For the Fiscal Year Ended September 30, 2023

Largo Community Redevelopment Agency

Annual Financial Report



Community Redevelopment Agency
City of Largo, Florida
Annual Financial Report
September 30, 2023

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Community Redevelopment Agency
City of Largo, Florida
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Community Redevelopment Agency Board

(City of Largo City Commission)

Dr. Woody Brown, Mayor and CRA Chair

Donna Holck, Vice Mayor

John L. Carroll

Samantha Fenger

Eric Gerard

Jamie Robinson

Michael Smith

Community Redevelopment Agency Staff

City Manager Henry Schubert (retired)

City Manager John P. Curp

Assistant City Manager Margaret Paluch

Community Development Director Cheryl C. Reed

Community Development Assistant Director Robert Klute

Economic Development Manager Bryan Pederson

Downtown Administrator Mark Richard

Office of Performance & Budget Director Meridy Semones

Finance Director Rebecca Spuhler

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Commission, and City Management
Largo Community Redevelopment Agency
City of Largo, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and major fund of the Largo Community Redevelopment Agency ("Agency") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Largo Community Redevelopment Agency, as of September 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

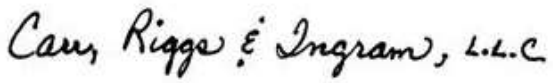
Required Supplementary Information

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

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 15, 2024, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
April 15, 2024

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) INTRODUCTION

This MD&A summarizes key financial information for the Largo Community Redevelopment Agency (CRA), which is doing well, financially.

FINANCIAL OVERVIEW

Fund Balance & Net Position: The accumulation of financial resources for the future.

Fund balance and net position (called *equity* in the private sector) represent the financial capacity to respond to unexpected events, such as recessions and disasters or to seize unforeseen opportunities.

Fund balance increased approximately 11% to $4.7 million, due to delayed capital projects and preparation for FY2024 projects. Revenue was slightly over-budget.

Debt: The financial impacts of borrowing.

The City and the CRA approved an interlocal agreement to memorialize the terms by which the CRA shall pay or reimburse the City from tax increment revenues for costs related to the Horizon Complex (new city hall and parking garage) project in the total amount of $7,250,000 with annual installments commenced in 2023 and continuing through 2030.

Operating Results: The degree to which revenue and expenditures/expenses met expectations.

Several revenues were slightly over-budget and all expenditures were under-budget.

FINANCIAL STATEMENTS OVERVIEW *("Primer" on governmental accounting and reporting.)*

This section is intended to help readers understand governmental financial statements and is essentially a "primer" on governmental financial reporting. It also provides an overview of the CRA's reporting structure.

Unlike private sector companies, state and local governments present ***two* sets** of financial statements, which provide two different financial perspectives: *Big picture (government-wide) and Small picture (fund level).*

Government Financial Statements - State & local governments present *two sets* of financial statements:

- ***Government-wide financial statements*** *(long-term focus, big picture)*
- Similar to, but not identical to consolidated financial reporting in the private sector
- Reports Governmental Activities and Business-type Activities, not individual funds
- Measures the flow of economic resources using the full-accrual basis of accounting similar to private sector accounting
- ***Individual fund financial statements*** *(small picture and usually* most interesting to readers*)*
- Governmental funds – Measures flow of current financial resources using the modified-accrual basis of accounting
- Proprietary and Fiduciary funds – Measures flow of economic resources (long-term focus) using the full-accrual basis of accounting similar to private sector accounting and identical to the Government-wide statements

Fund Accounting. The CRA uses fund accounting to enhance accountability over public resources and to demonstrate compliance with legal requirements. Fund accounting also helps maintain greater control over resources dedicated to specific activities.

Governmental fund. The CRA is reported as a Special Revenue Fund. Governmental fund financial statements focus on short-term inflows and outflows of financial resources (mostly cash) and on available resources at year end. A budget schedule is presented.

Minimum Financial Reporting. Local governments must present the following financial information:

a. Management Discussion and Analysis (MD&A) - An MD&A is required supplementary information.

b. Government-wide statements. Government-wide statements (the CRA as a whole) include two statements, two Activities and information is reported using the accrual basis of accounting.

i. Statement of Net Position. Presents assets, liabilities and deferred inflows/outflows with the difference being *net position* ("equity").

ii. Statement of Activities. Presents the changes in net position from revenues and expenses, which are reported as soon as an event occurs, regardless of when cash is received or paid.

- *i. Governmental Activities*. Activities primarily supported by taxes. The CRA's GA includes economic development activities.
- *ii. Business-type Activities*. Activities primarily supported by charges for services (user fees). The CRA reports no BTA activities.

c. Fund statements. The CRA reports one governmental type fund (Special Revenue Fund).

d. Financial statement reconciliation. Governmental Activities and Governmental Fund statements are prepared with different bases of accounting; therefore, a reconciliation of the differences is provided for the position statements and operating statements.

e. Notes to the financial statements (the "notes"). The Notes provide information that is essential to gaining a full understanding of the government-wide and individual fund financial statements.

f. Other Required Supplementary Information (RSI). The CRA reports no RSI.

GOVERNMENT-WIDE STATEMENTS SUMMARY (*The CRA as a whole, "big-picture" focus.*)

This section summarizes information from the government-wide statements (the CRA as a whole) by focusing on Governmental Activities not on individual funds (the CRA reports no Business-type Activities). *Governmental Activities* combine all governmental funds adjusted from the modified accrual basis of accounting to the accrual basis of accounting.

Government-wide Statement of Net Position. This statement flows downward to arrive at total net position. The largest change for *Governmental Activities* was cash increasing by approximately $443,000 and total net position increased approximately $460,000, due to reduced capital spending during the year.

Statement of Net Position
September 30
Governmental Activities

	2023	2022
Assets		
Current	$ 5,220,855	$ 4,774,248
Total assets	5,220,855	4,774,248
Liabilities		
Current	551,155	564,076
Total liabilities	551,155	564,076
Net position		
Nonspendable	979,669	979,669
Restricted	3,690,031	3,230,503
Total net position	$ 4,669,700	$ 4,210,172

Government-wide Statement of Activities. This statement summarizes revenues and expenses, which are responsible for the change in total net position reported above.

Statement of Governmental Activities
Fiscal Year Ended September 30

	2023	2022
Program revenue		
Capital grants/contribution	$ 766,800	$ 898,268
Total program revenue	766,800	898,268
General revenue		
Property taxes	875,822	767,961
Investment earnings (losses)	107,299	(85,682)
Other	-	46,950
Total general revenue	983,121	729,229
Total revenue	1,749,921	1,627,497
Expenses		
Economic development	1,290,393	412,502
Total expenses	1,290,393	412,502
Change in net position	459,528	1,214,995
Net position - beginning	4,210,172	2,995,177
Net position - ending	$ 4,669,700	$ 4,210,172

Actual to Budget Comparison - September 30, 2023

Revenues	Total Revenues	Final Budget	Variance Over (Under) Budget $	Variance Over (Under) Budget %
Taxes	$ 875,822	$ 856,200	$ 19,622	2.3%
Intergovernmental	766,800	802,100	(35,300)	(4.4%)
Investment earnings (losses)	107,299	3,000	104,299	3476.6%
Total revenues	1,749,921	1,661,300	88,621	5.3%

Expenditures	Total Expenditures	Final Budget	Variance Over (Under) Budget $	Variance Over (Under) Budget $
Economic development	1,253,326	1,903,028	(649,702)	(34.1%)
Public works	-	2,500	(2,500)	(100%)
Capital outlay	37,067	337,996	(300,929)	(89.0%)
Total expenditures	1,290,393	2,243,524	(953,131)	(42.5%)
Net Change in Fund Balance	$ 459,528	$ (582,224)	$ 1,041,752	(178.9%)

Fund Level Comparison. The CRA manages two community redevelopment districts. The West Bay Drive Community Redevelopment District (WBD-CRD) is primarily funded through tax increment revenues (TIF), and most of those funds are dedicated to infrastructure improvements. Properties located in the WBD-CRD do not pay additional property taxes. Rather, a portion of the annual City and County taxes collected in the redevelopment area are transferred to the CRA for a trust fund for redevelopment activities. Total revenue was over budget by $88,621, or 5.3% of budget, due primarily to higher than budgeted TIF allocations.

About half of the capital expenditure budget variance is related to outstanding encumbrances for the West Bay Drive Trail-head project (a multi-modal transportation improvement), which was re-budgeted in FY2023 for remaining CRA Fund Expenses. The CRA awarded a HIP grant for the construction of 16 townhomes. The first payment, $40,000, was paid out on FY21 as the owner met the first condition of receiving issuance of the building permits.

CAPITAL ASSETS & LONG-TERM DEBT

The CRA is reporting no capital assets or long-term debt as governmental debt is held by the City, not the CRA. The City and the CRA approved an interlocal agreement to memorialize the terms by which the CRA shall pay or reimburse the City from tax increment revenues for costs related to the Horizon Complex (new city hall and parking garage) project in the total amount of $7,250,000 with annual installments commenced in 2023 and continuing through 2030.

ECONOMIC CONDITIONS, NEXT YEAR'S BUDGET AND NEXT YEAR'S RATES (FEES)

Economic Conditions. The CRA is cautiously optimistic about future economic conditions, excluding any potential impact from the Covid-19 pandemic on property values and revenues, which appears will be minimal at the present. The local housing market remains strong, property values are increasing, significant commercial and residential development is projected in the downtown and unemployment is relatively low.

Next Year's Budget and Rates.

- The City of Largo's FY24 property tax rate was kept constant at 5.52 mills from FY23, which impacts the CRA's tax revenue.
- FY24 property tax revenue growth is projected at 10.9% for the CRA, even with the constant millage rate.

Long-term Projections. Private development is taking shape in the downtown area, including the eventual move of City Hall to the downtown area. Revenues are projected to grow at an above average rate, due to the strong housing market and increased development activity. Fund balance is projected to remain adequate to support enhanced development activity for the next several years.

ADDITIONAL INFORMATION

Additional information is available on the City's website, at: www.largo.com. Telephone inquiries may be directed to the Finance Director at (727) 587-6747. Written requests for information may be addressed to the Finance Director, PO Box 296, Largo, FL 33779-0296 or may be emailed to: fidirector@largo.com.

Community Redevelopment Agency
City of Largo, Florida
Statement of Net Position
September 30, 2023

		Governmental Activities
Assets		
Cash and investments	$	4,227,438
Accrued interest receivable		13,748
Property held for resale		979,669
Total assets		5,220,855
Liabilities		
Accounts and accrued interest payable		14,076
Accrued payroll and vacation		5,079
Due to City of Largo		532,000
Total liabilities		551,155
Net position		
Nonspendable		979,669
Restricted for economic development		3,690,031
Total net position	$	4,669,700

Community Redevelopment Agency
City of Largo, Florida
Statement of Activities
September 30, 2023

Functions/Programs	Expenses	Program Revenues Capital Grants and Contributions	Net Revenue Changes in Net Position Total Governmental Activities
Governmental activities:			
Economic development	$ 384,093	$ 766,800	$ 382,707
Total governmental activities	384,093	766,800	382,707
General revenues:			
Property tax			875,822
Investment earnings			107,299
Transfer to the City of Largo			(906,300)
Total general revenues			76,821
Change in net position			459,528
Net position - beginning			4,210,172
Net position - ending			$ 4,669,700

Community Redevelopment Agency
City Of Largo, Florida
Balance Sheet
September 30, 2023

	General Fund
Assets	
Cash and investments	$ 4,227,438
Accrued interest	13,748
Property held for resale	979,669
Total assets	$ 5,220,855
Liabilities	
Accounts payable	$ 14,076
Accrued payroll	5,079
Due to City of Largo	532,000
Total liabilities	551,155
Fund balances	
Nonspendable	979,669
Restricted	3,690,031
Total fund balances	4,669,700
Total liabilities and fund balances	$ 5,220,855

Community Redevelopment Agency
City of Largo, Florida
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Fiscal Year Ended September 30, 2023

Amounts reported for governmental activities in the statement of net position are the same:

Ending fund balance – governmental funds	$	4,669,700
Net position of governmental activities	$	4,669,700

Community Redevelopment Agency
City Of Largo, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscal Year Ended September 30, 2023

	General Fund
Revenues	
Taxes	$ 875,822
Intergovernmental	766,800
Investment earnings	107,299
Total revenues	1,749,921
Expenditures	
Current:	
Economic development	347,026
Capital Outlay	37,067
Total expenditures	384,093
Other financing sources/uses	
Transfer to the City of Largo	(906,300)
Total other financing sources/uses	(906,300)
Net change in fund balance	459,528
Fund balance - beginning	4,210,172
Fund balance - ending	$ 4,669,700

Community Redevelopment Agency
City of Largo, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Fiscal Year Ended September 30, 2023

Amounts reported for governmental activities in the statement of revenues, expenditures and changes in fund balances are the same:

Net change in fund balances – total governmental funds	$	459,528
Changes in net position of governmental activities (statement of activities)	$	459,528

Community Redevelopment Agency
City of Largo, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Fiscal Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	$ 856,200	$ 856,200	$ 875,822	$ 19,622
Intergovernmental	802,100	802,100	766,800	(35,200)
Investment earnings	3,000	3,000	107,299	104,299
Total revenues	1,661,300	1,661,300	1,749,921	88,861
Expenditures				
Public works	2,500	2,500	-	2,500
Economic development	729,200	957,128	347,026	610,102
Capital outlay	40,000	337,996	37,067	300,929
Total expenditures	771,700	1,297,624	384,093	913,531
Excess (deficiency) of revenues over (under) expenditures	889,600	363,676	1,365,828	1,002,152
Other financing sources/uses				
Transfers out	(945,900)	(945,900)	(906,300)	39,600
Total other financing sources/uses	(945,900)	(945,900)	(906,300)	39,600
Net change in fund balance	$ (56,300)	$ (582,224)	459,528	$ 1,041,752
Fund Balance - beginning			4,210,172	
Fund Balance - ending			$ 4,669,700	

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The Largo Community Redevelopment Agency (CRA) was established by the City of Largo, Florida Ordinance 1997-34, pursuant to Chapter 163, Part III, Florida Statutes. The purpose of the CRA is to organize and direct redevelopment activities of the City of Largo's West Bay Drive downtown area and Clearwater/Largo Road redevelopment area. The seven member City of Largo City Commission acts as the CRA's governing board, and as such, establishes the CRA's operating plan, operating budget, operating policies and conducts all official business of the CRA.

The CRA is a component unit to the City of Largo, which is a is a full-service municipality and a political subdivision of the State of Florida, located in Pinellas County on Florida's Sun-coast, located within the Tampa Bay metropolitan area. The City was incorporated in 1905, has a current permanent population of approximately 85,000 and is approximately 20 square miles in area.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit may be another organization for which the nature, and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include or exclude a potential component unit in the reporting entity is made by applying the criteria set forth in generally accepted accounting principles (GAAP) applicable to governmental entities, including whether the primary government is financially accountable, which is determined by: (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

In conformity with applicable Governmental Accounting Standards Board (GASB) requirements, the financial statements of the CRA are included as a blended component unit of the City of Largo. The financial activities of the CRA are reported in a special revenue fund in the City's Annual Comprehensive Financial Report, titled the Community Redevelopment Agency Fund. A blended component unit, although a legally separate entity is, in substance, part of the primary government's operations; therefore, the CRA's financial information is combined with information of the primary government, because of the significance of operational and financial relationships with the City.

B. Generally Accepted Accounting Principles

The financial statements of the CRA have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The GASB is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the CRA are described below.

The CRA uses fund accounting to report its financial position and results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate compliance with financially related legal requirements and to aid in financial management by segregating transactions related to certain activities.

C. Government-wide and individual fund financial statements

1. Government-wide financial statements

   The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the CRA as governmental activities, which normally are supported mostly by taxes and intergovernmental revenues. The statement of activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses are those that are clearly identifiable with a function.

   Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the CRA, 2) operating grants and contributions that pay for operating activities and 3) capital grants and contributions that pay for the acquisition, construction or refurbishment of capital assets. Revenues that are not classified as program revenues are reported as general revenues.

2. Fund financial statements

   The CRA only reports one fund, which is a General Fund.

3. Reconciliation of Government-wide and governmental fund statements

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

D. Measurement focus, basis of accounting and financial statement presentation

1. Government-wide financial statements

   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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

2. Governmental fund financial statements

   Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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 (within 60 days of the end of the fiscal period). Grant revenues and donations are recognized in the fiscal year in which all eligibility criteria have been satisfied. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures (if any) are recorded when payment is due.

   Most intergovernmental revenues and interest income are considered susceptible to accrual and have been recognized as revenues of the current period. All other revenues are considered measurable and available when cash is received, including property taxes.

E. Assets, liabilities, fund equity, deferred inflows and deferred outflows

1. Cash and investments

   The CRA participates in the City of Largo's cash and investment pool (the Pool), whereby cash for City funds and the CRA are combined and invested similar to a mutual fund. Formal accounting records detail the daily equity of all participating funds, including the CRA. Interest earned is allocated based on the average equity in pooled balances. Each fund's individual equity in the Pool is considered to be a cash equivalent, since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

   Florida Statute 218.261 authorizes the CRA and the City of Largo to invest in negotiable direct obligations of, or guaranteed by, the US Government; interest-bearing time or savings deposits in federal or state chartered banks or savings and loan associations provided that any such deposits are secured by collateral as may be prescribed by law; obligations of certain federal agencies and

instrumentalities; and repurchase agreements.

The Pool maintains a buy and hold investment strategy, the objectives of which are safety of principal, liquidity and investment earnings, in that order of priority. The Pool utilizes a laddered maturity policy, whereby investment purchases are made throughout the year to avoid any form of market timing, and to provide a relatively consistent maturity of investments throughout the year. This policy is intended to enhance liquidity and mitigate volatility in valuations. The policy limits interest rate risk by limiting the final maturity for any individual investment to no more than 60 months and by limiting the weighted average maturity for the portfolio to 24 months or less. All investments are reported at fair value.

2. Due to/due from the City of Largo

During the course of normal operations, transactions may occur between the CRA and the City of Largo. These receivables and payables are classified as “due to/from the City of Largo”.

3. Fund equity

Fund equity at the governmental fund reporting level is referred to as “fund balance” and as “net position” for other reporting levels. Generally, fund balance represents the difference between current assets and current liabilities, while net position represents the difference between all assets and all liabilities.

4. Nature and purpose of classifications of fund balance

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on constraints on the purposes for which fund balance amounts can be spent.

Restricted fund balances are constrained to specific purposes placed either by (a) creditors, grantors, contributors, and laws or regulations of other governments or (b) imposed by constitutional provisions or enabling legislation.

5. Fund balance reserve policy

The CRA maintains an adequate fund balance to accommodate unanticipated expenditures, expenditures of a non-recurring nature, unanticipated revenue declines, and cash flow needs.

6. Property taxes

Property taxes are levied on November 1 on non-exempt property assessed as of January 1 of the same year. Property taxes are payable in arrears beginning in November through the following March 31, with a 1% discount for each month paid prior to March (4% maximum discount), after which time the taxes become delinquent. A lien is placed against properties by the County Tax

Collector's office if taxes are not paid prior to June 1 and tax certificates are eventually sold if the lien is not paid.

7. Property held for resale

Property held for resale reflects land intended to be sold for redevelopment purposes.

8. Capital Assets

The CRA does not hold any capital assets. Capital purchases made by the CRA are transferred to the City of Largo.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets. An annual budget is prepared for the governmental funds on a basis consistent with GAAP and approved the CRA Board. Any change that alters the total expenditures/expenses must be approved by the CRA Board through a budget amendment. All budget amounts presented in the accompanying financial statements are adjusted for amendments. Supplemental Appropriations were enacted during the year for the CRA in the amount of $65,300.

Every appropriation, except a capital expenditure appropriation, lapses at the close of the fiscal year to the extent that the appropriation has not been expended or encumbered. Appropriations for capital expenditure continue in force until the purpose has been accomplished or abandoned, or if three years pass without any disbursement or encumbrance of the appropriation, whichever occurs first; however, it is Management's policy to request the CRA Board to re-appropriate unexpended or unencumbered appropriations in the succeeding year's budget.

New Accounting Pronouncements. For fiscal year 2023, the CRA implemented Governmental Accounting Standards Board (GASB) Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements.", No. 96, "Subscription-Based Information Technology Arrangements", No. 99, "Omnibus 2022" and Implementation Guide No. 2021-1, Implementation Guidance updated 2021".

GASB Statement No. 94 Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements improves financial reporting by establishing definitions and enhancing decision usefulness by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The changes were incorporated into the CRA's 2023 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 96 Subscription-Based Information Technology Arrangements (SBITAs) defines a SBITA as a contract that conveys control of the right to use another party's software over a period of time in an exchange or exchange-like transaction. It establishes a right-to-use subscription asset

(intangible asset) and a corresponding subscription liability. The changes were incorporated into the CRA's 2023 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 99 Omnibus 2022 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing issues related to derivative instruments, leases, public-private and public-public partnerships and availability payment arrangements, and subscription-based IT arrangements. It also extends the period during which the London Interbank Offered Rate (LIBOR) can be considered as a benchmark interest rate. The changes were incorporated into the CRA's 2023 financial statements; however, there was no effect on beginning net position.

Implementation Guide No. 2021-1 provides guidance that clarifies, explains, or elaborates on GASB statements. The changes were incorporated into the CRA's 2023 financial statements; however, there was no effect on beginning net position.

Future Accounting Pronouncements. The Governmental Accounting Board has issued statements that will become effective in FY2024 and FY2025. The statements include:

- GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62
- GASB Statement No. 101, Compensated Absences
- GASB Statement No. 102, Certain Risk Disclosures
- Implementation Guide No. 2023-1, "Implementation Guidance Update 2023"

The CRA is currently evaluating the effects that these statements will have in its future financial statements.

IV. DETAILED NOTES

A. Deposits and investments

The CRA participates in the City of Largo's Pooled Cash and Investment account (the Pool) for all operating cash needs. As a Pool member, the CRA receives interest on its Pool deposits at the same rate of return as other City funds, based on its proportional balance in the Pool. As a Pool member, the CRA has complete access to all of its Pool deposits without restrictions and can liquidate its total share in the Pool at any time without penalties.

At September 30, 2023, the CRA's proportional balance of the Pool was approximately 2.3%, or $4,227,438. For more information on the Pool please refer to the City of Largo Annual Comprehensive Financial Report (ACFR) for fiscal year 2023.

B. Construction commitments

The CRA has one committed construction project as of September 30, 2023, a portion of the Horizon City Hall complex parking garage. On December 21, 2021, the City and the CRA approved an interlocal agreement to memorialize the terms by which the CRA shall pay or reimburse the City from tax increment revenues for costs related to the Horizon Complex (new city hall and parking garage) project in the total amount of $7,250,000 with annual installments commenced in 2023 and continuing through 2030. During the year ended September 30, 2023 the CRA transferred $906,300 to the City. These payments are included in the Economic Development expenses. On January 20, 2022 the City issued Capital Improvement Revenue Bonds Series 2022A and 2022B (taxable) in the amount of $47,665,000 and $4,035,000, respectively. The Bonds were issued with coupons ranging from 0.86% to 5%. The proceeds were used to repay the City for expenditures incurred to date and to pay for upcoming construction costs for the Horizon Complex. The Bonds mature in varying amounts from 2022 to 2051.

C. Capital Assets

All capital assets purchased or constructed by the CRA are transferred to the City of Largo, because the CRA does not use the capital assets in its operations.

The commitments below are financed from existing resources (amount below reflects only the portion of the project cost allocated to the CRA):

Project	Total Incurred	Remaining Commitment
Horizon City Hall Complex Parking Garage	$1,146,300	$6,103,700
Total	$1,146,300	$6,103,700

D. Fund equity

All fund equity is restricted to CRA purposes in accordance with the enabling legislation. The nonspendable portion represents the balance of property held for resale.

E. Encumbrances

Purchase orders are issued throughout the fiscal year to encumber budgets. Significant encumbrances as of September 30, 2023 include:

Housing Infill Program Grant Expenses	$307,500
Other	12,734
Total Encumbrances	$320,234

V. OTHER DISCLOSURES

A. Contingent Liabilities

Litigation. The CRA is not a defendant in any lawsuits.

B. Tax Abatements

The CRA has not entered into any property tax abatements with local businesses under the s. 3, Article VII of the Florida State Constitution. This article provides the CRA the ability to grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses.

C. Subsequent Events

The CRA has no subsequent events as of the auditor's report date.

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

Honorable Mayor, Members of the City Commission, and City Management
Largo Community Redevelopment Agency
City of Largo, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Largo Community Redevelopment Agency ("Agency"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated April 15, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

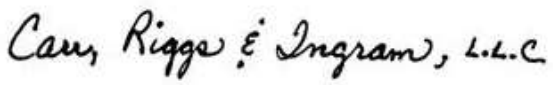
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
April 15, 2024

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MANAGEMENT LETTER

Honorable Mayor, Members of the City Commission, and City Management
Largo Community Redevelopment Agency
City of Largo, Florida

Report on the Financial Statements

We have audited the financial statements of the Largo Community Redevelopment Agency ("Agency"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 15, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 15, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Community Redevelopment Agency is a component unit of the City of Largo, Florida and was established by the City of Largo, Florida, Ordinance 1997-34, pursuant to Chapter 163, Part III, Florida Statutes.

Financial Condition and Management

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

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

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Largo Community Redevelopment Agency reported:

a. The total number of district employees compensated in the last pay period of the Agency's fiscal year as -0-.
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Agency's fiscal year as -0-.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $-0-.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $-0-.
e. Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported. The District is paying part of the debt service on the Horizon City Hall Complex, FY2023 total cost to the CRA was $906,300.
f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General included in the District's basic financial statements.

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

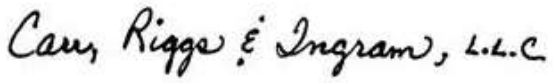
a. The millage rate imposed by the Agency as 5.52.
b. The total amount of ad valorem taxes collected on behalf of the Agency as $875,822.
c. The total amount of outstanding bonds issued by the Agency and the terms of such bonds as $-0- (Bonds are City of Largo debt but CRA is contributing towards debt service. See e. above).

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, it was determined that the Agency's Annual Budget was not sent to the Pinellas County Board of Commissioners within 10 days of adoption as required by Section 163.387(6)(b), Florida Statutes. We recommend management implement processes and procedures to ensure timely submission of the budget to the Pinellas County Board of County Commissioners.

Purpose of this Letter

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



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
April 15, 2024

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor, Members of the City Commission, and City Management
Largo Community Redevelopment Agency
City of Largo, Florida

We have examined the Largo Community Redevelopment Agency ("Agency"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management is responsible for the Agency's compliance with the requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
April 15, 2024

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH COMMUNITY TRUST FUND

Honorable Mayor, Members of the City Commission, and City Management
Largo Community Redevelopment Agency
City of Largo, Florida

We have examined the Largo Community Redevelopment Agency's (the "Agency"), compliance with the requirements of Sections 163.387(6) and 163.387(7), Florida Statutes, *Redevelopment Trust Fund*, during the year ended September 30, 2023. Management of the Agency is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
April 15, 2024

CITY OF LARGO

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FINANCE DEPARTMENT

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Brandon Bevan, Assistant Director
E-mail: bbevan@largo.com
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7/8/2024

Re: City of Largo CRA: Response to Auditor Finding 163.387(6)(b), Florida Statutes; Additional Matters

The City understands that a community redevelopment agency (CRA) created by the City shall submit its annual budget to the Pinellas County Board of Commissioners within 10 days after being adopted. Due to lack of oversight by the Finance and Community Development departments, this notification was sent 23 days after adoption. The City understands the statutory requirements and importance of submitting the budget timely.

The City will continue to enhance its controls to ensure compliance with the statute by review of upcoming and approved resolutions, which are required by the City to approve the CRA budget, as well as any budget amendments. The Assistant Finance Director, or their designee, will receive written notice from community development and/or budget staff confirming this information was provided to the county.