

CITY OF QUINCY
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Quincy)

FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
SEPTEMBER 30, 2021

City of Quincy Community Redevelopment Agency

TABLE OF CONTENTS

FINANCIAL SECTION

| | |
|---|---|
| Independent Auditor’s Report..... | 1 |
| Management’s Discussion and Analysis..... | 4 |

BASIC FINANCIAL STATEMENTS

| | |
|---|----|
| Statement of Net Position | 10 |
| Statement of Activities..... | 11 |
| Balance Sheet..... | 12 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance..... | 13 |
| Notes to Financial Statements..... | 14 |

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|--|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual..... | 21 |
| Notes to Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual | 22 |
| Project Revenues and Expenditures Schedule | 23 |

COMPLIANCE SECTION

| | |
|---|----|
| 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..... | 24 |
| Independent Auditor’s Report on Compliance with Florida Statute Section 218.415-Investment of Public Funds | 26 |
| Independent Auditor’s Report on Compliance with Florida Statute Section 163.387(6) and (7)-Redevelopment Trust Fund | 27 |
| Schedule of Findings..... | 28 |
| Independent Auditor’s Management Letter | 29 |

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Redevelopment Agency
City of Quincy, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Community Redevelopment Agency (the CRA), a component unit of the City of Quincy, Florida (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

(continued)

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis and other required supplementary information as listed in the table of contents to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Quincy Community Redevelopment Agency's basic financial statements. The project revenues and expenditures schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The project revenues and expenditures schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the project revenues and expenditures schedule is fairly stated in all material respects in relation to the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT
(concluded)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2022, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 CRA'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 internal control over financial reporting and compliance.

Moran & Smith LLP

October 17, 2022
Tallahassee, Florida

The Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City of Quincy Community Redevelopment Agency's (the CRA's) financial activities. The analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the CRA's financial activity, identify the changes in the CRA's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues of concern.

Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the CRA's financial statements and independent auditor's report.

▪ **Financial Highlights**

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by \$144,846 (net position). All of which is restricted for community redevelopment uses.
- The CRA's total net position decreased by \$13,266 during the year ended September 30, 2021.
- As of the close of the current fiscal year, the CRA's general fund reported ending fund balance of \$144,846 compared to \$158,113 at the end of the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements. The CRA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all the CRA's assets, liabilities, and deferred inflows and outflows of resources with the residual measure reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CRA is improving or deteriorating.

The statement of activities presents information showing how the CRA's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by private sector business in that revenue is recognized when earned or established criteria are satisfied, and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the year, and expenses are reported even though they may not have used cash during the current fiscal year.

Both government-wide financial statements are designed to distinguish functions of the CRA that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (business-type activities). The CRA does not engage in business-type activities and as such, no business-type activities are reported in the financial statements.

The governmental activities of the CRA are exclusively comprised of the community redevelopment function.

The government-wide financial statements can be found by referencing the table of contents of this report.

Fund financial statements: Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the CRA, rather than reporting on the CRA as a whole. The CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities if there are any differences between the two. For the current year, there were no differences reported in these reconciliations. The CRA maintains only one fund, a major governmental fund designated as the general fund.

The basic governmental fund financial statements can be found by referencing the table of contents of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found by referencing the table of contents of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the CRA's general fund budgetary comparisons. Required supplementary information can be found by referencing the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position: The following table reflects a summary of the statement of net position compared to the prior year. The statement of net position can be found by referencing the table of contents of this report.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table reflects a summary of net position compared to the prior year.

Statement of Net Position
 (Summary) as of September 30,

| | <u>Governmental Activities</u> | |
|--------------------------|--------------------------------|--------------------------|
| | <u>2021</u> | <u>2020</u> |
| Assets | | |
| Current and other assets | <u>\$ 177,038</u> | <u>\$ 241,203</u> |
| Total assets | <u>177,038</u> | <u>241,203</u> |
| Liabilities | | |
| Current liabilities | 32,192 | 18,990 |
| Notes payable | <u>0</u> | <u>64,100</u> |
| Total liabilities | <u>32,192</u> | <u>83,090</u> |
| Net Position | | |
| Restricted | <u>144,847</u> | <u>158,113</u> |
| Total net position | <u><u>\$ 144,847</u></u> | <u><u>\$ 158,113</u></u> |

On September 30, 2021 and 2020, 100% of the CRA's net position is reported as restricted and can only be used for community redevelopment in accordance with Chapter 163, Florida Statutes, and the community redevelopment plan.

CITY OF QUINCY COMMUNITY REDEVELOPMENT AGENCY
 Management's Discussion and Analysis
 September 30, 2021

Statement of Activities: The following table reflects a summary of the statement of activities compared to the prior year. The statement of activities can be found by referencing the table of contents of this report.

Statement of Activities
 (Summary) For the year ended September 30,

| | <u>Governmental Activities</u> | |
|-------------------------|--------------------------------|-------------------|
| | <u>2021</u> | <u>2020</u> |
| Revenues | | |
| General revenues | | |
| Taxes | \$ 466,970 | \$ 460,239 |
| Others | 20,107 | 347 |
| Total revenues | <u>487,077</u> | <u>460,586</u> |
| Expenses | | |
| Governmental activities | | |
| Economic Environment | 500,343 | 580,519 |
| Capital outlay | 0 | 0 |
| Total expenses | <u>500,343</u> | <u>580,519</u> |
| Change in net position | (13,266) | (119,933) |
| Net position-beginning | <u>158,113</u> | <u>278,046</u> |
| Net position-ending | <u>\$ 144,847</u> | <u>\$ 158,113</u> |

Governmental Activities

During 2021, governmental activities net position decreased by \$13,266 compared to a decrease of \$119,933 in the prior year. The main reason for current year changes was two-fold – one, there was a \$26,491 increase in revenues, augmented by a decrease in expenditures of approximately \$80,176, for a total change of \$106,667, when comparing a prior year loss of \$119,933 to current year loss of \$13,266.

FINANCIAL ANALYSIS OF THE CRA'S FUND

Governmental Funds

The focus of the CRA's governmental fund (general fund) statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CRA's financing requirements.

As of the end of the current fiscal year, the CRA's sole fund, the general fund, reported ending fund balances of \$144,846, a decrease of \$13,266 in comparison with the previously reported balance in the prior year of \$158,113. The entire fund balance of the CRA's general fund is restricted for community redevelopment expenditures.

The major changes in the current year in comparison to the prior year are detailed below:

- Tax revenues increased by \$6,733
- Other revenues increased by \$19,760
- Community redevelopment and project expenses decreased by \$109,051
- Program expenses increased by \$30,317

CRA GENERAL FUND BUDGETARY HIGHLIGHTS

Actual resources were less than the amended budgeted resources by \$124,958 primarily due to not using the prior year funds allocated to the current year. Actual expenses were less than budget by \$45,044, mainly due to less payroll, professional, and catalyst project being incurred. The CRA general fund revenue and expense budgets were amended in the same amount from the original budget of \$564,973 to the amended budget of \$612,035 (an increase of \$47,061) for the following reasons:

Revenues (net increase of \$47,061)

- Increased carryover of funds from fiscal year 2020-2021 from \$95,424 to \$142,485.

Expenses

- Increased CRA Catalyst projects by \$47,061, from \$255,000 to \$302,062.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: The CRA reported no capital assets as of September 30, 2021 or 2020.

The CRA often engages in the construction renovation and/or acquisition of capital assets which may include land, buildings, improvements or furniture and equipment. None of these assets are titled to the CRA and the CRA does not have operational oversight nor obligation for ongoing repair and maintenance of the assets rather the assets are transferred to the City upon acquisition or upon completion of construction or renovation.

For long term construction or renovation projects, the costs are capitalized in the governmental activities of the CRA and are transferred to the City upon completion.

Long-term Debt: The CRA reported long-term obligations of \$0 as of September 30, 2021 and \$64,100 long-term debt as of September 30, 2020.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Budget Highlights

The following significant item will affect the 2022 fiscal year:

- The approved budget for the fiscal year 2021-22 reflected an increase in budgeted revenues, primarily due to an increase of \$46,373 in TIF funds.

REQUEST FOR INFORMATION

This financial report is designed to provide users with a general overview of the CRA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the Finance Director, at the City of Quincy, 404 West Jefferson Street, Quincy, Florida 32351-2328.

CITY OF QUINCY COMMUNITY REDEVELOPMENT AGENCY
Statement of Net Position
September 30, 2021

| | <u>Governmental Activities</u> |
|----------------------------------|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 157,038 |
| Due from Other Funds | <u>20,000</u> |
| Total assets | <u>177,038</u> |
| Liabilities | |
| Accounts payable | 27,321 |
| Accrued expenses | 4,871 |
| Notes payable | <u>0</u> |
| Total liabilities | <u>32,192</u> |
| Net Position | |
| Restricted for: | |
| Community redevelopment projects | <u>144,847</u> |
| Total net position | <u><u>\$ 144,847</u></u> |

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

CITY OF QUINCY COMMUNITY REDEVELOPMENT AGENCY
Statement of Activities
September 30, 2021

| Function/Programs | Program Revenues | | | | Net (Expenses) |
|-------------------------------|------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
| Governmental Activities: | | | | | |
| Economic Environment | \$ 500,343 | \$ 0 | \$ 0 | \$ 0 | \$ (500,343) |
| Total Governmental Activities | \$ 500,343 | \$ 0 | \$ 0 | \$ 0 | \$ (500,343) |

| | |
|-------------------------|------------|
| General Revenues: | |
| Property taxes | \$ 466,970 |
| Investment earnings | 107 |
| Transfers | 20,000 |
| Total General Revenues | 487,077 |
| Changes in net position | (13,266) |
| Net position-beginning | 158,113 |
| Net position-ending | \$ 144,847 |

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

CITY OF QUINCY COMMUNITY REDEVELOPMENT AGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balance
September 30, 2021

| | <u>Governmental Activities</u> |
|----------------------------------|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 157,038 |
| Due from other funds | 20,000 |
| Total assets | <u>177,038</u> |
| Liabilities | |
| Accounts payable | 27,321 |
| Accrued expenses | 4,871 |
| Total liabilities | <u>32,192</u> |
| Fund Balance | |
| Restricted for: | |
| Community redevelopment projects | <u>144,847</u> |
| Total fund balance | <u><u>\$ 144,847</u></u> |

Summary Reconciliation to the Government-Wide Financial Statements:

| | |
|---|--------------------------|
| Fund Balances-Governmental Fund | \$ 144,847 |
| Reconciling items: | |
| No reconciling items | <u>0</u> |
| Net position of governmental activities | <u><u>\$ 144,847</u></u> |

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

CITY OF QUINCY COMMUNITY REDEVELOPMENT AGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balance
September 30, 2021

| | CRA General Fund |
|---|---------------------|
| Revenues | |
| General revenues | |
| Tax increment revenue | \$ 466,970 |
| Investment Earnings | 107 |
| Total revenues | <u>467,077</u> |
| Expenditures | |
| Current | |
| Economic Environment | 499,239 |
| Debt Service: | |
| Principal | 64,100 |
| Interest | 1,104 |
| Total expenditures | <u>564,443</u> |
| Deficiency of revenues under expenditures | (97,366) |
| Other financing sources | |
| Transfers in | 20,000 |
| Total other financing sources | <u>20,000</u> |
| Net change in fund balance | (77,366) |
| Fund balances-beginning | 222,213 |
| Fund balances-ending | <u>\$ 144,847</u> |

Summary Reconciliation to the Government-Wide Financial Statements:

| | |
|--|--------------------|
| Net change in Fund Balance-Governmental Fund | \$ (77,367) |
| Reconciling items: | |
| Payment of long-term debt has no effect on the statement of activities | 64,100 |
| Change in Net Position of Governmental Activities | <u>\$ (13,266)</u> |

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

CITY OF QUINCY COMMUNITY REDEVELOPMENT AGENCY

Notes to the Financial Statements

September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Quincy Community Redevelopment Agency's (the CRA) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established by GAAP and used by the CRA are discussed below.

A. REPORTING ENTITY

The CRA is a dependent special district created on February 23, 1999 by the City of Quincy, Florida (the City) under Chapter 163, Part III, of the Florida Statutes via Ordinance No. 8961. The CRA was created for the purpose of eliminating and preventing the development and spread of deterioration and blight through the clearance, replanning, reconstruction, rehabilitation, conservation, or renewal of areas designated for residential, commercial, industrial, community public, and other uses. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The Board of the CRA is comprised of the five members of the City Commission. The Board exercises all powers granted to the agency pursuant to Chapter 163.370 Section III of the Florida Statute.

As the City and the CRA are separate legal entities, the parties also share the mutual goal of redeveloping the CRA areas. The City provides administrative support services to the CRA. City management has operational responsibility for the CRA. For the year ended September 30, 2021, the CRA paid the City \$20,012 for the provision of these administrative support services and \$4,000 for separate IT support.

The accompanying financial statements present the CRA. There are no component units of the CRA, or entities for which the CRA is financially accountable. Criteria for determining if other entities are potential component units of the CRA which should be reported with the CRA's basic financial statements are identified and described in the GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The application of these criteria provides for identification of any entities for which the CRA is financially accountable and other organizations for which the nature and significance of their relationship with the CRA are such that exclusion would cause the CRA's basic financial statements to be misleading or incomplete. Based on these criteria, the financial reporting entity does not include or exclude any component units.

The City is financially accountable for the CRA and as such, the CRA is considered to be a blended component unit in the City's basic financial statements.

B. BASIS OF PRESENTATION

The basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide Financial Statements – The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all the nonfiduciary activities of the CRA. The effects of interfund activity would have been removed from these statements if there were any interfund activity. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-type activities, which rely to a significant extent on fees and charges for support. The CRA does not engage in any business-type activities.

CITY OF QUINCY COMMUNITY REDEVELOPMENT AGENCY

Notes to the Financial Statements

September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – The financial transactions of the CRA are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues, and expenditures/expenses. Each major fund is presented in a separate column and all non-major funds are aggregated and presented in a single column. Due to the CRA’s fund structure, there were no non-major funds.

The financial transactions of the CRA are recorded in a single governmental “general” fund. There are no other governmental funds, no proprietary funds nor any fiduciary funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgements, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Tax Incremental revenues are recognized as revenues in the year for which they are levied. Interest associated with the current fiscal period are considered to be susceptible to accrual as revenue of the current period.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the CRA.

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions are reported as liabilities until the eligibility requirements (excluding time requirements) are met and as deferred inflows if received before time requirements are met and all other eligibility requirements have been satisfied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. CASH AND INVESTMENTS

Cash and Cash Equivalents-All highly liquid investments with original maturities of three months or less when purchased are considered to be cash equivalents for the purpose of these statements. The City maintains an accounting system which centralizes the cash and equivalent function for all of the City's funds. The CRA's "share" of these pooled cash and cash equivalents is included in cash and cash equivalents on the accompanying balance sheet and statement of net position. The CRA has a separate stand-alone bank account and only participates in the pooled cash accounts for purposes of paying invoices and issuing paychecks. Florida Statutes require state and local governmental units to deposit monies in financial institutions classified as qualified public depositories. The CRA reimburses the pooled cash account on a regular basis. Earnings on the City deposits are distributed monthly in accordance with the participating fund's relative percentage of total deposits.

Investments-All investments are reported at fair value which is the price that would be received to sell an investment in an orderly transaction between market participants. The CRA does not have any investments in the name of the CRA.

E. RECEIVABLES AND UNEARNED OR UNAVAILABLE REVENUES

All receivables are reported at their gross value reduced by the estimated portion that is expected to be uncollectible. As of September 30, 2021, the CRA reported no receivables and therefore no allowance for uncollectible accounts receivable. In the fund financial statements, recognition of governmental fund-type revenues is deferred until they become measurable and available, in accordance with the modified accrual basis of accounting. Receivables are considered available if received within 60 days of year end.

Governmental funds report unavailable revenues in connection with receivables whose ultimate collection is not considered to be available to liquidate liabilities of the current period. All funds and activities may also report unearned revenue for resources that have been received, but not yet earned.

F. INVENTORIES

Inventory is immaterial and such items are recorded as expenditures/expenses when purchased.

G. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. CAPITAL ASSETS

In the government-wide financial statements capital assets may include land, buildings, improvements, infrastructure, and furniture and equipment. The CRA often engages in the construction, renovation, and/or acquisition of capital assets which may include land, buildings, improvements or furniture and equipment.

None of these assets are titled to the CRA and the CRA does not have operational oversight nor obligation for ongoing repair and maintenance of the assets rather the assets are transferred to the City upon acquisition or upon completing of the construction or renovation. For long term construction or renovation projects, the costs are incurred in the governmental activities of the CRA and are transferred to the City upon completion.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the event that capital assets are purchased and titled to the CRA or if the CRA has ongoing operational responsibility of a capital asset, the CRA would report these at historical cost, if purchased and at estimated acquisition value if donated. Capital assets are defined by City policy as personal or real property or improvements with an individual cost of \$1,000 or more and estimated useful life in excess of one year. Maintenance and repair costs which do not improve or extend the life of the respective assets are charged to expense. Capital outlay assets are transferred to the City for inclusion in the City's fixed assets.

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the CRA's general fund upon acquisitions.

I. COMPENSATION COSTS

The CRA has no employees of its own. Instead, the CRA reimburses the City for the portion of salaries and benefits attributable to CRA activities, based on the estimated time spent on those activities. The CRA has a dedicated person who spends all his time on these activities. Any long-term payroll and benefit liabilities, such as compensated absences, and other postemployment benefits, or pension liabilities are reported on the City's financial statements.

J. INTEREST COSTS

Interest costs are recognized as an expense in the period in which the cost is incurred in the statement activities or as an expenditure on a basis consistent with governmental fund accounting principles in the statement of revenues, expenditures, and changes in fund balance.

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. LONG-TERM OBLIGATIONS

There are no employees accounted for in the CRA. CRA employees are accounted for in the City's financial statements. Therefore, there are no compensated absences, other post-employment benefits or net pension liability.

The CRA did enter into a promissory note agreement on March 23, 2020, (loan number 70000133770) for \$350,000 with a maturity date of March 23, 2023, at an interest rate of 3.850% secured by the tax increment revenues of the CRA. The note was a straight line of credit. The CRA indicated that only \$64,100 was advanced. The City paid \$1,104 in interest and \$64,100 in principal during the year. Outstanding principal on September 30, 2021 was \$0.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

M. EQUITY CLASSIFICATIONS

Government-wide Statements-The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components.

1. Net investment in capital assets-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position-Consists of restricted assets reduced by liabilities related to those assets. Net position is reported as restricted only when restricted by outside parties or enabling legislation.
3. Unrestricted net position-Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position is available for use, it is the CRA's policy to use restricted net position first, and then unrestricted net position as needed.

Fund Statements-The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the CRA is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the CRA's circumstances. The following classifications describe the relative strength of the spending constraints:

- Nonspendable-This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted-This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Total fund balance of the CRA is reported as restricted in accordance with applicable State Statute requirements.
- Committed-This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (resolution) of the CRA's Board of Directors. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned-This classification includes amounts that are constrained by the CRA's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the CRA Board or through the Board delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for the CRA general fund.
- Unassigned-This classification includes all other spendable amounts.

The details of the fund balances are included in the governmental fund balance sheet. The CRA uses restricted funds first, followed by committed resources, and then assigned resources, as opportunities arise, but reserves the right to selectively spend unassigned resources first.

CITY OF QUINCY COMMUNITY REDEVELOPMENT AGENCY

Notes to the Financial Statements

September 30, 2021

NOTE 2 – INCREMENTAL PROPERTY TAX REVENUE

The CRA's primary source of revenue is tax increment funds. This revenue is computed by applying the respective operating tax rates for the City multiplied by the increased value of property located within the boundaries of the redevelopment area of the CRA in excess of the base property value, minus 5%. The City is required to fund this amount annually by January 1 of each year without regard to tax collections or other obligations.

The City millage rate in effect for the fiscal year ended September 30, 2021 was 5 mills.

NOTE 3 – BUDGETARY LAW AND PRACTICE

The budget is approved by the Board of the CRA (which is also the City Commission) and then formally adopted by resolution of the City Commission on or before October 1 of each year. Because the City has operational responsibility for the CRA, the CRA utilizes the City's budgetary level of control policy which establishes the legal level of budgetary control at the fund level for all of the CRA's funds. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations subject notification of the CRA's Board, however, any revisions that alter the total expenditure of any fund must be approved by a resolution of the City Commission. Budgets for all funds are adopted on the basis of cash receipts and disbursements which differs from the basis used for financial reporting purposes. These differences are usually not significant.

All final budget amounts presented in the accompanying required supplementary information have been adjusted for legally authorized amendments.

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions-The CRA had no material violations of finance related legal and contractual provisions.

Deficit Fund Balance or Net Position of Individual Funds-As of September 30, 2021, no individual fund had a deficit fund balance or net position deficit.

Excess of Expenditures Over Budget Appropriations in Individual Funds-For the year ended September 30, 2021, no budgetary fund had an excess of expenditures over budget appropriations.

NOTE 5 – DEPOSITS AND INVESTMENTS

Cash and cash equivalents include cash on hand, amounts in demand and time deposits and short-term investments with original maturity dates within three months of the date acquired by the City. The CRA's deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, all qualified public depositories are required to be eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, time the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

CITY OF QUINCY COMMUNITY REDEVELOPMENT AGENCY

Notes to the Financial Statements

September 30, 2021

NOTE 5 – DEPOSITS AND INVESTMENTS (concluded)

The CRA participates in the City maintained cash and investment pool that is available for use by all funds except the Pension Trust Funds. Interest income earned as a result of pooling is distributed monthly to the appropriate funds based on average daily balances.

Because City management has operational responsibility for the CRA, the type of investments in which the CRA may invest are governed by the City’s written investment policy and approved by the City Commission. The guidelines specify limits by instrument and establish a diversified investment strategy and a minimum credit quality.

As of September 30, 2021, the carrying amount of the CRA’s deposits is summarized below:

| | |
|---------------------------|--------------------------|
| Cash and cash equivalents | \$ 157,038 |
| Investments | <u>0</u> |
| Total | <u><u>\$ 157,038</u></u> |

NOTE 6 – RISK MANAGEMENT

During the ordinary course of its operations, the CRA is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The CRA is covered by the City’s self-insurance programs. The City’s self-insurance programs are accounted for as an Internal Service Fund in the City financial statements, which was established to account for and finance its uninsured risks of loss. All funds of the City, including the CRA, participate in the program. Fund revenues are primarily contributions from other City funds for amounts needed to pay insurance premiums, anticipated self-insured losses and administrative expenses.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF QUINCY COMMUNITY REDEVELOPMENT AGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
September 30, 2021

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------|-------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| General revenues | | | | |
| Taxes | \$ 469,549 | \$ 469,549 | \$ 466,970 | \$ (2,579) |
| Investment Earnings | 0 | 0 | 107 | 107 |
| Total revenues | 469,549 | 469,549 | 467,077 | (2,472) |
| Expenditures | | | | |
| Current | | | | |
| Economic Environment | 564,973 | 564,973 | 499,239 | (65,734) |
| Debt Service: | | | | |
| Principal | 0 | 0 | 64,100 | 64,100 |
| Interest | 0 | 0 | 1,104 | 1,104 |
| Total expenditures | 564,973 | 564,973 | 564,444 | (529) |
| Deficiency of revenues under expenditures | (95,424) | (95,424) | (97,367) | (1,943) |
| Other financing sources | | | | |
| Transfers in | 0 | 0 | 20,000 | 20,000 |
| Total other financing sources | 0 | 0 | 20,000 | 20,000 |
| Net change in fund balance | (95,424) | (95,424) | (77,367) | 18,057 |
| Fund balances-beginning | 95,424 | 95,424 | 222,213 | 126,789 |
| Fund balances-ending | \$ 0 | \$ 0 | \$ 144,846 | \$ 144,846 |

BUDGETARY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A budget to actual schedule is required supplementary information for the CRA general fund. The annual budget for the CRA is prepared in accordance with the modified accrual basis of accounting. Under 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. For this purpose, the CRA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. The City Manager is authorized to transfer budgeted amounts within departments and projects, however, any revisions that alter the total expenditures among departments, projects, or in total, must be approved by the City Commission. During the year and up to 60 days subsequent to year-end. The CRA Board of Directors' may adopt an amended budget approving such additional expenditures. The accompany schedule shows the budget as originally adopted and as amended.

CITY OF QUINCY COMMUNITY REDEVELOPMENT AGENCY
Required Supplementary Information
Project Revenues and Expenditures Schedule
September 30, 2021

| <u>Project Number</u> | <u>Project Name</u> | <u>Expenditures</u> | <u>Committed</u> | <u>Total</u> | <u>Transfers In</u> |
|---------------------------|-------------------------|---------------------|------------------|--------------|---------------------|
|---------------------------|-------------------------|---------------------|------------------|--------------|---------------------|

No project
outstanding

COMPLIANCE SECTION

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

To the Board of Directors
Community Redevelopment Agency
City of Quincy, 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 the major fund of the Community Redevelopment Agency (the CRA), a component unit of the City of Quincy, Florida (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated October 17, 2022.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing the 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 in 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 deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA's financial statements are free from material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of the Report

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

Moran & Smith LLP

October 17, 2022
Tallahassee, Florida

**INDEPENT AUDITORS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF
SECTION 218.415 FLORIDA STATUTES**

To the Board of Directors
Community Redevelopment Agency
City of Quincy, Florida

We have examined the Community Redevelopment Agency's (the CRA) compliance with 218.415, Florida Statutes, *Local Government Investment Policies*, during the fiscal year ended September 30, 2021. City management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

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

In our opinion the CRA complied, in all material respects, with the aforementioned requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the fiscal year ended September 30, 2021.

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

Moran & Smith LLP

October 17, 2022
Tallahassee, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF
SECTION 163.387(6) and (7) FLORIDA STATUTES REDEVELOPMENT TRUST FUND**

To the Board of Directors
Community Redevelopment Agency
City of Quincy, Florida

We have examined the Community Redevelopment Agency's (the CRA) compliance with section 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund*, as of and for the year ended September 30, 2021, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

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

In our opinion the CRA did not comply in all material respects, with the aforementioned requirements of Section 163.387(6) and Section 163.387(7), Florida Statutes, *Redevelopment Trust Fund*, during the fiscal year ended September 30, 2021. See Finding 2021-1

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

Moran & Smith LLP

October 17, 2022
Tallahassee, Florida

CURRENT YEAR FINDINGS

2021-001 THE CRA BUDGET

The CRA did not maintain adequate records to demonstrate that prior year unused money was re-appropriated to specific projects and were used for those projects. The excess funds at the end of the 2021 year are also not documented to be re-appropriated on specific capital projects in the CRA plan. The Budgeted amounts to used going into 2021 year do not agree to actual cash carryforwards, and the same thing happened again at the end of 2021

We recommend that the CRA understand the exact fund balances at the end of each year and comply with FS regarding unspent funds at year end.

Management Response:

During the budgeting process, which was during the months of August thru September 2020, the fund balance calculated before audit was performed was \$142,485.65 (\$278,046 FY 2019 less calculated loss of \$135,560). During the auditing process, the loss was recalculated and the CRA Board adopted an amended budget which included all cash carryforwards. The actual amounts were not known until after the budget was adopted, but the intent was to include all amounts of the carryforward for specific projects. This amended budget increased the carryforward amount to \$142,485, with the CRA Catalyst Projects being increased from \$255,000 to \$302,062. The budget was increased from \$549,974 to \$612,035 accordingly.

An additional step has been added to the budgeting process. This will help to ensure that the amount being carried forward for the CRA is recalculated again in the month of November (which is 45 to 60 days after the end of the fiscal year) to ensure that the carryforward amount equals the general ledger amount and the CRA Board has allocated the funds to specific projects simultaneously.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Board of Directors
Community Redevelopment Agency
City of Quincy, Florida

Report on the Financial Statements

We have audited the financial statements of the Community Redevelopment Agency (the CRA), a component unit of the City of Quincy, Florida (the City). As of and for the fiscal year ended September 30, 2021 and have issued our report thereon dated October 17, 2022.

Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and an Independent Accountants' Reports 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, which are dated October 17, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no prior year audit findings.

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 of the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements. The CRA has no component units.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

(continued)

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the CRA 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 for the CRA. It is management's responsibility to monitor the CRA's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the 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.

Special District Component Units

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

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

- a. The total number of District employees compensated in the last pay period of the District's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 7.
- 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 \$338,936.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin after October 1 of the fiscal year being reported, together with the total expenditures of such projects as \$ 0.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

(continued)

- 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 adopter budget under Section 189.016(6), Florida Statutes, as \$0.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of the 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, and the Board members and management of the CRA, and is not intended to be and should not be used by anyone other than these specified parties.

Moran & Smith LLP

October 17, 2022
Tallahassee, Florida