

**10. RELATED PARTY TRANSACTIONS**

The Agency is a blended component unit of the City, Florida. For the year ended September 30, 2010, the Agency's tax increment revenues include \$4,116,567 received from the City. In addition, the Agency reimbursed the City for service performed on behalf of the Agency such as recording, information technology services, landscape and maintenance services, festival expenses, fire and rescue, and police services during the year. Payments to the City for these services for the year ended September 30, 2010 totaled \$534,522.

**11. SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. Subsequent events should be disclosed in the financial statements if exclusion of such disclosure would cause the financial statements to be misleading. The Agency evaluated subsequent events through November 18, 2010, the date the financial statements were available to be issued, and does not believe that there are any such events or transactions that require disclosure.

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**Required Supplementary Information**

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**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**

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

Budgetary Comparison Schedule  
General Fund

For the Year Ended September 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Tax increment revenue	\$ 6,818,294	\$ 6,818,294	\$ 6,760,869	\$ (57,425)
Charges for services	926,700	926,700	1,159,607	232,907
Interest and other income	-	-	23,904	23,904
Total revenues	<u>7,744,994</u>	<u>7,744,994</u>	<u>7,944,380</u>	<u>199,386</u>
<b>EXPENDITURES</b>				
General government	<u>3,113,423</u>	<u>3,113,423</u>	<u>2,944,762</u>	<u>168,661</u>
Total expenditures	<u>3,113,423</u>	<u>3,113,423</u>	<u>2,944,762</u>	<u>168,661</u>
Excess of revenues over expenditures	<u>4,631,571</u>	<u>4,631,571</u>	<u>4,999,618</u>	<u>368,047</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Carryover fund balance	-	990,000	-	(990,000)
Transfers out	<u>(4,631,571)</u>	<u>(5,621,571)</u>	<u>(5,621,571)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,631,571)</u>	<u>(4,631,571)</u>	<u>(5,621,571)</u>	<u>(990,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(621,953)</u>	<u>\$ (621,953)</u>
Fund balances - beginning of year			<u>4,011,750</u>	
Fund balances - end of year			<u>\$ 3,389,797</u>	

The notes to the Budgetary Comparison Schedule are an integral part of this schedule.

**BOYNTON BEACH COMMUNITY REDEVELOPMENT AGENCY**  
(A Component Unit of the City of Boynton Beach, Florida)

Notes to the Budgetary Comparison Schedule

September 30, 2010

**1. BUDGETARY INFORMATION**

The Agency is required to establish a budgetary system and an approved annual budget for the General Fund, Debt Service Fund and Project Fund. The Agency's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. In accordance with generally accepted accounting principles, budgetary comparison information is disclosed only for the General Fund.

The budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles, with the exception of compensated absences. Compensated absences are budgeted only to the extent expected to be paid, rather than on the modified accrual basis. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board.

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate.

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## **COMPLIANCE SECTION**

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

To the Board of Directors  
Boynton Beach Community  
Redevelopment Agency:

We have audited the basic financial statements of the Boynton Beach Community Redevelopment Agency (the Agency), a component unit of the City of Boynton Beach, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated November 18, 2010. 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.

**Internal Control Over Financial Reporting**

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

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.



In addition, we have issued our management letter dated November 18, 2010, as required by the *Rules of the Auditor General* of the State of Florida.

This report is intended solely for the information and use of the board of directors, management of the Agency, the State of Florida Office of the Auditor General and other regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Sanson, Kline, Tacomeni & Company LLP*

November 18, 2010



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

To the Board of Directors  
Boynton Beach Community  
Redevelopment Agency:

We have audited the financial statements of the Boynton Beach Community Redevelopment Agency (the Agency), a component unit of the City of Boynton Beach, Florida, as of and for the fiscal year ended September 30, 2010 and have issued our reports thereon dated November 18, 2010.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in those reports, which are dated November 18, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report not otherwise addressed in the auditor's report pursuant to Section 10.557(3)(b)2., Rules of the Auditor General. There were no prior year findings and/or recommendations.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our current year audit, we determined that the Agency complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our current year audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statement that is less than material but more than inconsequential. In connection with our current year audit, we noted no such violations.



- Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that have an inconsequential to the determination effect on the financial statement, considering both quantitative and qualitative factors: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (b) deficiencies in internal control that are not significant deficiencies. In connection with our current year audit, we did not have any such findings.
- Section 10.554(1)(i)6., 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. Such disclosures are made in note 1 to the Agency's financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our current year audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial reports for the Agency for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. The Agency does not file a separate report with the State of Florida Department of Financial Services. The financial operations of the Agency are included in the basic financial statements of the City of Boynton Beach, Florida for the year ended September 30, 2010.
- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our current year audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information and use of the board of directors, management of the Agency, the State of Florida Office of the Auditor General and other regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Sanson, Kline, Tacomeni & Company LLP.*

November 18, 2010