

2021

City of Crestview Community
Redevelopment Agency

Financial Statements and
Independent Auditor's Report

September 30, 2021

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
CRESTVIEW, FLORIDA**

SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison for the General Fund of the City of Crestview Community Redevelopment Agency (the Agency) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

INDEPENDENT AUDITOR'S REPORT

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 2021, and its changes in financial position and the budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2022, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



June 21, 2022
Tallahassee, Florida

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

The City of Crestview Community Redevelopment Agency's (the Agency) Management's Discussion and Analysis (MD&A) is intended to provide the readers of the Agency's financial statements with a general overview of the financial activities during fiscal year 2021.

HIGHLIGHTS

Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$908,850 (*net position*).
- The Agency's total net position decreased by \$44,441 or 5%.
- At the close of fiscal year 2021, the Agency's General Fund reported an ending fund balance of \$908,850, a decrease of \$44,441. Revenues decreased by \$48,452 or 36%. This was primarily due to additional funding received from Okaloosa County in the previous year for the costs related to historical signs. Total expenditures decreased by \$13,070 or 4%. The expenditures include efforts to improve Main Street's aesthetics through the Agency's Awning Improvement Grants program.
- As disclosed in Note 1.H. to the financial statements, the Agency restated beginning Net Position to remove infrastructure assets that are not titled to the Agency but considered property of the City of Crestview and reported on the City's financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

The Agency's basic financial statements provide information on both the Agency as a whole (government-wide) and the major individual funds.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Agency's finances, in a similar manner to a private-sector business. The government-wide financial statements are prepared using the accrual basis of accounting.

The government-wide financial statements include:

Statement of Net Position – This statement presents information on the Agency's assets and liabilities. This statement format combines and consolidates the governmental funds' current financial resources with capital assets and long-term obligations.

Statement of Activities – This statement presents information showing how the Agency's net position changed during the fiscal year. All changes in revenues are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

The government-wide financial statements present functions of the Agency that are principally supported by tax increment financing (governmental activities). The governmental activities of the Agency include general government activities and redevelopment projects.

Fund Financial Statements

Fund financial statements provide readers with an overview of each fund and its related function in a traditional format. A fund is a grouping of related accounts that maintain control over resources that are segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate legal compliance with financial-related legal requirements. The General Fund is the only governmental fund that is used to account for the operating activities of the Agency. The General Fund also includes the activities of the redevelopment programs which are funded by restricted debt proceeds.

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 and 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, therefore, useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The 'Balance Sheet – Governmental Fund' and 'Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund' are reconciled as shown on the page following the respective statements to facilitate the comparison between the two presentations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the information presented in the government-wide and the fund financial statements and is required by generally accepted accounting principles.

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceed liabilities by \$908,850 (net position) at the close of the most recent fiscal year. One hundred percent of the Agency's net position is restricted for community redevelopment.

The following schedule shows a comparison of the fiscal year 2021 and 2020 Statements of Net Position.

	Governmental Activities	
	2021	2020
Cash and Cash Equivalents	\$ 909,188	\$ 1,086,498
Total assets	909,188	1,086,498
Accounts Payable	338	133,207
Total liabilities	338	133,207
Net position:		
Restricted	908,850	953,291
Total net position	\$ 908,850	\$ 953,291

The following schedule shows a comparison of the fiscal year 2021 and 2020 Statements of Activities.

	Governmental Activities	
	2021	2020
General revenues:		
Property taxes	\$ 82,570	\$ 76,348
Other revenues	-	50,000
Investment earnings	1,870	6,544
Total revenues	84,440	132,892
Expenses:		
General government	203,399	66,951
Community Redevelopment	80,482	230,000
Total expenses	283,881	296,951
Increase (decrease) in net assets before transfers	(199,441)	(164,059)
Net Transfers	155,000	145,840
Increase (decrease) in net position	\$ (44,441)	\$ (18,219)

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(UNAUDITED)**

Financial Analysis of the Agency's Fund

The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Agency has only one governmental fund, the General Fund. The focus of the Agency's general fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements.

At the end of the fiscal year, the Agency's governmental fund reported an ending fund balance of \$908,850, a decrease of \$44,441 for the year. The Agency's fund balance is restricted for future community redevelopment purposes. The decrease in fund balance was primarily related to additional expenses for the Downtown Mobility Study which was developed to design improvements to the downtown redevelopment area, including traffic flow, parking, and beautification, etc.

General Fund Budgetary Highlights

During the fiscal year 2021, actual revenues and transfers exceeded the final budget by \$37,290. Total expenditures were \$865,016 less than the final budgeted appropriations for the year ended September 30, 2021. This was largely due to undistributed grant funding due to lack of applications and slower than expected movement on anticipated improvement projects.

Economic Factors and Next Year's Budget

The following economic factors were considered in establishing the Agency's 2022 budget:

- The property valuations in the Agency district increased approximately 3% from the previous year.
- In fiscal year 2022, the Agency budgeted to implement many of the downtown improvements and upgrades identified in the recently completed mobility study.

Request for Information

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Crestview Community Redevelopment Agency at Crestview City Hall, 198 N. Wilson Street, Crestview, Florida 32536, phone (850) 682-1560.

BASIC FINANCIAL STATEMENTS

**CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Governmental Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 909,188
Total Current Assets	909,188
Total Assets	909,188
Liabilities	
Accounts Payable	338
Total Liabilities	338
Net Position	
Restricted for:	
Community Redevelopment	908,850
Total Net Position	908,850
Total Liabilities and Net Position	\$ 909,188

See accompanying notes.

**CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Expenses	Net (Expense) Revenue and Changes in Net Position
Functions		Governmental Activities
Governmental:		
General Government	\$ 203,399	\$ (203,399)
Community Redevelopment	80,482	(80,482)
Total Functions	\$ 283,881	\$ (283,881)
General Revenues		
Taxes		82,570
Miscellaneous		1,870
Total General Revenues		84,440
Net Transfers		155,000
Change in Net Position		(44,441)
Net Position - Beginning of Year, As Restated		953,291
Net Position - End of Year		\$ 908,850

See accompanying notes.

**CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2021**

Assets

Cash and Cash Equivalents \$ 909,188

Total Assets 909,188

Liabilities

Accounts Payable 338

Total Liabilities 338

Fund Balance

Restricted for:
Community Redevelopment 908,850

Total Fund Balance 908,850

Total Liabilities and Fund Balance \$ 909,188

See accompanying notes.

**CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Revenues	
Taxes	\$ 82,570
Miscellaneous	1,870
Total Revenues	84,440
 Expenditures	
Current:	
General Government	283,881
Community Redevelopment	-
Total Expenditures	283,881
 (Deficiency) of Revenues Under Expenditures	 (199,441)
 Other Financing Sources	
Transfers in	194,600
Transfers (out)	(39,600)
Total Other Financing Sources	155,000
 Net Change in Fund Balance	 (44,441)
 Fund Balance - Beginning of Year	 953,291
Fund Balance - End of Year	\$ 908,850

See accompanying notes.

**CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 78,000	\$ 82,570	\$ 82,570	\$ -
Miscellaneous Income	4,180	4,180	1,870	(2,310)
Total Revenues	<u>82,180</u>	<u>86,750</u>	<u>84,440</u>	<u>(2,310)</u>
Expenditures				
Current:				
General Government	212,553	217,553	203,399	14,154
Community Redevelopment	912,134	931,344	80,482	850,862
Total Expenditures	<u>1,124,687</u>	<u>1,148,897</u>	<u>283,881</u>	<u>865,016</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,042,507)</u>	<u>(1,062,147)</u>	<u>(199,441)</u>	<u>862,706</u>
Other Financing Sources				
Transfers in	155,000	155,000	194,600	39,600
Transfers (out)	(39,600)	(39,600)	(39,600)	-
Total Other Financing Sources (Uses)	<u>115,400</u>	<u>115,400</u>	<u>155,000</u>	<u>39,600</u>
Appropriation of Fund Balance	<u>927,107</u>	<u>946,747</u>	<u>-</u>	<u>(946,747)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,441)</u>	<u>\$ (44,441)</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
THE CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
CRESTVIEW, FLORIDA

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Crestview (the City) Community Redevelopment Agency (the Agency) was established by the City as a separate legal entity in accordance with Florida Statute 166.021, Chapter 163, Part III. The Agency oversees the redevelopment of the downtown area. The Community Redevelopment Board of Commissioners consists of the City Council who approve and have operational responsibility for the component unit. The President and Vice President of the City Council function as the Chairman and Vice Chairman of the Community Redevelopment Agency. In addition, City employees manage the Agency's assets. The Agency is reported in the financial statements of the primary government as a non-major governmental fund.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Agency's primary source of revenue is property taxes. The City's ad valorem taxes are assessed by the Okaloosa County Property Appraiser and collected by the Okaloosa County Tax Collector in accordance with Florida Statutes. The City retains the right and duty to set millage rates. Property taxes are not recorded as receivables at September 30th because, though legally assessed as of January 1st, they are not due and payable until after the close of the fiscal year ended the following September 30th.

NOTES TO FINANCIAL STATEMENTS
THE CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
CRESTVIEW, FLORIDA

The following is the current property tax calendar:

Assessment Date	January 1, 2021
Levy Date	November 1, 2021
Due Date	March 31, 2022
Delinquency Date	April 1, 2022

Discounts of 1% for each month taxes are paid prior to March are granted.

Revenue recognition criteria for property taxes under Governmental Accounting Standards Board (GASB) requires that only property taxes expected to be collected within 60 days of the current period be accrued. Property taxes which are uncollected as of the end of the fiscal year are generally immaterial in amount and highly susceptible to uncollectibility; therefore, they are not recorded as a receivable at the balance sheet date.

D. Basis of Presentation

The financial transactions of the Agency are recorded in one fund. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed. Governmental funds focus on the determination of financial position and changes in financial position (sources, uses and balances of financial resources) and not net income. The Agency only has one fund which is used to account for the activities of the Agency.

E. Assets, Liabilities, and Net Position or Fund Balances

Cash and Cash Equivalents

The Agency has defined cash and cash equivalents to include cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits and Investments

Section 218.415, Florida Statutes, requires the investment of surplus public funds and prescribes the instruments in which those investments are authorized, specifically the State of Florida Local Government Surplus Funds Trust Fund, direct obligations of the United States Government or other obligations

NOTES TO FINANCIAL STATEMENTS
THE CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
CRESTVIEW, FLORIDA

unconditionally guaranteed by the United States Government and other similar permitted investments. The City adheres strictly to the provisions of those cited Statutes, as well as with Chapter 280, Florida Statutes, which requires the City to maintain deposits only with Qualified Public Depositories (QDPs). The City maintains a cash pool available for use by all funds. Earnings from the pool are allocated to the respective funds based on applicable cash participation by each fund.

Capital Assets

The Agency pays for certain infrastructure improvements (signs, roads, sidewalks, bridges, and other utility infrastructure) within the designated redevelopment area; however, these improvements are considered to be property of the City, and therefore are included as capital assets in the City's government-wide financial statements. The Agency does not currently have title to any capital assets.

Capital assets titled to the Agency, if any, are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

Compensation Costs

The Agency has no employees of its own. Instead, the Agency reimburses the City for the portion of salaries and benefits attributable to Agency activities based on the estimated time spent on those activities as projected during the annual budget process. Any long-term payroll and benefit liabilities such as compensated absences, other postemployment benefits, or pension liabilities are reported on the City's financial statements.

Classification of Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are composed of the following:

- Restricted—includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

This classification reflects not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

NOTES TO FINANCIAL STATEMENTS
THE CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
CRESTVIEW, FLORIDA

The government-wide fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets—is intended to reflect the portion of net position which are associated with non-liquid, capital assets, net of related debt.
- Restricted Net Position—are liquid assets, generated from revenues and net bond proceeds, which are not accessible for general use because of third-party (statutory, bond covenant or grantor agency) limitations.
- Unrestricted Net Position—represents unrestricted liquid assets.

F. Estimates

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

G. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that capital lease proceeds and related capital outlay are excluded from the budget. Annual appropriated budgets are adopted by ordinance for all governmental funds. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects.

Budgetary data reflected in the financial statements are established by the following procedures:

Prior to September 1 of each year, the Board prepares in detail and adopts a budget of anticipated revenues and expenditures for all Agency purposes for the ensuing year.

Proposed budgets are advertised in a newspaper of general circulation in the City and detailed in the minutes of the Council. Public hearings are conducted for the purposes of receiving taxpayer comments. When the budget is adopted, it has the force and effect of appropriations for the various items and purposes specified.

The limits shall not be exceeded by the Council nor any office or department during the year. Amendments and transfers may be made to the budget by a two-thirds vote of the Council and the consent of the Mayor. The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level.

A budget amendment shall be deemed to mean the act of increasing or decreasing the total budgeted amount of a given fund as opposed to a transfer of a budgeted amount from one account to another within the same fund. Budgeted amounts reflected in the financial statements are as originally adopted, or as amended with the approval of the City Council.

NOTES TO FINANCIAL STATEMENTS
THE CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
CRESTVIEW, FLORIDA

H. Restatement

Beginning Net Position of the governmental activities was restated to remove capital assets that are considered assets of the City in accordance with the Agency’s capital asset policies. The restatement of beginning Net Position, Governmental Activities consisted of the following:

	Governmental Activities
Net Position, Beginning of Year, As Originally Reported	\$ 1,232,648
Prior Period Adjustment:	
Remove Capital Assets	(279,357)
Net Position, Beginning of Year, As Restated	\$ 953,291

Note 2 - Deposits

Deposits may be exposed to custodial credit risk, which is the risk that in the event of a bank failure, the government’s deposits may not be returned. The Agency manages its custodial credit risk by maintaining its deposits with QPDs, as defined in Chapter 280, Florida Statutes, which bear no custodial credit risk or are in institutions which meet the exemption requirements of Chapter 280. The exemptions qualify under the exemptions 280.03(e) or 280.03(f) as a deposit made in accordance with Chapter 17.57(g). The provisions of Chapter 280 allow QPDs to participate in a multiple financial institution collateral pool to ensure the security for public deposits.

All QDPs must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public institution, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all QDPs. Under this method, all deposits are fully insured or collateralized with securities held by the State Treasurer in the Agency’s name.

Note 3 - Transfers

The Agency is a blended component unit of the City. For the year ended September 30, 2021, the Agency received a transfer from the City in the amount of \$194,600 for its portion of tax increment financing. The Agency transferred \$39,600 to the City as reimbursement for shared administrative and marketing costs.

OTHER REPORTS

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

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Crestview Community Redevelopment Agency (the Agency), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's financial statements and have issued our report thereon dated June 21, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency'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 deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we would consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with such provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 21, 2022
Tallahassee, Florida

MANAGEMENT LETTER

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Crestview Community Redevelopment Agency (the Agency) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 21, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on examination conducted in accordance with American Institute of Certified Public Accountants *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 June 20, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government be disclosed in the Management Letter, unless disclosed in the notes to the financial statements (see Note 1 of the Agency's financial statements as of and for the year ended September 30, 2021, for this information).

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MANAGEMENT LETTER

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 Agency has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

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 determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

UNAUDITED

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year was 0. The CRA has no employees but receives administrative staffing and support from the City.
- b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the district's fiscal year was 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$0. As noted above, the CRA has no employees of its own.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency was \$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. There were no construction projects that began on or after October 1 in the fiscal year.

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

MANAGEMENT LETTER

- 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, was \$24,210. A budget versus actual variance is presented on page 11 of the financial statements.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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 Honorable Mayor, and City Council and management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 21, 2022
Tallahassee, Florida

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

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

We have examined the City of Crestview Community Redevelopment Agency (the Agency) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2021, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, 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.

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

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report 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, the Agency, its management, and the Board of the City of Crestview, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 21, 2022
Tallahassee, Florida

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 163.387(6) AND (7), FLORIDA STATUTES

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

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

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

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

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021, except for the following:

2021-1 Budget Submission

Criteria: Section 163.387(6)(b), Florida Statutes requires the Agency to submit its original budget and any subsequent budget amendments to the County in which the CRA is located within 10 days of adoption.

Condition: The Agency did not submit its budget and budget amendments to Okaloosa County Board of County Commissioners within 10 days of adoption.

Effect: By not submitting the Agency's budget or any budget amendments within 10 days of adoption, the Agency is not in compliance with Section 163.387(6)(b), Florida Statutes.

Recommendation: We recommend the Agency submit its budget and any subsequent amendments to Okaloosa County Board of County Commissioners within 10 days of adoption.

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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTION 163.387(6) AND (7), FLORIDA STATUTES**

Management's Response: This statute is fairly new, and CRA was not knowledgeable of the 10-day time frame until that period had lapsed. Management will ensure the budget is submitted to the County within the required time limit going forward.

This report is intended solely for the information and use of the Agency 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.



June 21, 2022
Tallahassee, Florida

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