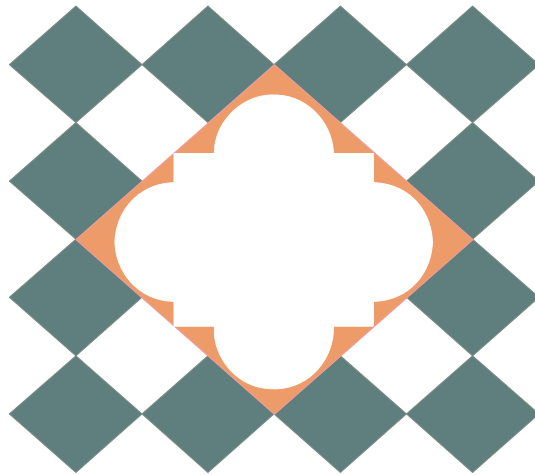


**BOCA RATON
COMMUNITY REDEVELOPMENT AGENCY
ANNUAL REPORT**

Under Chapter 163.356(3)(c)



BocaRaton

FISCAL YEAR ENDED

September 30, 2006

201 WEST PALMETTO PARK ROAD

BOCA RATON, FLORIDA 33432-3730

561 - 367 - 7070

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BOCARATON

March 30, 2007

Boca Raton Community Redevelopment Agency Chairman and Members
Palm Beach County Board of Commissioners
Greater Boca Raton Beach and Park District Board of Commissioners
Citizens of the City of Boca Raton and Palm Beach County, Florida

Ladies and Gentlemen:

We are pleased to submit the Annual Report of the Boca Raton Community Redevelopment Agency (BRCRA) for the fiscal year ended September 30, 2006. State law requires that every community redevelopment agency annually file a report of activities for the preceding fiscal year. In addition to meeting this legal requirement, the report provides additional information concerning the benefits afforded by the Agency to other jurisdictions and citizenry in general.

It is the philosophy of the BRCRA to keep all interested parties informed with respect to the activities of the BRCRA and encourage active participation in the development of redevelopment programs benefiting the entire area. The Annual Report plays an important role in this process by:

- assisting in the economic, social and political decisions affecting the BRCRA and redevelopment programs;
- assessing the financial condition of the BRCRA and comparing actual financial results with the legally adopted budget;
- determining compliance with Chapter 163.356(3)(c) of the Florida Statutes; and
- assisting in evaluating the efficiency and effectiveness of BRCRA's redevelopment efforts.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the BRCRA. We believe the data, as presented, is accurate in all material respects, and that all disclosures necessary to enable the reader to gain an understanding of the BRCRA's operation and financial activity have been included.

Respectfully yours,

Jorge A. Camejo, AICP
Development Services Director

Mervyn C. Timberlake, Jr. C.P.A.
Financial Services Director, City of Boca Raton

Community Redevelopment Agency
Now Our Past Has A Future

LIST OF PRINCIPAL OFFICIALS

Chairman	Peter R. Baronoff
Vice-Chairman	M. J. Mike Arts
Board Commissioner	Steven L. Abrams
Board Commissioner	Bill Hager
Board Commissioner	Susan Whelchel
City Manager/Executive Director	Leif J. Ahnell
Development Services Director	Jorge A. Camejo
City Attorney	Diana Grub Frieser
City Clerk	Sharma Carannante
Financial Services Director	Mervyn C. Timberlake, Jr.
Office of Management and Budget Director	Linda C. Davidson

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Introduction

The Boca Raton Community Redevelopment Agency (BRCRA) was created in 1980 by the City of Boca Raton City Council under Chapter 163, Part III, of the Florida Statutes. The BRCRA is responsible for promoting economic redevelopment in the designated 344-acre Community Redevelopment Area (Exhibit 1, page 2) in downtown Boca Raton (the “Redevelopment Area” or “Downtown”).

The BRCRA Board of Commissioners was originally comprised of five (5) members appointed by the City Council. This was later increased to seven (7) members in 1984. In February 1991, an initiative referendum replaced the appointed seven (7) members of the BRCRA Board of Commissioners with the five (5) Council members. The five (5) City Council members currently serve as the BRCRA Board of Commissioners.

Under State Statutes and City Ordinances, the BRCRA has substantial powers and authority within the Redevelopment Area. These include the power to make and execute contracts, to acquire and dispose of property, to approve development plans, to implement a program of voluntary or compulsory rehabilitation of buildings, to mortgage its property, to borrow and invest money, and to apply for and accept grants and contributions.

The primary funding source available to the BRCRA is Tax Increment Revenue. Tax Increment Revenue is the increase in ad valorem (property tax) attributed to increases in the assessed value over a “base year” for various jurisdictions in the Redevelopment Area. In the case of the BRCRA the jurisdictions remitting Tax Increment are the City of Boca Raton, Palm Beach County and the Greater Boca Raton Beach and Parks District.

Tax increment revenues provide a unique financial tool for funding redevelopment activities. Redevelopment activities in turn increase the tax increment through the development of new projects in the Redevelopment Area. Without the redevelopment activities of the BRCRA little if any of the tax increment would exist.

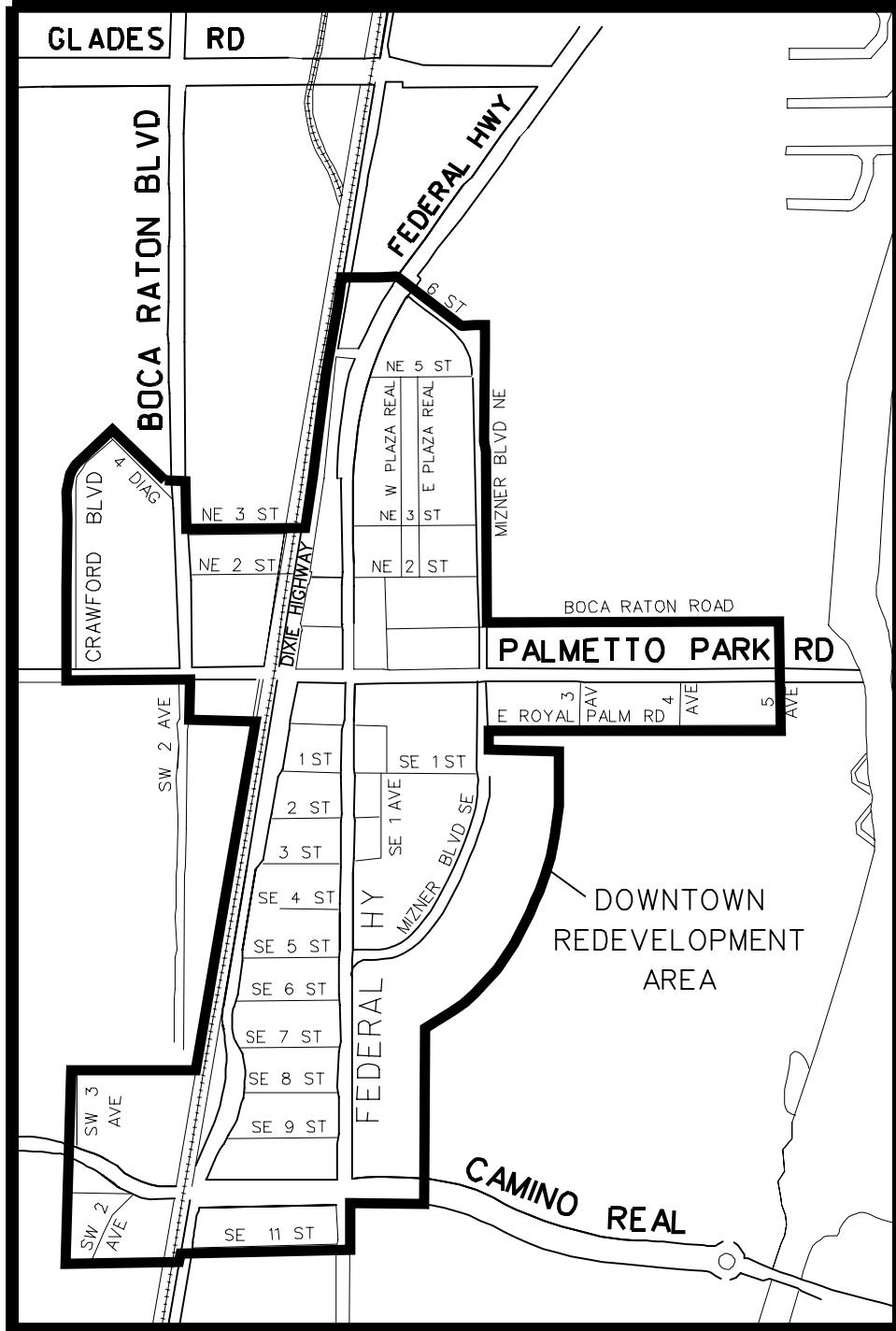
In 2006, the BRCRA received 40% of the increase in ad valorem revenues over the “base year” in the redevelopment area; 60% of the revenues continued to go to the original jurisdictions. An estimated \$7.9 million in additional ad valorem revenues primarily attributable to the activities of the BRCRA continued to go to the original jurisdictions. The largest portion, \$5.7 million, was distributed to the Palm Beach County School District.

History of the BRCRA

After establishing the BRCRA in 1980, the City in 1982 established the Redevelopment Trust Fund and the “base year” for tax increment revenues as well as adopted the 1982 Community Redevelopment Plan. The 1982 plan set up land use controls, transportation and parking concepts and sign guidelines to aid in the achievement of specific redevelopment objectives. The 1982 Plan was largely dependent on private initiatives for the redevelopment of

Exhibit 1

BOCA RATON COMMUNITY REDEVELOPMENT AREA



the area. The 1982 Plan produced little redevelopment activity with the exception of Sanborn Square Park and a few beautification improvements. The only major redevelopment project proposed during this time period, the Barbar Project, was defeated by the voters at a referendum in 1984.

The BRCRA reexamined its approach to redevelopment and in 1986 undertook a public initiative to stimulate additional redevelopment in the Downtown by seeking approval of a Downtown Development of Regional Impact (“DDRI”) for the entire Redevelopment Area. This process resulted in a new approach to downtown redevelopment based upon:

- developing Mizner Park to give people a reason to go Downtown;
- solving the infrastructure problems in Downtown; and
- eliminating the impediments to Redevelopment through the approval process.

The DDRI application was completed in January 1988 and a Development Order (Resolution No. 88-28) was approved by the City Council on March 15, 1988. The Development Order allows the construction of approximately 5,000,000 square feet of additional office equivalent development in the Downtown. The City and the BRCRA approved the Visions 90 Capital Improvements Program, a \$45 million capital facilities plan to provide the infrastructure improvements to support this level of Downtown development and to mitigate impacts on the general public.

The Development Order was particularly significant as a result of the Florida Growth Management Act of 1985 as amended (“Growth Management Act”) which imposes considerable restraints on large-scale growth and development. The Development Order approval received by the BRCRA allows large developments in the Downtown to operate under the BRCRA’s Development Order, thereby allowing developers to bypass the expensive and time-consuming Development of Regional Impact (DRI) process.

Pursuant to the Development Order, the Visions 90 Downtown Capital Improvements Program provides a comprehensive set of water, sewer, roads, drainage and beautification improvements in the Downtown. These improvements provide the Downtown with efficient access to the regional road networks; upgrade water, sewer and drainage facilities; and transform the Downtown streets into attractive tree-lined ways with distinctive sidewalks, street lights, traffic signals and outdoor furniture.

The Visions 90 Downtown Capital Improvements Program is being funded and built by the cooperative efforts of the Florida Department of Transportation, Palm Beach County, City of Boca Raton and Special Assessments on benefited Downtown Properties paid by downtown property owners. Major completed projects include Federal Highway, Palmetto Park Road, Mizner Boulevard and numerous side streets.

In 1989 the BRCRA, with the assistance of the City of Boca Raton undertook a major redevelopment project, Mizner Park. The Mizner Park Project involved the issuance of \$68 million in Bonds and the acquisition of the Boca Mall site (30 acres), demolition of the mall and construction of a mixed use “urban village” incorporating public park facilities, mixed-use development and cultural facilities. Mizner Park opened in January of 1991 and gave people a reason to go Downtown.

In September 1992, the City Council amended the Development Order (Ordinance No. 4035) to eliminate costly infrastructure improvements that were determined, based upon a

detailed analysis, to be unnecessary to support the continued development of the Downtown. This amendment was subsequently approved by referendum on May 4, 1993.

In January 1995, the Downtown Plan was amended to enable the extension of Plaza Real in Mizner Park to Northeast 2nd Street and update it to more current standards. Under Chapter 163, Part III, Florida Statutes, the BRCRA and Tax Increment Revenue will continue to exist for 30 years from the latest amendment date or until January 2025.

In September of 2000, the BRCRA adopted the Rules of the BRCRA pursuant to the Development Order (Rules). These Rules clarified and documented BRCRA procedures and expanded notice requirements encouraging public input.

The Amended Development Order, the 1995 Amended Downtown Plan and the Rules of the BRCRA are the controlling land use regulations and procedures in downtown Boca Raton. The BRCRA's approach to redevelopment based on the Development Order, Mizner Park and Visions 90 Downtown Capital Improvements Program has been highly successful in creating redevelopment activity in the Downtown.

In the six years prior to the Development Order, 75,000 square feet of new development was approved and built in the Redevelopment Area. Since approval of the Development Order in March 1988, the BRCRA has approved development applications providing for over 3.3 million square feet of office equivalent development, including Mizner Park. Of this 3.3 million square feet of approved office equivalent development, construction of approximately 2.4 million square feet of office equivalent development has been completed.

2006 BRCRA Activities

The BRCRA has not undertaken a project involving tax increment revenues and financing since the Mizner Park Project. Currently, the BRCRA has an operating fund, a special revenue fund and a debt service fund. The operating fund provides for the day-to-day operation of BRCRA and is currently not funded by any tax increment. The Funds related to the Mizner Park Bonds track and collect the tax increment revenues, Mizner Park lease revenues, payments from the City of Boca Raton and make the necessary bond payments.

The day-to-day operation of the BRCRA includes the operation of the BRCRA office, administration of the Development Order and the Mizner Park Leases; plan review services and the BRCRA's day-to-day dealings with the public, developers, the City and other governmental agencies. Most of this work is performed for the BRCRA by City staff under an interlocal agreement for services between the BRCRA and the City.

Achievements of the BRCRA in 2006 include:

- Approved several major Individual Development Approvals including Palmetto Place Phase IV and V, Mizner Lofts, 855 S Federal Highway and Mizner Park Cultural Art Association site.
- Continued to assist the City in the implementation of the Traffic Demand Management Ordinance in the Downtown.

- Completed the 17th Annual Report on the Downtown Development of Regional Impact.
- Completed the 5th Annual Report to Downtown property owners.
- Completed the 4th Annual Review of the Mizner Park Net Operating Income.
- Completed Update to the DDRI Review Fees.
- Completed CRA Annual Report under 163.356(3)c F. S.
- Administered the terms of the Mizner Park Contract.
- Worked closely with City Staff on infrastructure and special assessment projects.
- Continued the Agency's practice of meeting with and receiving input from all groups in the community concerning the Downtown.

Tax Increment

The Tax Increment is determined annually and to 95 percent of the difference between: (a) the amount of ad valorem taxes levied each year by each taxing authority contributing to the tax increment, exclusive of any debt service millage, on taxable real property contained within the Redevelopment Area; and (b) the amount of ad valorem taxes which would have been produced by the rate at which the tax is levied each year by the taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the community redevelopment area as shown on the assessment roll used by each taxing authority prior to August 10, 1982, the effective date of the Ordinance creating the Redevelopment Trust Fund. Palm Beach County, the City of Boca Raton and the Greater Boca Raton Beach and Park District currently make Tax Increment payments into the BRCRA's Redevelopment Trust Fund.

The City's operating millage rates have been increased from \$3.099 per \$1,000 in 1984 to \$3.360 per \$1,000 in 2006. The millage for Palm Beach County has increased from \$3.827 per \$1,000 in 1984 to \$4.45 per \$1,000 in 2006. The Greater Boca Raton Beach and Park District millage rates have been increased from \$0.865 per \$1,000 in 1984 to \$0.9311 per \$1,000 in 2005. The millage rates from 1984 through 2005 are set forth in Exhibit 2 on Page 6.

The taxable value of real property in the redevelopment area has risen dramatically from 1984 through 2006. In 1984 the taxable value of the redevelopment area was \$115.4 million. Comparatively, in 2006 the taxable value of the redevelopment area was \$813.9 million. Taxable values in the redevelopment area for the fiscal years 1984 through 2006 are set forth in Exhibit 3 on page 7.

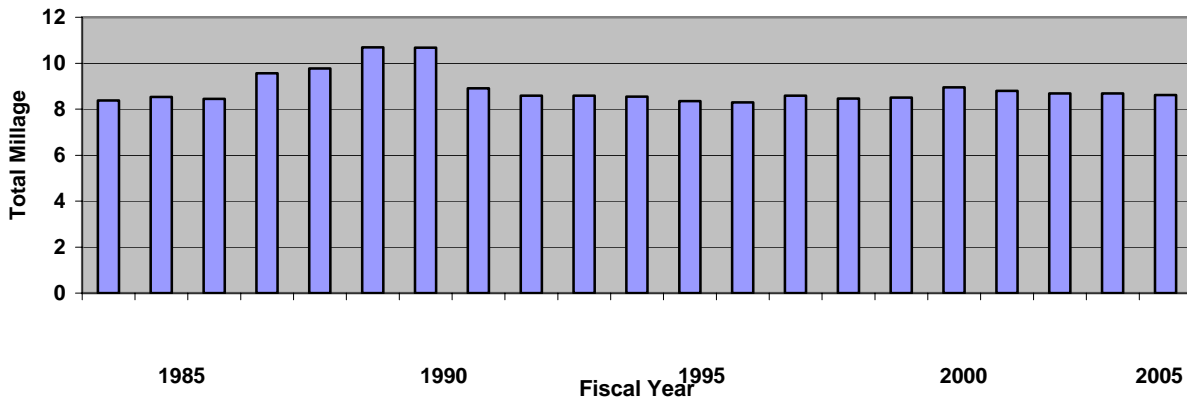
Based upon the above millage rates and dramatic increase in taxable values the tax increment has gone up dramatically during the same period. In 1984 the tax increment was approximately \$328,000. In 2006 the tax increment was \$6.1 million. The tax increment for the redevelopment area for the fiscal years 1984 through 2006 are set forth in Exhibit 4, page 8.

The percentage of the total tax increment paid by the 10 largest taxpayers has fallen from 58.5% in 1998 to 48.8% in 2006. Exhibit 5, page 9 details the 10 largest taxpayers in the redevelopment area based upon the January 1, 2004 assessed values of their taxable property.

Exhibit 2
BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
OPERATING MILLAGE RATES IN REDEVELOPMENT AREA

<u>Year</u>	<u>City of Boca Raton</u>	<u>Palm Beach County</u>	<u>Greater Beach & Park District</u>	<u>PBC Health Care District</u>	<u>Children's Services District</u>	<u>Total</u>	<u>Percentage Change In Total</u>
1984 ¹	3.099	3.827	0.865	0.380		8.171	
1985	3.148	3.835	0.865	0.535		8.383	2.6%
1986	2.933	4.195	0.865	0.535		8.528	1.7
1987	2.735	4.343	0.865	0.499		8.442	(1.0)
1988	2.946	4.444	1.090	0.990	0.092	9.562	13.3
1989	3.122	4.750	1.071	0.680	0.154	9.777	2.2
1990	3.518	4.652	1.071	1.250	0.193	10.684	9.3
1991 ²	3.542	4.600	1.055	1.250	0.224	10.671	(0.1)
1992 ³	3.358	4.331	1.000		0.222	8.911	(16.5)
1993	3.358	4.318	0.916			8.592	(3.6)
1994	3.339	4.328	0.915			8.582	(0.1)
1995	3.346	4.293	0.910			8.549	(0.4)
1996	3.248	4.218	0.887			8.353	(2.3)
1997	3.185	4.236	0.874			8.295	(0.7)
1998	3.127	4.600	0.859			8.586	3.5
1999	3.028	4.600	0.835			8.463	(1.4)
2000	3.000	4.600	0.900			8.500	0.4
2001	3.150	4.600	1.200			8.950	5.2
2002	3.150	4.550	1.100			8.800	(1.7)
2003	3.150	4.500	1.036			8.686	(1.3)
2004	3.150	4.500	1.036			8.686	0.0
2005	3.150	4.500	0.970			8.6199	(0.8)
2006	3.360	4.450	0.931			8.7411	1.4

Total Tax Increment Millage



- (1) First year in which the Tax Increment was collected.
- (2) After FY 1991, Tax Increment millage rates do not include any millage from the PBC Health Care District.
- (3) After FY 1992, Tax Increment millage rates do not include any millage from the Health Care District or the Children's Services Council.

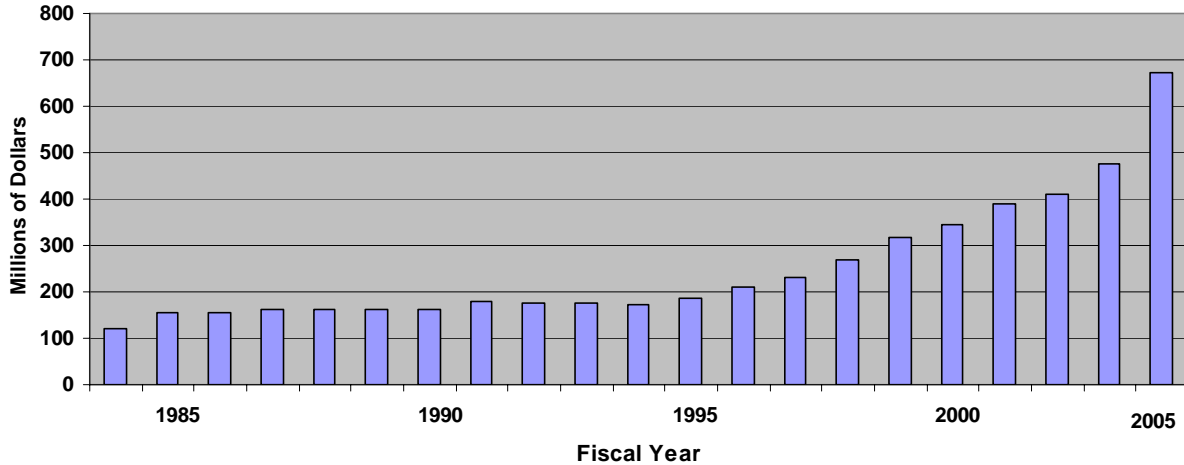
Source: BRCRA Records.

Exhibit 3

**BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
DOWNTOWN ASSESSED (TAXABLE) VALUES
(millions of dollars)**

<u>Fiscal Year</u> <u>Ending</u> <u>September 30</u>	<u>Taxable</u> <u>Value</u>	<u>Frozen Base</u>	<u>Incremental</u> <u>Value</u>	<u>Percentage</u> <u>Change</u> <u>in</u> <u>Incremental</u> <u>Value</u>
1984	\$115.4	\$73.8	\$41.6	
1985	120.3	73.8	46.5	11.8%
1986	154.9	73.8	81.1	74.4%
1987	155.9	73.8	82.1	1.2%
1988	161.0	73.8	87.2	6.2%
1989	163.7	73.8	89.9	3.1%
1990	162.8	73.8	89.0	(1.0%)
1991	160.7	73.8	86.9	(2.4%)
1992	179.0	73.8	105.2	21.1%
1993	177.4	73.8	103.6	(1.5%)
1994	176.4	73.8	102.6	(1.0%)
1995	173.9	73.8	100.1	(2.4%)
1996	186.2	73.8	112.4	12.3%
1997	209.6	73.8	135.8	20.8%
1998	231.9	73.8	158.1	16.4%
1999	267.8	73.8	194.0	22.7%
2000	316.9	73.8	243.1	25.3%
2001	346.2	73.8	272.4	12.0%
2002	391.0	73.8	317.2	16.4%
2003	409.1	73.8	335.3	5.7%
2004	476.1	73.8	402.3	20.0%
2005	673.4	73.8	599.6	49.0%
2006	813.9	73.8	740.1	23.4%

Taxable Value

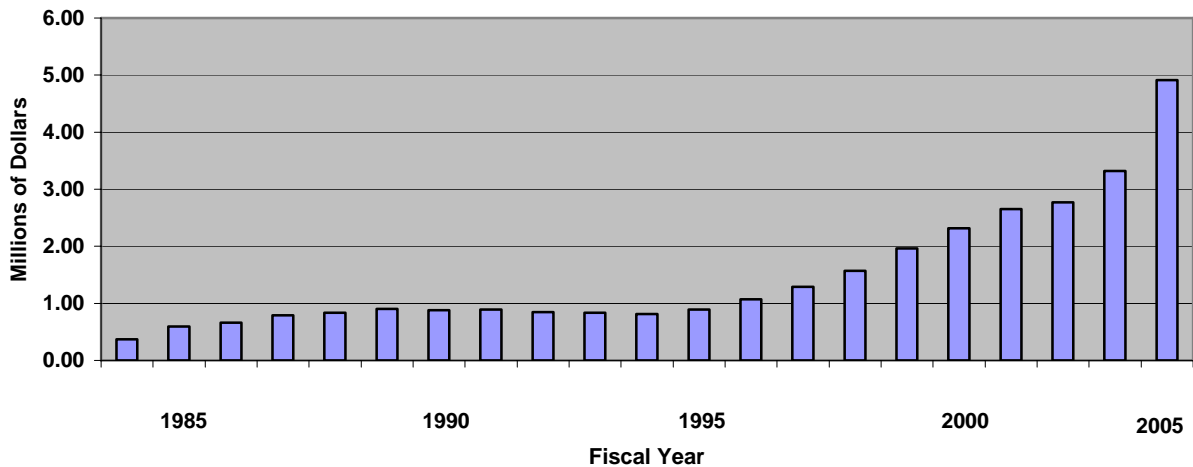


Source: BRCRA Records

Exhibit 4
BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
TAX INCREMENT REVENUES

Fiscal Year Ended <u>September 30</u>	Tax Increment <u>Revenues</u>	Percent Growth <u>(decrease)</u>
1984 ¹	\$ 327,863	--
1985	371,276	13.2%
1986	592,082	59.5
1987	658,919	11.3
1988	793,000	20.3
1989	835,845	5.4
1990	903,790	8.1
1991 ²	882,242	(2.4)
1992 ³	891,255	1.0
1993	846,645	(5.0)
1994	836,725	(1.2)
1995	813,827	(2.7)
1996	892,261	9.6
1997	1,069,978	19.9
1998	1,289,525	20.5
1999	1,569,117	21.6
2000	1,963,709	25.1
2001	2,316,017	17.9
2002	2,652,262	14.5
2003	2,767,496	4.3
2004	3,320,212	20.0
2005	4,910,071	49.0
2006	6,146,820	25.1

Tax Increment



- (1) First year in which the Tax Increment was collected.
- (2) After FY 1991, Tax Increment receipts do not include any payments from the PBC Health Care District.
- (3) After FY 1992, Tax Increment receipts do not include any payments from the Health Care District or the Children's Service Council.

Source: BRCRA Records

Exhibit 5
BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
TOP 10 TAXPAYERS

<u>Taxpayer</u>	<u>Property</u>	<u>Assessed Values</u>	<u>Approximate Amount of Tax Increment¹</u>	<u>Approximate Percentage of Tax Increment</u>
General Growth Partners	Mizner Park Comm. Bldg.	\$100,500,000	\$732,831	14.9%
James H. & Marta Batmasian	Shopping Ctr/Real Estate	58,235,054	424,641	8.6%
EBP LLC.	Office Buildings	45,556,950	332,194	6.8%
Mizner I	Rental Apartments	29,656,950	216,254	4.4%
Jefferson at Camino Real LP	Rental Apartments	25,800,000	188,130	3.8%
Boca Raton Florida Investment LP	Office Buildings	23,000,000	167,713	3.4%
Via Mizner Associates	Office Bldgs/Real Estate	15,617,409	113,880	2.3%
Mizner Park Holding, LLC	Mizner Park/Rental Apts	12,500,000	91,148	1.9%
Five Fifty Five Realty Holdings	Condo Apartments	10,744,771	78,349	1.6%
One North Federal, Ltd.	Office Bldg/Parking Str	<u>7,500,000</u>	<u>54,689</u>	<u>1.1%</u>
Total:		<u>\$329,111,134</u>	<u>\$2,399,829</u>	<u>48.8%</u>

(1) The approximate amount of tax increment is calculated as the taxes paid by the property owner to jurisdictions contributing to the tax increment multiplied by the share of taxes paid by the contributing jurisdiction to the BRCRA.

Source: Tax Collector, Palm Beach County, 2004 tax roll

The Mizner Park Bonds

The Mizner Park Bonds are secured by a pledge of tax increment revenues, lease revenues from Mizner Park and deficiency payments received by the BRCRA pursuant to an interlocal agreement with the City. In the event that the tax increment revenues and the future lease revenues are insufficient to pay the required obligations under the Mizner Park Bonds, the City is required to pay the BRCRA from Public Service Taxes an amount equal to any deficit in the amounts required to be on deposit in the sinking fund established under the bond resolution.

As of September 30, 2006 the outstanding Mizner Park Bond debt is as follows:

Mizner Park Tax Increment Bonds

Year Ended			
<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	4,730,000	1,820,555	6,552,562
2008	4,925,000	1,624,993	6,552,001
2009	5,130,000	1,416,300	6,548,309
2010	5,340,000	1,193,760	6,535,770
2011-15	26,807,363	5,909,443	32,716,806
2016-18	<u>10,477,805</u>	<u>16,002,195</u>	<u>26,480,000</u>
Total	<u>\$57,410,168</u>	<u>\$27,967,246</u>	<u>\$85,385,448</u>

During the 1991 Legislative Session, the Florida State Legislature passed legislation exempting the Palm Beach County Health Care District (District) from tax increment payments to the BRCRA. Subsequently, this legislation became law and has resulted in the loss of approximately \$3.4 million in tax increment since 1991, and will continue to adversely affect the BRCRA in future years. At closing on the original financing, approximately 17.5% of all future tax increment revenues were expected from the District.

In the 1992 Legislative Session, the Florida State Legislature passed legislation exempting the Palm Beach County Children's Services Council from tax increment payments to the BRCRA in Fiscal Year 1993. This has resulted in the loss of approximately \$1,540,000 in tax increment revenue since 1993. At closing, approximately 2.3% of all future tax increment revenues were expected from the Children's Services Council.

A portion of the Mizner Park property is leased to a private developer who has constructed commercial and residential facilities. The lease is a ground lease with scheduled rent increases over the life of the lease. The lease has a term of 99 years and requires minimum fixed future rentals of \$1,180,000 in 2006, 2007, 2008, 2009 and 2010 and \$135,016,330 in total thereafter, plus contingent rentals. Contingent rentals are the greater of the minimum fixed amount or 15% of the tenant's net operating income as defined in each lease agreement. In fiscal year 2005, rental income amounted to \$1,345,392, including \$165,392 in contingent rentals.

The ability of the tenant to pay the BRCRA the lease revenues is dependent upon their ability to sublease the commercial facilities constructed thereon and such other guarantees contracted by the BRCRA. The BRCRA has an unsubordinated claim on the buildings

constructed under the leases prior to the mortgage holder. All portions of the project have been constructed.

Management monitors the collection of pledged revenues to comply with the bond resolution. Tax increment and lease revenue payments of contingent rentals from the developer began in 2001 and are available for debt service. Management cannot presently make a reliable estimate of future contingent rentals. If lease rental and tax increment revenues are not sufficient for debt service, the City's pledge of the public service tax would be required to be used for the repayment of the debt service.

Tax increment revenues and lease payments have not been sufficient to make all necessary debt service payments and the City has made deficiency payments in the following years and amounts:

<u>Year</u>	<u>Amount</u>
1997	\$ 84,857
1998	443,600
1999	0
2000	692,100
2001	993,100
2002	998,100
2003	1,356,600
2004	1,837,900
2005	<u>961,100</u>
Total	<u>\$7,367,357</u>

Based on current information, Management believes that there will be no future deficiencies in tax increment and lease revenues that will require the use of the City's public service tax revenues.

Funds Advanced by the City of Boca Raton

The City of Boca Raton has advanced substantial funds to the BRCRA based upon interlocal agreements in order to cover a number of unforeseen events which have occurred with respect to the redevelopment program. Among these events are:

- Florida State Legislative action reducing the tax increment through the exclusion of the Palm Beach County Health Care District in 1991;
- Florida State Legislative action reducing the tax increment through the exclusion of the Children's Services Council in 1992;
- The significant reduction in taxable values in the redevelopment area brought about by the recession of the early 1990's and the savings and loan crisis; and
- Higher than expected Mizner Park Operating expenses.

As a result of these events there has not been sufficient revenues from the tax increment and Mizner Park leases to pay all of the Mizner Park debt service, maintain Mizner Park or the BRCRA operation. To address these issues BRCRA and the City have entered into two (2) interlocal agreements. Under the first of these interlocal agreements, the City funds the debt service deficiency from Public Service Taxes. Under the second agreement the City provides the resources necessary to continue the BRCRA operation through a combination of operating transfers to the BRCRA, the provision of services (accounting, legal, engineering, etc.) and maintenance of Mizner Park. As of September 30, 2005 the estimated value of these transfers, deficiency payments and services was:

Transfers for BRCRA Operations	\$ 712,200
Services Provided	3,280,613
Mizner Park Maintenance	4,608,817
Interest related to the above	611,122
Mizner Park Bond deficiency payments and debt service transfers	7,729,500
Total	\$16,942,252

Under the terms of the interlocal agreements the BRCRA must repay the above amounts when future revenues become available.

Challenges Facing the BRCRA

While the BRCRA's approach to redevelopment based on the Development Order, Mizner Park and Visions 90 Downtown Capital Improvements Program has been highly successful in creating an environment in Downtown which has led to substantial redevelopment and dramatic increases in taxable values and tax increment, the BRCRA area continues to have major challenges.

Among these challenges are:

- Creating a North/South Linkage from Mizner Park to Royal Palm Place;
- Developing a cohesive marketing strategy Downtown;
- Amending the Downtown Development Order so development can continue uninterrupted in the future;
- Continuing to create an attractive pedestrian friendly environment downtown in the face of regulatory obstacles;
- Introducing mass transit and alternative transportation modes in the downtown; and
- Repaying the Mizner Park debt and moneys advanced from the City of Boca Raton.

Achieving these goals will require the continued cooperation and support of all interested parties and jurisdictions and will benefit not only the Downtown and the City of Boca Raton but the entire County.

Financial Statements

Within the context of financial reporting, the BRCRA is considered a blended component unit of the City of Boca Raton (City) and is therefore included in the City's annual financial audit. The financial statements included herein are unaudited statements of the BRCRA. Audited statements are included in the City of Boca Raton's Comprehensive Annual Financial Report ("CAFR") for the fiscal year ending September 30, 2005 and may be obtained in the Financial Services Department 201 West Palmetto Park Road, Boca Raton, Florida or online at <http://www.ci.boca-raton.fl.us/city/finance.cfm>.

The BRCRA's Financial Statements are made up of three funds:

Boca Raton Community Redevelopment Agency Operating Fund - The Operating Fund provides for the Agency's day-to-day operations through the use of City staff from the Development Services Department. This includes the Agency office, all general administration, plan review services and the BRCRA's day-to-day dealings with the public, developers, the City and other governmental agencies.

Boca Raton Community Redevelopment Agency Mizner Park Special Revenue Fund - The Mizner Park Revenue Fund is provided for and controlled by the bond covenants on the refinanced Mizner Park Bonds. All tax increment revenues and Mizner Park lease revenues are placed in this fund as they are received by the BRCRA. Moneys from this fund are then transferred as needed based upon the bond covenants to Boca Raton Community Redevelopment Agency Debt Service Fund. If there are moneys left over after making all of the required transfers to the Debt Service Fund during the bond year, those monies may be used for any other lawful purpose.

Boca Raton Community Redevelopment Agency Debt Service Fund - The Debt Service Fund is provided for and controlled by the bond covenants on the refinanced Mizner Park Bonds. This Fund receives the transfers from the Mizner Park Revenue Fund and holds the moneys until they are used for debt service on the next bond payment date. In the event that the transfer from the Mizner Park Revenue Fund is insufficient to meet bond covenants, then the City of Boca Raton must make a payment into the Mizner Park Debt Service Fund. Moneys in this fund pay principal and interest on the Mizner Park Bond Issue and related administrative fees.

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006**

(Unaudited)

	Community Redevelopment Agency Operating Fund	Community Redevelopment Agency Mizner Park Special Revenue Fund	Community Redevelopment Agency Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 24,992	\$ 191,151	\$ 500,329	\$ 716,472
Investments	157,766	1,682,526	2,541,420	4,381,712
Receivables, net:				
Lease revenues		9,452,025		9,452,025
Interest	301	24,782	25,823	50,906
Due from other governmental units		557		557
Total assets	<u>\$ 183,059</u>	<u>\$ 11,351,041</u>	<u>\$ 3,067,572</u>	<u>\$ 14,601,672</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 14,753			\$ 14,753
Unearned revenue		\$ 9,452,025		\$ 9,452,025
Total liabilities	<u>14,753</u>	<u>9,452,025</u>		<u>9,466,778</u>
Fund balances:				
Reserved for:				
Encumbrances	142,717			142,717
Parking	3,067			3,067
Debt Service			\$ 3,067,572	3,067,572
Unreserved, Undesignated	22,522	1,899,016		1,921,538
Total fund balances	<u>168,306</u>	<u>1,899,016</u>	<u>3,067,572</u>	<u>5,134,894</u>
Total liabilities and fund balances	<u>\$ 183,059</u>	<u>\$ 11,351,041</u>	<u>\$ 3,067,572</u>	<u>\$ 14,601,672</u>

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

(Unaudited)

	Community Redevelopment Agency Operating Fund	Community Redevelopment Agency Mizner Park Special Revenue Fund	Community Redevelopment Agency Debt Service Fund	Total Governmental Funds
REVENUES				
Taxes		\$ 6,146,820		\$ 6,146,820
Charges for services	\$ 160,686	1,277,607		1,438,293
Investment earnings	4,121	131,576	\$ 141,224	276,921
Total revenues	<u>164,807</u>	<u>7,556,003</u>	<u>141,224</u>	<u>7,862,034</u>
EXPENDITURES				
Current:				
Community development	227,839			227,839
Debt service:				
Principal			4,375,000	4,375,000
Interest			2,004,405	2,004,405
Total expenditures	<u>227,839</u>		<u>6,379,405</u>	<u>6,607,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,032)</u>	<u>7,556,003</u>	<u>(6,238,181)</u>	<u>1,254,790</u>
Other financing sources (uses)				
Transfers in	194,500		6,458,300	6,652,800
Transfers out		<u>(6,652,800)</u>		<u>(6,652,800)</u>
Total other financing sources (uses)	<u>194,500</u>	<u>(6,652,800)</u>	<u>6,458,300</u>	
Net change in fund balances	131,468	903,203	220,119	1,254,790
Fund balances - beginning	36,838	995,813	2,847,453	3,880,104
Fund balances - ending	<u>\$ 168,306</u>	<u>\$ 1,899,016</u>	<u>\$ 3,067,572</u>	<u>\$ 5,134,894</u>

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY

**COMMUNITY DEVELOPMENT AGENCY- MIZNER PARK SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
Revenues:				
Taxes	\$ 5,130,000	\$ 5,130,000	\$ 6,146,820	\$ 1,016,820
Charges for services	1,180,000	1,180,000	1,277,607	97,607
Investment earnings	33,000	33,000	131,576	98,576
Total revenues	<u>6,343,000</u>	<u>6,343,000</u>	<u>7,556,003</u>	<u>1,213,003</u>
Expenditures:				
Total expenditures	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess of revenues over expenditures	<u>6,343,000</u>	<u>6,343,000</u>	<u>7,556,003</u>	<u>1,213,003</u>
Other financing sourcews (uses):				
Transfers out	<u>(6,652,800)</u>	<u>(6,652,800)</u>	<u>(6,652,800)</u>	
Total other financing sources (uses)	<u>(6,652,800)</u>	<u>(6,652,800)</u>	<u>(6,652,800)</u>	
Net change in fund balances	<u>\$ (309,800)</u>	<u>\$ (309,800)</u>	903,203	<u>\$ 1,213,003</u>
Fund balances - beginning			995,813	
Fund balances - ending			<u>\$ 1,899,016</u>	

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY

**COMMUNITY REDEVELOPMENT AGENCY OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

(Unaudited)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive / (Negative)
REVENUES				
Charges for services	\$ 208,800	\$ 208,800	\$ 160,686	\$ (48,114)
Investment earnings	5,500	5,500	4,121	(1,379)
Miscellaneous	100	100		(100)
Total revenues	<u>214,400</u>	<u>214,400</u>	<u>164,807</u>	<u>(49,593)</u>
EXPENDITURES				
Current:				
Community development	454,600	474,300	227,839	246,461
Total expenditures	<u>454,600</u>	<u>474,300</u>	<u>227,839</u>	<u>246,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(240,200)</u>	<u>(259,900)</u>	<u>(63,032)</u>	<u>196,868</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	194,500	194,500	194,500	
Total other financing sources (uses)	<u>194,500</u>	<u>194,500</u>	<u>194,500</u>	
Net change in fund balances	<u>\$ (45,700)</u>	<u>\$ (65,400)</u>	131,468	\$ 196,868
Fund balances - beginning			36,838	
Fund balances - ending			<u>\$ 168,306</u>	

BOCA RATON COMMUNITY REDEVELOPMENT AGENCY
COMMUNITY REDEVELOPMENT AGENCY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive / (Negative)</u>
REVENUES				
Investment earnings	\$ 96,000	\$ 96,000	\$ 141,224	\$ 45,224
Total revenues	<u>96,000</u>	<u>96,000</u>	<u>141,224</u>	<u>45,224</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	4,375,500	4,375,500	4,375,000	500
Interest	2,007,700	2,007,700	2,004,405	3,295
Total expenditures	<u>6,383,200</u>	<u>6,383,200</u>	<u>6,379,405</u>	<u>3,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,287,200)</u>	<u>(6,287,200)</u>	<u>(6,238,181)</u>	<u>49,019</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,458,300	6,458,300	6,458,300	
Total other financing sources (uses)	<u>6,458,300</u>	<u>6,458,300</u>	<u>6,458,300</u>	
Net change in fund balances	<u>\$ 171,100</u>	<u>\$ 171,100</u>	220,119	<u>\$ 49,019</u>
Fund balances - beginning			2,847,453	
Fund balances - ending			<u>\$ 3,067,572</u>	