# City of Cape Coral Redevelopment Agency
# (A Component Unit of the City of Cape Coral, Florida)
# Financial Statements
# Fiscal Year Ended September 30, 2022

# FINANCIAL STATEMENTS

## Community Redevelopment Agency
**(A Component Unit of the City of Cape Coral, Florida)**

For the Fiscal Year Ended
September 30, 2022

Prepared by:
The City of Cape Coral
Financial Services Department

SOUTH CAPE
The Heart of Cape Coral
Community Redevelopment Agency

**CAPE CORAL COMMUNITY REDEVELOPMENT AGENCY**
**(A Component Unit of the City of Cape Coral, FL)**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**
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# Introductory Section

**CAPE CORAL COMMUNITY REDEVELOPMENT AGENCY**
**(A Component Unit of the City of Cape Coral, Florida)**

**Board of Commissioners**

**Chair**

Linda Biondi

**Vice-Chair**

James Brantley

**Board Members**

Gregory Gebhard

Janis Keim

Thomas Slaughter

**CRA Staff**

Michael Ilczyszyn, Interim City Manager, Interim CRA Executive Director

Mark C. Mason, CPA, Financial Services Director, CRA Treasurer

**Board of Commissioners reflect current members as of date of printing.

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Community Redevelopment Agency

# Financial Section

CliftonLarsonAllen LLP
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# INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Cape Coral Community Redevelopment Agency
Cape Coral, Florida

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the Cape Coral Community Redevelopment Agency (CRA), a component unit of the City of Cape Coral, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CRA'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 each major fund of the CRA, as of September 30, 2022, and the respective changes in financial position 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CRA 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 CRA'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.

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***Auditors' 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 auditors' 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 GAAS 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 GAAS 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 CRA'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 CRA'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 budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2023, 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 CRA's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Fort Myers, Florida
April 26, 2023

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# Management's Discussion & Analysis

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MDA) of the Cape Coral Community Redevelopment Agency (the "CRA") is designed to provide an objective and easy to read analysis of the financial activities for the fiscal year ended September 30, 2022, based on currently known facts, decisions, and conditions.

The MDA provides a broad overview, short-term and long-term analysis of the CRA's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the CRA's financial activity and identify changes in the CRA's financial position and its ability to address the next year's challenges. Finally, the MDA will identify any material deviations from the approved budget.

The Cape Coral Community Redevelopment Agency was created in 1987 by Ordinance 49-87 pursuant to Section 163.356 of the Florida Statutes. The CRA boundaries have been expanded pursuant to Ordinance 11-03 and Ordinance 54-09-1. The CRA is a dependent special district and blended component unit of the City of Cape Coral. The mission of the Cape Coral CRA is to reestablish and enhance the downtown South Cape areas and create a vibrant urban village. The City Manager of Cape Coral serves as the Executive Director of the CRA.

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

### HIGHLIGHTS

**Financial Highlights**

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by $8.2 million (net position).
- The CRA's total net position decreased by $7.5 million which was attributable primarily to a project assistance agreement in advance of tax revenues.
- The CRA's tax increment revenues increased by $0.2 million or approximately 14.3%. This resulted from increased property values of 10.2% from all properties within the CRA.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The CRA's financial statements are comprised of the 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 financial statements themselves.

**Government-wide Financial Statements**

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

The *Statement of Activities* (operating statement) presents information showing how the CRA's net position changed during the most recent fiscal year. All changes in revenues are reported as soon as underlying events giving rise to the change occur, regardless of the timing of related cash flows. The expenses are reported as incurred. Therefore, revenue and expenses for some items will only result in cash inflows/outflows in future fiscal periods.

The CRA's government-wide financial statements present functions of the CRA that are principally supported by tax increment financing (governmental activities). The governmental activities of the CRA include general government activities and community development. The CRA has no business-type activities.

The government-wide financial statements can be found on pages 13-15 of this report.

**Fund Financial Statements**

The governmental fund financial statements provide readers with an overview of each fund and its related function in a traditional format. A fund is a grouping of related accounts that maintain control over resources that are segregated for specific activities or objectives. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The CRA utilizes two funds for the fiscal year ended September 30, 2022; the *Special Revenue Fund,* and the *Capital Project Fund.*

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

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

The CRA adopts an annual appropriated budget for its *Special Revenue Fund* and the *Capital Project Fund.* Budgetary comparison schedules, provided for the *Special Revenue Fund* and the *Capital Project Fund,* demonstrate compliance with the budget and provides an analysis of significant budgetary variances (both original budget versus the final amended budget).

The CRA's governmental funds financial statements can be found beginning on page 15 of this report. The reconciliations between the governmental funds and governmental activities are found on pages 16 and 18.

**Notes to the Financial Statements –** The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and the fund financial statements. These notes to the financial statements begin on page 19 of this report.

**Other information -** In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the CRA's budget to actual results for the *Special Revenue Fund.* The required supplementary information can be found on pages 35 through 36 of this report.

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## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule is a summary of the fiscal 2022 Statement of Net Position found on page 13 with comparative information for fiscal year 2021.

Cape Coral Community Redevelopment Agency
**Summary of Net Position**
(in millions)

| | Governmental Activities | |
|---|---|---|
| | 2022 | 2021 |
| Current and other assets | $ 8.4 | $ 6.8 |
| Capital assets | 13.4 | 13.0 |
| Total assets | 21.8 | 19.8 |
| Current and other liabilities | 10.4 | 0.1 |
| Noncurrent liabilities | 3.2 | 4.0 |
| Total liabilities | 13.6 | 4.1 |
| Net position: | | |
| Net investment in capital assets | 10.1 | 9.0 |
| Restricted | - | 6.7 |
| Unrestricted | (1.9) | - |
| Total net position | $ 8.2 | $ 15.7 |

The CRA's total net position decreased by $7.5 million or 0.5%. This is due to a project assistance agreement in advance of tax revenues.

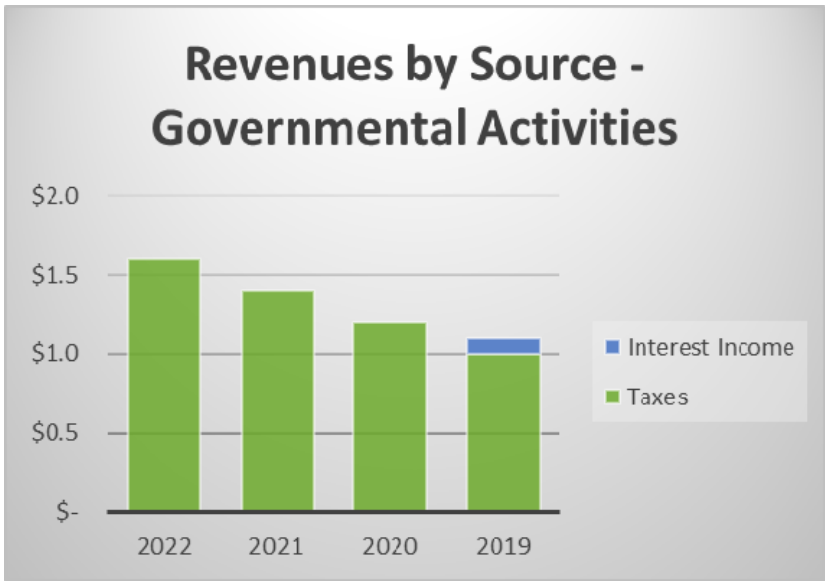
The following schedule is a summary of the fiscal year ended September 30, 2022, Statement of Activities found on page 14, with comparative information for the fiscal year ended September 30, 2021.

Cape Coral Community Redevelopment Agency
**Summary of Changes in Net Position**
(in millions)

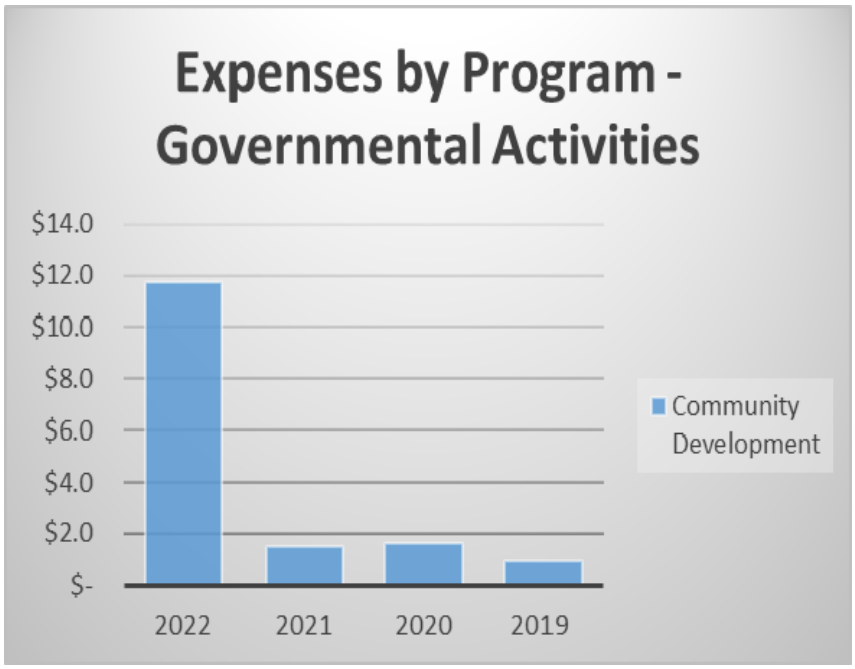
| | Governmental Activities | |
|---|---|---|
| | 2022 | 2021 |
| **REVENUES:** | | |
| **General Revenues:** | | |
| Property Taxes | $ 1.6 | $ 1.4 |
| **Total Revenues** | 1.6 | 1.4 |
| **EXPENSES:** | | |
| **Program Activities** | | |
| **Governmental Activities:** | | |
| Community Development | 11.7 | 1.5 |
| **Total Expenses** | 11.7 | 1.5 |
| Increase (Decrease) in Net Position before transfers | (10.1) | (0.1) |
| Transfers in from the City of Cape Coral | 2.6 | 2.0 |
| Change in Net Position | (7.5) | 1.9 |
| Net Position - beginning | 15.7 | 13.8 |
| Net Position - ending | $ 8.2 | $ 15.7 |

Tax increment revenue increased by $0.2 million or 14.3% due to an increase in the property values within the CRA. Tax increment revenue is a function of the increase in the assessed values of properties within the CRA district above the base year valuation amounts, as well as the operating millage rate of each taxing district that contributes to the tax increment. This was the tenth consecutive year with growth in taxable value for the redevelopment area. Expenses increased $10.2 million or 680.0% primarily due to a project assistance agreement in the amount of $10.4 million. The agreement will assist with a mixed-use development planned at 845-851 Cape Coral Parkway East. It was funded by an advance to the CRA from the City's General Fund that will be repaid over 10 years with interest at 1.5%.

The following is a table of the last four fiscal years of revenues by source for governmental activities:




The following is a table of the last four fiscal years of expenses by source for governmental activities:



**Financial Analysis of the CRA's Funds**

As noted earlier, the CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The fund financial statements for the governmental funds are provided on pages 15-18. The focus of the CRA's governmental funds 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.

**Major Fund Information**
**Summary Analysis**
(in millions)

| | Special Revenue Fund | Capital Project Fund |
|---|---|---|
| Fiscal Year 2022 | | |
| Revenues | $ 1.6 | $ - |
| Expenditures | (10.9) | (0.9) |
| Other financing sources(uses) | (1.0) | 2.6 |
| Increase (decrease) in fund balance | $ (10.3) | $ 1.7 |

| | Special Revenue Fund | Capital Project Fund |
|---|---|---|
| Fiscal Year 2021 | | |
| Revenues | $ 1.4 | $ - |
| Expenditures | (0.7) | (0.5) |
| Other financing sources(uses) | (1.2) | 2.4 |
| Increase (decrease) in fund balance | $ (0.5) | $ 1.9 |

At the end of the current fiscal year the fund balance of the Special Revenue fund was negative $9.8 million. The fund balance decreased by $10.3 million primarily due to a project assistance agreement for a mixed-use development in the amount of $10.4 million. This agreement was funded by an advance from the City's General Fund that will be repaid over 10 years at 1.5% interest. The fund balance for the Capital Project fund was $7.8 million which is an increase of $1.7 million due to funding received from the General Fund for capital projects that was not fully expended by the end of the fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets**

The following schedule reflects the CRA's net capital assets as of September 30, 2022, and 2021:

| | Governmental Activities | |
|---|---|---|
| | 2022 | 2021 |
| Land | $ 0.6 | $ 0.4 |
| Improvements other than buildings | 11.8 | 12.0 |
| Infrastructure | 1.0 | 0.6 |
| Total capital assets | $ 13.4 | $ 13.0 |

Of the $13.4 million investment in capital assets for governmental activities, the CRA district's streetscape improvements comprise the majority at $11.8 million. Infrastructure consisting of parking areas, alley ways, and a water line project total $1.0 million, while land makes up the balance. During fiscal year 2022, improvements to infrastructure included $0.5 million in water distribution lines and $0.3 million in street lighting. Additional land was also acquired during the fiscal year for $0.2 million to accommodate overflow parking. These improvements and acquisitions were offset by depreciation expense for the current year of $0.7 million, resulting in an overall increase of $0.4 million in the CRA's investment in capital assets from the prior fiscal year.

**Long Term Debt**

While the CRA does not have debt issued under its name, the City of Cape Coral has issued Special Obligation Revenue debt on behalf of the CRA that is repayable by the CRA.

The following is a schedule of outstanding debt that the City has issued on behalf of the CRA and repayable by the CRA as of September 30, 2022, and 2021:

| Governmental Activities | |
|---|---|
| 2022 | 2021 |
| $ 3.2 | $ 4.0 |

The CRA's total debt decreased by $0.8 million, or 20.0%, during the current fiscal year due to scheduled debt payments.

Additional information on the CRA's long-term debt can be found in Note 7: Services provided by the City of Cape Coral.

**Other Factors**

The CRA's guiding document for annual budgeting, programs and projects is the South Cape Downtown Community Redevelopment Plan for the entire Redevelopment Area. The Redevelopment Plan focuses on community engagement, community policing, economic development and infrastructure improvements.

Within the limits, restrictions, and controls established in the Redevelopment Plan or subsequent plans, the CRA working collaboratively with the Development Services Department may propose amendments to the Comprehensive Plan and the Land Use and Development Regulations, including design criteria, building heights, land coverage, setback requirements, special exceptions, traffic circulation, traffic areas, and other development and design controls necessary for proper development of both public and private projects.

The principal source of revenue for use by the CRA is ad valorem taxes. Ordinance No. 51-87 dated June 29, 1987, established a Redevelopment Trust Fund. For each taxing year since adoption of the Redevelopment Plan, ad valorem taxes generated by the assessed taxable real property value in excess of the Redevelopment Area's base year assessment total, also known as tax increment revenue, has been deposited into the Redevelopment Trust Fund to the credit of each Redevelopment Area. The methodology for determining the amount of the tax increment to be contributed to the Redevelopment Trust Fund each year is provided in Section 163.387 F.S. All funds deposited into the Redevelopment Trust Fund are available to the CRA for any lawful purpose as defined in Chapter 163.370 F.S. in fulfillment of the provisions of the Redevelopment Plan and any amendments thereto.

**Economic Outlook**

The last ten consecutive years has shown an increase in taxable value for properties in the redevelopment area, which is a strong indication that the economic outlook is continuing to improve. There are more than 60 restaurants, all-star chefs and cuisine, and 250,000+ annual visitors. The CRA's ongoing "Cape Competes Program" provides incentives to attract small businesses, jobs, and encourage arts in the area. In addition to

multiple expanded parking, median landscaping, and decorative lighting projects currently in progress within the district, some of the major development happening in the South Cape CRA includes the following:

**Bimini West or Bimini Square** is a nearly six acre project in the Bimini Basin area and the planned site of a mixed-use development expected to break ground between June and July 2023. The project is estimated at more than $100 million and will include office and retail spaces, a waterfront restaurant, 218 apartments, a 25-slip transient boat dock, and a 500-space parking garage in addition to parking for the restaurant. Recent rezoning will allow the project to house medical offices and a clinic as well. The City provided $125,000 to offset impact fees, and the developer will install new curbs, gutters and paving around the project which includes public streets. Expected completion is summer of 2025.

**The Cove at 47th** is a $103 million mixed-use project currently under construction and will include 327 luxury apartments, 19,000 square feet of retail and office space, and a 525-space parking garage, making it the first infill development in Cape Coral. The City contributed a $10.35 million financial incentive to fund the parking structure and address on-site sewer improvements. Expected completion is September 2024.

**Utility Improvements** of $26 million are budgeted by the City of Cape Coral to existing infrastructure within the CRA. $12.7 million of the improvements are funded by ARPA (American Rescue Plan Act) grant funding. This will create the necessary infrastructure to continue to support future development.

**Requests for Information**

This financial report is designed to provide a general overview of the CRA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City of Cape Coral Community Redevelopment Agency at City Hall, 1015 Cultural Park Blvd, Cape Coral, FL 33990.

SOUTH CAPE
The Heart of Cape Coral
Community Redevelopment Agency

# Basic Financial Statements

**CAPE CORAL COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Cape Coral, Florida)
**STATEMENT OF NET POSITION**
**September 30, 2022**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and investments | $ 8,431,734 |
| Interest receivable | 2,593 |
| Capital assets: | |
| Land and construction in progress | 567,319 |
| Other capital assets, net of depreciation | 12,809,996 |
| Prepaid items | 1,003 |
| Total assets | 21,812,645 |
| **LIABILITIES** | |
| Accounts payable and other accrued liabilities | 13,881 |
| Retainage payable | 12,109 |
| Accrued payroll | 6,044 |
| Due to City | 10,350,000 |
| Due within one year | 823,913 |
| Noncurrent liabilities: | |
| Due in more than one year | 2,407,769 |
| Total liabilities | 13,613,716 |
| **NET POSITION** | |
| Net investment in capital assets | 10,140,204 |
| Unrestricted | (1,941,275) |
| Total net position | $ 8,198,929 |

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

**CAPE CORAL COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Cape Coral, Florida)
**STATEMENT OF ACTIVITIES**
**For the Year Ended September 30, 2022**

| **Functions/Programs** | **Expenses** | **Net (Expense) Revenue and Changes in Net Position** |
|---|---|---|
| | | **Governmental Activities** |
| Primary government: | | |
| Governmental activities: | | |
| Community development | 11,675,185 | (11,675,185) |
| Total governmental activities | 11,675,185 | (11,675,185) |
| General revenues: | | |
| Taxes: | | |
| Property taxes, levied for general purpose | | 1,578,044 |
| Rent and royalties | | 8,925 |
| Investment earnings (loss) | | (32,885) |
| Other income | | 12 |
| Transfers in from the City of Cape Coral | | 2,553,602 |
| Total general revenues and transfers | | 4,107,698 |
| Change in net position | | (7,567,487) |
| Net position - beginning | | 15,766,416 |
| Net position - ending | | $ 8,198,929 |

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

**CAPE CORAL COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Cape Coral, Florida)
**BALANCE SHEET**
**September 30, 2022**

| | Special Revenue Fund | Capital Project Fund | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments | $ 601,604 | $ 7,830,130 | $ 8,431,734 |
| Interest receivable | 2,593 | - | 2,593 |
| Prepaid items | 1,003 | - | 1,003 |
| Total assets | 605,200 | 7,830,130 | 8,435,330 |
| **LIABILITIES** | | | |
| Accounts payable and other accrued liabilities | 71 | 13,810 | 13,881 |
| Accrued retainage | - | 12,109 | 12,109 |
| Accrued payroll | 6,044 | - | 6,044 |
| Advance from City | 10,350,000 | - | 10,350,000 |
| Total liabilities | 10,356,115 | 25,919 | 10,382,034 |
| **FUND BALANCES** | | | |
| Nonspendable: | 1,003 | - | 1,003 |
| Committed to: | | | |
| Street-lighting | - | 25,869 | 25,869 |
| Club square water line | - | 107,143 | 107,143 |
| Landscape and beautification | - | 216,818 | 216,818 |
| Founders Park | - | 286,911 | 286,911 |
| Country Club Blvd. medians | - | 800,000 | 800,000 |
| Parking | - | 655,613 | 655,613 |
| Miscellanous projects | - | 5,711,857 | 5,711,857 |
| Unassigned | (9,751,918) | - | (9,751,918) |
| Total fund balances | (9,750,915) | 7,804,211 | (1,946,704) |
| Total liabilities, deferred inflows of resources and fund balances | $ 605,200 | $ 7,830,130 | $ 8,435,330 |

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

**CAPE CORAL COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Cape Coral, Florida)
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**
**SEPTEMBER 30, 2022**

| | | |
|---|---|---|
| Fund balances - total governmental funds | | $ (1,946,704) |
| Amounts reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Capital assets | $ 16,232,117 | |
| Accumulated depreciation | (2,854,802) | 13,377,315 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | |
| Debt payable to City | $ (3,225,002) | |
| Compensated absences | (6,680) | (3,231,682) |
| Net position of governmental activities | | $ 8,198,929 |

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

**CAPE CORAL COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Cape Coral, Florida)
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**For the Year Ended September 30, 2022**

| | Special Revenue Fund | Capital Project Fund | Total Governmental Funds |
|---|---|---|---|
| **REVENUES** | | | |
| Taxes: | | | |
| Property | $ 1,578,044 | $ - | $ 1,578,044 |
| Rent and royalties | 8,925 | - | 8,925 |
| Investment earnings (loss) | (32,885) | - | (32,885) |
| Other revenue | 12 | - | 12 |
| Total revenues | 1,554,096 | - | 1,554,096 |
| **EXPENDITURES** | | | |
| Current: | | | |
| Community development | 10,873,229 | - | 10,873,229 |
| Capital outlay | 46,806 | 943,541 | 990,347 |
| Total expenditures | 10,920,035 | 943,541 | 11,863,576 |
| Excess revenues over (under) expenditures | (9,365,939) | (943,541) | (10,309,480) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers in | - | 2,655,469 | 2,655,469 |
| Transfers out | (2,655,469) | - | (2,655,469) |
| Transfers in from the City of Cape Coral | 2,553,602 | - | 2,553,602 |
| Transfers out to the City of Cape Coral | (877,048) | - | (877,048) |
| Total other financing sources (uses) | (978,915) | 2,655,469 | 1,676,554 |
| Net change in fund balances | (10,344,854) | 1,711,928 | (8,632,926) |
| Fund balances - beginning | 593,939 | 6,092,283 | 6,686,222 |
| Fund balances - ending | $ (9,750,915) | $ 7,804,211 | $ (1,946,704) |

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

**CAPE CORAL COMMUNITY REDEVELOPMENT AGENCY**
(A Component Unit of the City of Cape Coral, Florida)
**RECONCILIATION OF THE STATEMENT OF REVENUES,**
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**
**TO THE STATEMENT OF ACTIVITIES**
**For the Year Ended September 30, 2022**

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds: | | $ (8,632,926) |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. | | |
| Capital outlay | $ 990,347 | |
| Depreciation | (735,016) | 255,331 |
| Net payments made to the City of Cape Coral related to the CRA's outstanding debt | | 808,101 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Change in long-term compensated absences | | 2,007 |
| Change in net position - governmental activities | | $ (7,567,487) |

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

# Notes to Financial Statements

**CAPE CORAL COMMUNITY REDEVELOPMENT AGENCY**

(A Component Unit of the City of Cape Coral, Florida)

**Notes to the Financial Statements**
September 30, 2022

## 1. The City of Cape Coral Community Redevelopment Agency

The City of Cape Coral Community Redevelopment Agency (the "CRA") was created in 1987 by Ordinance 49-87 of the City of Cape Coral, Florida, pursuant to Section 163.356 of the Florida Statutes and the CRA boundaries have subsequently been expanded pursuant to Ordinance 11-03 and Ordinance 54-09-1 to the area it is today. The City Council appoints the CRA's Board of Directors. The CRA provides services for the benefit of the City. The CRA's projects result in capital assets (mainly other improvements and infrastructure). The CRA's transactions are recorded and reported by the City.

The CRA is a blended component unit and although a legally separate entity, in substance, is part of the City's operations.

## 2. Summary of Significant Accounting Policies

The financial statements of the CRA have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically update its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. This summary of the CRA Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other information in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

### A. Reporting Entity

The CRA uses GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34,* for the purpose of evaluating whether it has any component units. Based on the criteria therein, the CRA has determined that there are no component units that meet criteria for inclusion in the CRA's financial statements. The Board of the CRA (the "Board") is governed by a "Board of Commissioners" appointed by the City Council. Management of the City has operational responsibility for the CRA. The City is considered to be financially accountable for the CRA; the CRA is considered to be a blended component unit of the City's annual comprehensive financial report.

### B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide financial statements and fund financial statements along with the notes to the financial statements. Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole and provide a consolidated financial picture of the government. As part of the consolidation process, interfund activities are eliminated to avoid distorted financial results.

The Statement of Net Position reports all financial and capital resources of the CRA's governmental activities. Governmental activities are those supported by charges for services, taxes and transfers from the City of Cape Coral.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial 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.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses reported 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 have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their operating statements present sources (revenue and other financing sources) and uses (expenditures and other financing uses) of available spendable resources during the period. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Incremental property taxes and investment earnings associated with the current fiscal periods are susceptible to accrual and are recorded as earned since they are measurable and available. All other revenues are considered to be measurable and available only when cash is received by the CRA or property has legally transferred to the CRA. Expenditures, other than debt service, are generally recorded when a liability is incurred, as under accrual accounting. Debt service expenditures are recorded only when the payment is due.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities of the government-wide presentation.

The focus of the GASB No. 34 model is on the CRA as a whole and the fund financial statements. The focus of the Fund Financial Statements is on the major funds of the governmental activities. Each presentation provides valuable information that can be analyzed to enhance the usefulness of the information.

**D. Major Funds and Basis of Presentation**

The accounts of the CRA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds.

**Fund Types**
The CRA reports the following major governmental funds:

***Community Redevelopment Agency Special Revenue Fund***
The CRA Special Revenue Fund provides for the CRA's day-to-day operations through the use of City staff from the Development Services and Financial Services Departments. This includes all general administration, plan review and the CRA's day-to-day dealings with the public, developers, the City and other governmental agencies. This fund is used to account for monies received from tax increment revenue by certain taxing authorities in the community redevelopment area.

***Community Redevelopment Agency Capital Projects Fund***
The CRA Capital Project Fund is used to manage all capital projects in the CRA district. These expenditures have been funded by transfers in from the CRA Special Revenue fund.

**E. Assets, Liabilities and Net Position or Equity, Revenues, and Expenditures/Expense**

**1. Cash and Investments**

The Community Redevelopment Agency (CRA), for accounting and investment purposes, uses the cash and investment pools of the City of Cape Coral to take advantage of economies of scale. This gives the CRA the ability to invest idle cash for short periods of time to maximize earning potential. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and equity in pooled cash and investments. Income earned on pooled cash and investments is allocated to the respective funds based on each fund's equity balances. Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. The City adopted Ordinance 83-20 on January 6, 2021 which amended the City's comprehensive investment policy.

The City participates in three local government investment pools (LGIP), Florida Prime administered by the Florida State Board of Administration (SBA), FL Class administered by Public Trust Advisors, and FL Asset Fund Trust (FLSAFE) administered by PMA Financial Network, LLC. The SBA was created by Section 218.405, Florida Statutes and FL Safe and FL Class were created pursuant to Florida Statutes 163.01.

Detailed information on allowable investments and actual holdings can be found in the detailed notes section under cash and investments.

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**2. Capital Assets**

Capital assets include equipment, improvements other than buildings, and infrastructure. Infrastructure assets are defined as public domain capital assets such as roads, bridges, sidewalks, traffic signals, and similar items that are immovable and of value only to the governmental unit. Capital assets are reported in the government-wide financial statements in the applicable governmental columns. Capital assets are defined by the CRA as assets with an initial, individual cost of $5,000 or more and a useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized but are expensed as incurred.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the related assets. The ranges of the useful lives are as follows:

| **Asset** | Years |
|---|---|
| Buildings | 20-40 |
| Improvements other than buildings | 10-20 |
| Equipment | 3-10 |
| Intangibles | 3 |
| Infrastructure | |
| Traffic signals | 15 |
| Parking Lots | 20 |
| Roads | 30 |
| Sidewalks | 30 |
| Bridges | 40 |
| Utility extension lines | 40 |

**3. Compensated Absences**

It is the CRA's policy to permit employees to accumulate earned but unused vacation benefits, which will be paid to employees upon separation from service if they meet certain criteria. Compensated absences are accrued and reported in the CRA's government-wide financial statements; and is a reconciling item between the governmental funds and the government-wide presentation. The CRA provides leave time and buy-back provisions equivalent to that provided to non-bargaining unit employees of the City of Cape Coral.

**4. Long-term Obligations**

Long-term obligations are reported as liabilities in the governmental activities statement of net position. The CRA has long-term obligations related to repayments owed to the City for debt, as well as compensated absences that have been incurred by the CRA.

**5. Fund Balance**

The CRA classifies fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

Non-Spendable Fund Balance - Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not

expected to be converted to cash (such as inventories and prepaid amounts) and items such as the long-term amount of loans, notes receivable and advances, as well as property acquired for resale.

Restricted Fund Balance - Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by a formal action of the City Council, the City's highest level of decision-making authority. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally, which is by resolution.

The CRA expends restricted amounts first unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending.

**6. Net Position**

Net position is the result of assets less liabilities. The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation and related liabilities.

Restricted Net Position – amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. These amounts are reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – consists of the net position not meeting the definition of either of the other two components.

When both restricted and unrestricted resources are available for use, it is the CRA's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

**7. Risk Management**

The CRA obtains insurance coverage for the CRA through Florida League of Cities Municipal Insurance Trust that provides coverage for general liability, professional liability, and auto liability up to $3,000,000. Settled claims have not exceeded this commercial coverage in this fiscal year, nor has it had any settlements in excess of insurance coverage in the past three years.

**8. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

## F. Other Policies

### 1. Incremental Property Tax Revenue

The principal source of revenue for use by the CRA is ad valorem taxes which are deposited in the Redevelopment Trust Fund. Ordinance No. 51-87 dated June 29, 1987 established the Redevelopment Trust Fund. For each taxing year since adoption of the Redevelopment Plan, ad valorem taxes generated by the assessed taxable real property value in excess of the Redevelopment Area's base year assessment total has been deposited into the Redevelopment Trust Fund to the credit of each Redevelopment Area.

The methodology for determining the amount of the tax increment to be contributed to the Redevelopment Trust Fund each year is provided in Section 163.387 F.S.

All funds deposited into the Redevelopment Trust Fund are available to the CRA for any lawful purpose as defined in Chapter 163.370 F.S. in fulfillment of the provisions of the Redevelopment Plan and any amendments thereto.

### 2. Cash and Investments

As of September 30, 2022 the City had the following deposits and investments:

| Investment | | Fair Value |
|---|---|---|
| Checking and Savings accounts | $ | 757,937 |
| Cash on hand | | 394 |
| Cash with fiscal agent | | 49 |
| SBA - Local Government Surplus Funds Trust Fund - FL Prime | | 1,943,967 |
| Intergovernmental Investment Pools | | 2,343,125 |
| Money Market Funds | | 8,233 |
| Investments | | 3,378,029 |
| | $ | 8,431,734 |

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**CRA Activities:**

**A. Cash and Cash Equivalents**

The CRA uses the City of Cape Coral's cash and investment pools that is available for use by all funds except for monies legally restricted. Investment earnings are allocated to the individual funds based on the fund's percentage to the entire portfolio. The CRA cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes.

**B. Investment Portfolio**

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. The City adopts a comprehensive investment policy by ordinance that establishes permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect the City's cash and investment assets. The investment policy applies to all cash and investments held or controlled by the City with the exception of pension funds and funds related to the issuance of debt. Ordinance 83-20 amending the City's investment policy was adopted on January 6, 2021.

The Community Redevelopment Agency (CRA) investment policy allows for the following investments:

- The Florida State Board of Administration's local government surplus funds trust fund (Florida Prime).
- United States Government Securities unconditionally guaranteed by the United States Government.
- United States Government Agencies issued or guaranteed by the United States Government agencies.
- Federal Instrumentalities issued or guaranteed by United States Government sponsored agencies.
- Non-Negotiable Interest-Bearing Time Certificates of Deposit or Saving Accounts, in banks organized under the laws of the state and/or in national banks organized under the laws of the United States and doing business and situated in the State of Florida.
- Repurchase Agreements.
- Commercial Paper of any United States company that is rated at the time of purchase.
- Bankers' Acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank.
- State and/or Local Government Taxable and/or Tax-Exempt Debt.
- Registered Investment Companies (Mutual Funds) that are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R § 270.2a-7.
- Intergovernmental Investment Pools that are authorized pursuant to the Florida Inter-Local Cooperation Act, as provided in Section 163.01, Florida Statutes Intergovernmental Investment Pools.
- Corporate Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States.
- Corporate Obligations issued by financial institutions that participate in the FDIC's Temporary Liquidity Guarantee Program and are fully insured by the FDIC and guaranteed by the United States Government.
- Mortgage-Backed Securities (MBS) that are based on mortgages that are guaranteed by a government agency or GSE for payment.
- Asset-Backed Securities (ABS) that are backed by financial assets.
- Bond Funds.

As of September 30, 2022, interest receivable on the CRA's investment portfolio amounted to $2,593.

As of September 30, 2022, the CRA had the following investment types and effective duration presented in terms of years:

| Security Type | Value | Weighted Average Duration (Years) |
|---|---|---|
| Corporate Notes | $ 519,681 | 2.19 |
| Federal Agencies - Bond/Note | 366,895 | 1.42 |
| US Treasury - Bond/Note | 2,438,876 | 2.60 |
| Municipal - Bond/Note | 52,577 | 3.36 |
| LGIP- Florida PRIME (SBA) | 1,943,967 | 0.13 |
| Intergovernmental Investment Pool - FL Class | 948,218 | 0.13 |
| Intergovernmental Investment Pool - FL Safe | 1,394,907 | 0.10 |
| Money Market Funds | 8,233 | 0.07 |
| Total | $ 7,673,354 | |
| Portfolio Weighted Average Duration | | 1.16 |

## C. Fair Value Measurements

The CRA categorizes its investments in accordance with the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application by categorizing its investments according to the fair value hierarchy established by this Statement. The hierarchy is based on the valuation input used to measure the fair value of the asset with Level 1 assets being those where quoted prices in an active market for identical assets can be readily obtained, Level 2 assets valued using a matrix pricing technique of quoted prices for similar assets or liabilities in active markets, and Level 3 assets valued using significant unobservable inputs such as a property valuation or an appraisal. Investments with Local Government Investment Pools (LIGP) are recorded at net asset value (NAV) per share. This method of determining fair value uses member units to which a proportionate share of net asset is attributed.

As of September 30, 2022, the CRA had the following investment measurements by security type:

| Investment By Fair Value Level | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Corporate Notes | $ 519,681 | $ - | $ 519,681 | $ - |
| Federal Agencies - Bond/Note | 366,895 | - | 366,895 | - |
| US Treasury - Bond/Note | 2,438,876 | - | 2,438,876 | - |
| Municipal Bond/Note | 52,577 | - | 52,577 | - |
| **Total Investment By Fair Value Level** | $ 3,378,029 | $ - | $ 3,378,029 | $ - |
| | | | | |
| **Cash Equivalents Measured at Amortized Cost** | | | | |
| Money Market Funds | 8,233 | | | |
| **Total Cash Equivalents Measured at Amortized Cost** | $ 8,233 | | | |
| | | | | |
| **Cash Equivalents Measured at Net Asset Value (NAV)** | | | | |
| Intergovernmental Investment Pool - FL Class | 948,218 | | | |
| LGIP- Florida PRIME (SBA) | 1,943,967 | | | |
| Intergovernmental Investment Pool - FL Safe | 1,394,907 | | | |
| **Total Cash Equivalents Measured at NAV** | $ 4,287,092 | | | |
| **Total Cash Equivalents and Investments** | $ 7,673,354 | | | |

## D. Interest Rate Risk

The Community Redevelopment Agency (CRA) follows the Florida Statutes and City's Investment Policy. Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities not to exceed five years at time of purchase.

The City's investment policy sets limits for investment maturities to match known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds, "core funds", shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement.

## E. Credit Risk

The Community Redevelopment Agency (CRA) follows the Florida Statutes and City's Investment Policy. The City's investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as follows:

FL Prime, FL Safe, and FL Class are all rated AAAm.

Florida Prime shall be rated AAAm by Standard & Poor's or the equivalent by another rating agency, commercial paper shall be rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). If the commercial paper is backed by a letter of credit ("LOC"), the long-term debt of the LOC provider must be rated "A" or better by at least two nationally recognized rating agencies, Bankers' Acceptances at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" by Standard & Poor's, and issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System.

State and/or Local Government Taxable and/or Tax-Exempt Debt must be rated at least a minimum "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt or rated at least "VMIG2" by Moody's or "A-2" by Standard & Poor's for short-term debt, Registered Investment companies (Mutual Funds) must be rated AAAm by Standard & Poor's or the equivalent by another rating agency and are in open-end, no-load provided such funds are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. § 270.2a-7. In addition, the Financial Services Director may invest in other types of mutual funds provided such funds are registered under the Federal Investment Company Act of 1940, invest exclusively in the securities specifically permitted under this investment policy, and are similarly diversified.

Intergovernmental Investment Pools are rated AAAm by Standard & Poor's or the equivalent by another rating agency and are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes and provided that said funds contain no derivatives, Corporate Notes shall have a minimum long-term debt rating of "A" by Moody's and "A" by Standard & Poor's, Asset-backed securities (ABS) shall be Double-A rated or better by Standard & Poor's, or the equivalent by another rating agency, and bond funds shall be Double-A rated or better by Standard & Poor's, or the equivalent by another rating agency.

As of September 30, 2022, the CRA had the following credit exposure as a percentage of total investments:

| Security Type | S&P Credit Rating | % of Portfolio | Amounts |
|---|---|---|---|
| Corporate Notes | AAA | 0.09% | $ 6,634 |
| Corporate Notes | AA+ | 0.37% | 28,255 |
| Corporate Notes | AA- | 0.27% | 20,722 |
| Corporate Notes | AA | 2.04% | 156,730 |
| Corporate Notes | A+ | 2.75% | 210,645 |
| Corporate Notes | A | 1.17% | 89,671 |
| Federal Agencies - Bond/Note | AA+ | 4.29% | 328,991 |
| US Treasuries - Bond/Note | AA+ | 31.77% | 2,438,876 |
| Municipal Bond/Note | AA | 0.78% | 59,913 |
| Municipal Bond/Note | AAA | 0.49% | 37,593 |
| LGIP | AAAm | 55.87% | 4,287,092 |
| Money Market Funds | AAAm | 0.11% | 8,233 |
| Total | | 100.00% | $ 7,673,355 |

As of September 30, 2022, the CRA's investment deposit in Florida Prime, FL Class, and FL Asset Fund Trust (FL Safe) investment pool was $1,943,967, $948,218, and $1,394,907 respectively. These qualify as 2a7-like external investment pools. As of September 30, 2022, all pools were rated AAAm by Standard & Poor's.

### F. Custodial Credit Risk

The Community Redevelopment Agency (CRA) follows the Florida Statutes and City's Investment Policy. The City's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, except for certificates of deposits, shall be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of September 30, 2022, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

### G. Concentration of Credit Risk

The Community Redevelopment Agency (CRA) follows the Florida Statutes and City's Investment Policy. The City's investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the City's investment portfolio. A maximum of 60% of available funds may be invested in FL Prime, a maximum of 100% of available funds may be invested in United States Government Securities, a maximum of 50% of available funds may be invested in United States Government Agencies with no more than 25% of available funds may be invested in an individual United States Government agency, a maximum of 80% of available funds may be invested in Federal Instrumentalities with no more than 25% of available funds may be invested in any one issuer. A maximum of 25% of available funds may be invested in non-negotiable interest-bearing time certificates of

deposit with no more than 15% of available funds may be deposited with any one issuer, a maximum of 25% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements with no more than 10% of available funds may be invested with any one institution.

A maximum of 35% of available funds may be invested in prime commercial paper with no more than 10% of available funds may be invested with any one issuer, a maximum of 30% of available funds may be directly invested in Bankers' acceptances with no more than 10% of available funds may be invested with any one issuer. A maximum of 20% of available funds may be invested in taxable and tax-exempt debts with no more than 5% of available funds may be invested with any one issuer, a maximum of 25% of available funds may be invested in mutual funds with no more than 10% of available funds may be invested with any one non-SEC Rule 2a-7 investment mutual fund, a maximum of 60% of available funds may be invested in intergovernmental investment pools.

A maximum 35% of available funds may be directly invested in corporate notes with no more than 5% of available funds may be invested with any one issuer, a maximum of 50% of available funds may be directly invested in corporate obligations with no more than 25% of available funds may be invested with any one issuer, a maximum of 20% of available funds may be invested in mortgage-backed securities with no more than 5% of available funds may be invested with any one MBS, a maximum of 20% of available funds may be invested in asset-backed securities with no more than 5% of available funds may be invested with any one ABS, a maximum of 25% of available funds may be invested in bond funds with no more than 10% of available funds may be invested with any one bond fund.

FL Prime has a maximum allocation limit of 60%, FL Safe and FL Class are intergovernmental investment pools with a maximum allocation limit of 60%.

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## 3. Accounts Receivable

| | Special Revenue Fund |
|---|---|
| Interest | $ 2,593 |
| **Total** | $ 2,593 |

## 4. Capital Assets and Construction Commitments

The following is a summary of capital asset activity for the fiscal year ended September 30, 2022:

| CRA Activities: | Beginning Balance | Additions | Ending Balance |
|---|---|---|---|
| Capital assets, not being depreciated: | | | |
| Land | $ 376,629 | $ 190,690 | $ 567,319 |
| Total capital assets, not being depreciated | 376,629 | 190,690 | 567,319 |
| | | | |
| Capital assets, being depreciated: | | | |
| Improvements other than buildings | 13,911,435 | 331,258 | 14,242,693 |
| Equipment | 96,465 | - | 96,465 |
| Infrastructure | 857,241 | 468,399 | 1,325,640 |
| Total capital assets, being depreciated | 14,865,141 | 799,657 | 15,664,798 |
| | | | |
| Less accumulated depreciation for: | | | |
| Improvements other than buildings | (1,788,705) | (687,221) | (2,475,926) |
| Equipment | (54,291) | (15,049) | (69,340) |
| Infrastructure | (276,790) | (32,746) | (309,536) |
| Total accumulated depreciation | (2,119,786) | (735,016) | (2,854,802) |
| | | | |
| Total capital assets, being depreciated, net | $ 12,745,355 | $ 64,641 | $ 12,809,996 |

**Depreciation expense was charged to functions/programs of the CRA as follows:**

| | |
|---|---|
| Governmental activities: | |
| Community Development | $ 735,016 |
| | $ 735,016 |

## 5. Interfund Transfers

During the fiscal year, the CRA Special revenue fund transferred funds to the CRA Capital Project Fund to cover the cost of capital expenditures related to building improvements. In addition to the interfund transfers between CRA funds the City of Cape Coral transferred $2,553,602 to the CRA for established Tax Increment Financing (TIF) funding and the CRA transferred out $877,048 to the City of Cape Coral to repay debt issued by the City to fund CRA projects. $68,947 was for interest expense.

| Fund | Interfund Transfer In | Interfund Transfer Out |
|---|---|---|
| Special Revenue Fund | $ - | $ 2,655,469 |
| Capital Project Fund | 2,655,469 | - |
| | $ 2,655,469 | $ 2,655,469 |

## 6. Source of Deposits and Purpose of Withdrawals for the Agency

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to and the purpose and amounts of withdrawals from, the CRA Funds for the fiscal year ended September 30, 2022:

| | Deposits | Withdrawals |
|---|---|---|
| **Source of deposits:** | | |
| Tax increment revenues | $ 1,578,044 | |
| Rents and royalties | 8,925 | |
| Investment earnings | (32,885) | |
| Other charges for services | 12 | |
| Transfer from City of Cape Coral | 2,553,602 | |
| **Purpose of withdrawals** | | |
| Salaries and benefits | | $ 100,971 |
| Professional services | | 279,895 |
| Project assistance agreement | | 10,350,000 |
| Advertising | | 1,418 |
| Repayment to City of Cape Coral | | 877,048 |
| Other contractual services | | 67,891 |
| Supplies | | 6,194 |
| Travel and training | | 4,942 |
| Maintenance | | 58,869 |
| Miscellaneous | | 3,049 |
| Capital expenditure | | 990,347 |
| | $ 4,107,698 | $ 12,740,624 |

## 7. Services provided by the City of Cape Coral

The City of Cape Coral has advanced funds to the CRA based upon interlocal agreements in order to cover the cost of capital projects approved in the redevelopment plan.

In 2012 the City of Cape Coral issued $4,500,000 in commercial paper debt to fund capital improvements related to the undergrounding of electric transmission power lines within the CRA. The CRA repays the City annually for both principal and interest related to the debt. The outstanding balance owed to the City is expected to be paid in full in fiscal year 2024.

In 2018 the City of Cape Coral issued $4,142,109 to fund the SE 47$^{th}$ Terrace Streetscape Project to be repaid by the CRA. This debt was refunded in fiscal year 2020. The outstanding balance owed to the City is expected to be paid in full in fiscal year 2028.

As of September 30, 2022, the outstanding balance owed to the City of Cape Coral was as follows:

| City Debt | CRA Project | Original Principal Amount | Debt Payments | Balance 9/30/2022 |
|---|---|---|---|---|
| 2012 Special Obligation | Utility Undergrounding | $ 4,500,000 | $ (3,695,730) | $ 804,270 |
| 2020A Special Obligation | Streetscape Project | 3,455,353 | (1,034,621) | 2,420,732 |
| | | $ 7,955,353 | $ (4,730,351) | $ 3,225,002 |

The following is a summary of change in the CRA's bonded and other indebtedness for the year ended September 30, 2022:

| CRA -Governmental Activities | Notes From Direct Borrowings |
|---|---|
| Original amounts | $ 7,955,353 |
| Debt payable beginning | 4,033,103 |
| Debt payments made | (808,101) |
| | 3,225,002 |
| Less amounts recorded as current liabilities | (823,913) |
| Long-term debt - ending | $ 2,401,089 |

Long-term debt at September 30,2022 is comprised of the following:

Notes from Direct Borrowings

The $4,500,000 CRA portion of the $17,669,950 Special Obligation Revenue Bonds (Notes-Direct Borrowing), Series 2012 issued to refund $12,928,555 of outstanding Series 2009 Special Obligation Revenue Notes plus accrued interest due on 4/01/2012 and $4,500,000 of commercial paper obligations issued to finance and refinance the acquisition, construction and equipping of various capital improvements with the City. The City refunded the 2009 Series to reduce its debt service payment over 13 years by $1,978,440 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,696,880. Principal and interest on the new obligation is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2024 with interest paid semiannually at 2.43%. As of September 30, 2022, the CRA's outstanding principal $804,270.

The $3,455,353 CRA portion of the $15,128,990 Special Obligation Refunding Revenue Note, Series 2020A was issued to finance the acquisition and construction of fire station #2 & #12 and to refinance the Special Obligation Revenue Note, Series 2018. The City refunded the note to reduce its debt service payment over 8 years by $401,475 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $377,248. Principal and interest on the obligation is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid quarterly through 2028 with interest paid quarterly at 1.51%. As of September 30, 2022, the CRA's outstanding principal $2,420,732.

Summary of Debt Service Requirements by Maturity:

| Year Ending September 30, | Notes-Direct Borrowings | |
|---|---|---|
| | Principal | Interest |
| 2023 | 823,913 | 53,691 |
| 2024 | 840,041 | 37,557 |
| 2025 | 439,658 | 21,092 |
| 2026 | 446,335 | 14,415 |
| 2027 | 450,717 | 7,637 |
| 2028 | 224,338 | 1,270 |
| | $ 3,225,002 | $ 135,662 |

Change in Long-Term Liabilities:

Long-term liability activity for the year ended September 30, 2022 was as follows:

| | 2022 Beginning Balance | Reductions | 2022 Ending Balance | Due Within One Year |
|---|---|---|---|---|
| **CRA activities:** | | | | |
| Notes from direct borrowings | $4,033,103 | $ (808,101) | $3,225,002 | $ 823,913 |
| Compensated absences | 8,687 | (2,007) | 6,680 | - |
| Total Governmental Funds | $4,041,790 | $ (810,108) | $3,231,682 | $ 823,913 |

**8. Interest Income – As of September 30, 2022 is as follows:**

| | Special Revenue Fund |
|---|---|
| Investment earnings (loss) | $ (32,885) |

**9. Other Postemployment Benefits (OPEB) and Pension**

CRA employees are provided a retirement benefit that includes a contribution by the CRA equal to 12% of base salary and an employee contribution of 8% of base salary to be deposited into either 401A retirement account or a 457 Deferred Compensation Plan sponsored by the CRA. The CRA provides HMO coverage, however the employee may choose to participate in the PPO health care program if provided by or through the City of Cape Coral.

SOUTH CAPE
The Heart of Cape Coral
Community Redevelopment Agency

# Required Supplementary Information

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
**COMMUNITY REDEVELOPMENT AGENCY SPECIAL REVENUE FUND**
For the Year Ended September 30, 2022

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | (Negative) |
| **REVENUES** | | | | |
| Property taxes | $ 1,374,131 | $ 1,576,131 | $ 1,578,044 | $ 1,913 |
| Rent and royalties | 37,654 | 37,654 | 8,925 | (28,729) |
| Investment earnings (loss) | 26,500 | 26,500 | (32,885) | (59,385) |
| Other revenue | - | - | 12 | 12 |
| Prior year cash balance | - | 685,371 | - | (685,371) |
| Total revenues | 1,438,285 | 2,325,656 | 1,554,096 | (771,560) |
| **EXPENDITURES** | | | | |
| Community development | 12,034,469 | 11,574,840 | 10,873,229 | 701,611 |
| Capital outlay | - | 47,000 | 46,806 | 194 |
| Total expenditures | 12,034,469 | 11,621,840 | 10,920,035 | 701,805 |
| Excess (deficiency) of revenues over (under) expenditures | (10,596,184) | (9,296,184) | (9,365,939) | (69,755) |
| Transfers in | 12,829,253 | 12,829,253 | 2,553,602 | (10,275,651) |
| Transfers out | (2,233,069) | (3,533,069) | (3,532,517) | 552 |
| Total other financing sources (uses) | 10,596,184 | 9,296,184 | (978,915) | (10,275,099) |
| Net change in fund balances | $ - | $ - | (10,344,854) | $ (10,344,854) |
| Fund balances - beginning | | | 593,939 | |
| Fund balances - ending | | | $ (9,750,915) | |

**CAPE CORAL COMMUNITY REDEVELOPMENT AGENCY**

(A Component Unit of the City of Cape Coral, Florida)

**Notes to the Budgetary Comparison Schedules**
For the Fiscal Year Ended September 30, 2022

## Budgetary Information

The CRA is required to establish a budgetary system and an approved annual budget for the CRA Funds. The following procedures are used in establishing the legally adopted budgetary data reflected in the financial statements.

1. During July, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. On or before September 30 the budget is legally enacted by City Council through passage of an ordinance as required by City Charter, and an ordinance for setting the millage is passed as required by the State of Florida.

4. The City Manager can authorize changes within a fund. However, any other revisions require approval of the City Council. Various supplemental appropriations were approved by the Council during the fiscal year ended September 30, 2022.

5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America except for the reporting of encumbrances, capital leases, insurance damage claims, and the sale of capital assets. Estimated cash balances from previous fiscal years that are available to support the annual operating budget are included in the adopted budget reflected as Balances Forward. Consistent with guidance by the State of Florida, the use of reserves is reported as expenditures in the budget. Annual appropriated budgets are adopted for the special revenue fund. Project-length financial plans and budgets are adopted for the capital project fund.

6. Expenditures may not legally exceed appropriations at the fund level.

7. Beginning with the first amendment for the 2008 fiscal year, all available cash (not including capital projects) is now included within the budget. This has the effect of causing the budget to be greater than would have been the case in prior years even though expenditures may be less.

# Independent Auditors' Report on Internal Control

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

Board of Commissioners
Cape Coral Community Redevelopment Agency
Cape Coral, 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 each major fund of the Cape Coral Community Redevelopment Agency (CRA), a component unit of the City of Cape Coral, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated April 26, 2023.

## *Report on Internal Control Over Financial Reporting*

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 were not identified.

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***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

***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.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Fort Myers, Florida
April 26, 2023

# Management Letter

CliftonLarsonAllen LLP
CLAconnect.com

# MANAGEMENT LETTER

Board of Commissioners
Cape Coral Community Redevelopment Agency
Cape Coral, Florida

## Report on the Financial Statements

We have audited the financial statements of the City of Cape Coral, Florida Community Redevelopment Agency (CRA) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated April 26, 2023.

## 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 Independent Accountants' Report(s) 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 26, 2023, 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 financial audit report. There were no findings or recommendations made in the preceding 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. This information is included in the notes to the basic financial statements.

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**Financial Condition and Management**

Sections 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 CRA met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) 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 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.

**Special District Component Units**

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

**Specific Information**

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

a. The total number of district employees compensated in the last pay period of the district's fiscal year as 2.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $100,972 (includes fringe benefits).

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, together with the total expenditures for such project: CRA Founders Park, Budgeted at $250,000, actual expenditures $13,088.89.

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: See page 31 of the CRA's financial statements. See page 35 of the CRA's financial statements.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this 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, the Executive Board, the City of Cape Coral, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Fort Myers, Florida
April 26, 2023

SOUTH CAPE
The Heart of Cape Coral
Community Redevelopment Agency

# Independent Accountants' Report

CliftonLarsonAllen LLP
CLAconnect.com

# INDEPENDENT ACCOUNTANTS' REPORT

Board of Commissioners
Cape Coral Community Redevelopment Agency
Cape Coral, Florida

We have examined the Cape Coral Community Redevelopment Agency's (CRA) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds and Sections 163.387(6) and (7), Florida Statutes, regarding community development agencies during the year ended September 30, 2022. Management of the CRA is responsible for the CRA's compliance with the specified requirements. Our responsibility is to express an opinion on the CRA's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied, in all material respects, with the specified 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 noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the CRA complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds and Sections 163.387(6) and (7), Florida Statutes, regarding community development agencies during the year ended September 30, 2022.

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

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Fort Myers, Florida
April 26, 2023

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