



**AUBURNDALE
COMMUNITY
REDEVELOPMENT
AGENCY**

(A Component Unit of the City of Auburndale, Florida)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS
Fiscal year ended September 30, 2020

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Chair and Members of the City of Auburndale Community Redevelopment Agency
City of Auburndale, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Auburndale Community Redevelopment Agency (the CRA), a component unit of the City of Auburndale, Florida (the City) as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Auburndale Community Redevelopment Agency as of September 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and required supplementary information, as provided 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, 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.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the Auburndale Community Redevelopment Agency and do not present fairly the financial position of the City of Auburndale, Florida as of September 30, 2020, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2021, on our consideration of the CRA’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA’s internal control over financial reporting and compliance.

Other Reporting Required by Chapter 10.550, Rules of the Auditor General

In accordance with *Chapter 10.550, Rules of the Auditor General*, we have also issued our report dated March 2, 2021 on our examination of compliance with requirements of Sections 163.387 (6) & (7) and 218.415, *Florida Statutes*. The purpose of that report is to describe the scope of our examination and the issuance of an opinion on the CRA’s compliance with requirements of the above sections of the *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
March 2, 2021

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Management's Discussion and Analysis

Year Ended September 30, 2020

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

Financial Highlights

- The assets of the CRA exceeded its liabilities by \$1,659,137 (net position). All of which is restricted for community redevelopment uses.
- The CRA's total net position increased by \$1,058,034 during the year ended September 30, 2020.
- As of the close of the current fiscal year, the CRA's general fund reported ending fund balance of \$1,659,137 compared to \$565,971 at the end of the prior fiscal year, an increase of \$1,093,166 or 193%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Management's Discussion and Analysis

Year Ended September 30, 2020

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The CRA maintains only one fund, a major governmental fund designated as the general fund.

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

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

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

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Management's Discussion and Analysis

Year Ended September 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - The following table reflects the condensed statement of net position for the current year, as compared to the prior year. For more detailed information see the statement of net position which can be located by referencing the table of contents of this report.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

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

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 1,664,744	\$ 658,684
Capital assets	-	35,132
Total assets	<u>1,664,744</u>	<u>693,816</u>
Current liabilities	5,607	92,713
Total liabilities	<u>5,607</u>	<u>92,713</u>
Net position:		
Investment in capital assets	-	35,132
Restricted	1,659,137	565,971
Total net position	<u>\$ 1,659,137</u>	<u>\$ 601,103</u>

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

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

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

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Revenues:		
<i>General revenues:</i>		
Property taxes	\$ 1,505,665	\$ 1,391,618
Other	2,198	122,672
Total revenues	<u>1,507,863</u>	<u>1,514,290</u>
Expenses:		
Community redevelopment	449,829	1,497,736
Total expenses	<u>449,829</u>	<u>1,497,736</u>
Change in Net Position	1,058,034	16,554
Net position - Beginning	601,103	584,549
Net position - Ending	<u>\$ 1,659,137</u>	<u>\$ 601,103</u>

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Management's Discussion and Analysis

Year Ended September 30, 2020

Governmental Activities – During 2020, governmental activities' net position increased by \$1,058,034 compared to an increase of \$16,554 in the prior year. The main reason for the current year changes are as follows:

- Total property tax increment revenue increased by \$114,047 or 8% due to increases property values within the CRA district.
- Total other revenue declined by \$120,474 or 98% because in the prior year, the CRA received \$122,492 pursuant to a cost sharing agreement to fund certain road improvements within the CRA district. No such cost sharing revenue was reported in 2020.
- Total expenses declined by \$1,047,901 or 70% due to a significant decline in the amount of capital projects funded by the CRA when compared to the level of activity in 2019.

FINANCIAL ANALYSIS OF THE CRA'S FUNDS

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

As of the end of the current fiscal year, the CRA's sole fund, the general fund, reported ending fund balances of \$1,659,137 an increase of \$1,093,166 in comparison with the previously reported balance in the prior year of \$565,971. The entire fund balance of the CRA's general fund is restricted for community development expenditures.

The major changes in the current year in comparison to the prior year are detailed above in the governmental activities section.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual resources were greater than budgeted resources by \$2,063 and actual charges to appropriations were \$1,091,103 less than budgeted resulting in an overall favorable budget variance of \$1,093,166. The general fund budget was amended to increase revenue by \$114,200 and increase expenditures by the same amount. The amendment was made to reflect greater than anticipated revenues and lower than anticipated expenditures.

The amendment decreased budgeted capital outlay expenditures by \$777,600 and increased the economic environment expenditures by adding \$891,800 to the contingency expenditure line item which reflects the expected change in fund balance but is appropriated as an expenditure in case the funds are needed during the year. The final amended contingency line item was \$1,111,000 for the year ended September 30, 2020. In substance, this amendment removed \$777,600 of capital outlay expenditures that were originally budgeted and added that amount to the contingency line item along with the greater than anticipated revenues of \$114,200 for the total increase in the economic environment budgeted expenditures of \$891,800.

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Management's Discussion and Analysis

Year Ended September 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets: The CRA reported no capital assets as of September 30, 2020. As of September 30, 2019, the CRA reported construction work in process of \$35,132 as a capital asset which was donated to the City in 2020 and reported as a community redevelopment expense in the statement of activities.

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

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

Long-Term Debt: The CRA reported no long-term obligations as of September 30, 2020 or 2019.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

Budget Highlights

The following significant item will affect the 2021 fiscal year:

- The approved budget for the fiscal year 2020-2021 provides for a \$2,879,269 increase in budgeted expenditures mainly related to planned increases in capital outlay expenditures in the CRA district.

REQUEST FOR INFORMATION

This financial report is designed to provide with a general overview of the CRA's finances. If you have any questions about this report or need additional financial information, please contact the City of Auburndale, Finance Department, P. O. Box 186, Auburndale, FL 33823, call 863-968-5133, or email slowrance@auburndalefl.com.

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Statement of Net Position

September 30, 2020

	Governmental Activities
ASSETS	
Equity in cash and investments	\$ 1,664,744
TOTAL ASSETS	<u>1,664,744</u>
LIABILITIES	
Accounts payable	5,607
TOTAL LIABILITIES	<u>5,607</u>
NET POSITION	
Restricted for:	
Community redevelopment	1,659,137
TOTAL NET POSITION	<u>\$ 1,659,137</u>

The accompanying notes are an integral part of these financial statements

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Statement of Activities

For the year ended September 30, 2020

	Program Revenues			Net Revenue / (Expense) and Changes in Net Position	
	Expenses	Charges for Services	Operating Grant and Contributions		Capital Grant and Contributions
FUNCTIONS/PROGRAMS					
Governmental activities:					
Community redevelopment	\$ 449,829	\$ -	\$ -	\$ -	\$ (449,829)
Total governmental activities	\$ 449,829	\$ -	\$ -	\$ -	(449,829)
GENERAL REVENUES					
Taxes:					
Property taxes, levied for community redevelopment					1,505,665
Investment earnings					2,198
Total general revenues					1,507,863
CHANGE IN NET POSITION					1,058,034
NET POSITION, beginning of year					601,103
NET POSITION, end of year					\$ 1,659,137

The accompanying notes are an integral part of these financial statements

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Balance Sheet – Governmental Fund

September 30, 2020

	General Fund
ASSETS	
Equity in cash and investments	\$ 1,664,744
Total assets	<u>\$ 1,664,744</u>
LIABILITIES	
Accounts payable	<u>5,607</u>
Total liabilities	<u>5,607</u>
FUND BALANCE	
Restricted for:	
Community redevelopment	<u>1,659,137</u>
Total fund balances	<u>1,659,137</u>
Total liabilities and fund balances	<u>\$ 1,664,744</u>
SUMMARY RECONCILIATION TO THE GOVERNMENT WIDE FINANCIAL STATEMENTS:	
FUND BALANCES - TOTAL GOVERNMENTAL FUND	\$ 1,659,137
<i>Reconciling items:</i>	
None	<u>-</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,659,137</u>

The accompanying notes are an integral part of these financial statements

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund

For the year ended September 30, 2020

	General Fund
REVENUES:	
Taxes	\$ 1,505,665
Investment income	2,198
Total revenues	<u>1,507,863</u>
EXPENDITURES:	
Current:	
Economic environment	223,144
Capital outlay	191,553
Total expenditures	<u>414,697</u>
NET CHANGE IN FUND BALANCE	1,093,166
FUND BALANCE, beginning of year	<u>565,971</u>
FUND BALANCE, end of year	<u><u>\$ 1,659,137</u></u>
 SUMMARY RECONCILIATION TO THE GOVERNMENT WIDE FINANCIAL STATEMENTS:	
NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ 1,093,166
<i>Reconciling items:</i>	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense or donated to the City of Auburndale.	
Total costs of projects in process at the end of the prior year that were completed in the current year and donated to the City.	<u>(35,132)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,058,034</u></u>

The accompanying notes are an integral part of these financial statements

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The CRA is a dependent special district created in 1992 by the City of Auburndale, Florida (the "City") under Chapter 163, Part III, of the Florida Statutes via Ordinance No. 769. The CRA was created with the intent to undertake projects and programs in the CRA District that enhance beautification, infrastructure, and economic development. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The Board of the CRA is comprised of the five members of the City Commission plus two additional City residents appointed by the City Commission.

While the City and the CRA are separate legal entities, the parties the mutual goal of redeveloping the CRA areas. The City provides administrative support services in the same manner as provided by the City in the conduct of its own affairs or as otherwise provided by the CRA Plan. City Management has operational responsibility for the CRA.

For the year ended September 30, 2020, the City assigned two full-time employees and a vehicle to the CRA District and approximately 50% of the Assistant City Manager's time to provide administrative and maintenance support services. The CRA paid the City approximately \$122,500 for the provision of these administrative and maintenance support services. The CRA also reimbursed the City \$3,000 to cover the additional audit fees incurred by the City due to the CRA audit and \$14,280 for water and sewer utility bills for water consumption within the CRA district.

The accompanying financial statements present the CRA and its component units, entities for which the CRA is financially accountable. Criteria for determining if other entities are potential component units of the CRA which should be reported with the CRA's basic financial statements are identified and described in the GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The application of these criteria provides for identification of any entities for which the CRA is financially accountable and other organizations for which the nature and significance of their relationship with the CRA are such that exclusion would cause the CRA's basic financial statements to be misleading or incomplete. Based on these criteria, the financial reporting entity does not include or exclude any component units.

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

B. BASIS OF PRESENTATION

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

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

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

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

Fund Financial Statements - The financial transactions of the CRA are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Each major fund is presented in a separate column and all non-major funds are aggregated and presented in a single column. Due to the CRA's fund structure, there were no non-major funds.

The financial activities of the CRA are reported in a single governmental "general" fund. There are no other governmental funds, no proprietary funds nor any fiduciary funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. 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 imposed by the provider have been met.

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

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the CRA.

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

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

CASH AND INVESTMENTS – Cash and investments are reported in the financial statements as “Equity in cash and investments” under the City’s “pooling” concept (See Note 4). The City’s governmental funds and the proprietary fund deposits monies into the equity in cash and investment pool. Investment earnings are distributed in accordance with the participating funds relative percentage of investments.

- **Equity in Cash and Investments** – The City maintains an accounting system which centralizes the investment function of all funds. The CRA’s “share” of these pooled cash and investments is included in equity in cash and investments on the accompanying balance sheets/statements of net position.
- **Restricted Equity in Cash and Investments** – Represents equity in pooled cash and investments and separately identified investments that are legally restricted to specific uses by external parties or enabling legislation. While all CRA assets are restricted for community redevelopment purposes, those items reported as *restricted equity in cash and investments* have additional restrictions above and beyond the general restriction on CRA assets. The CRA generally uses restricted resources first when an expenditure/expense is incurred for which both restricted and unrestricted resources are available.

INVESTMENTS – All investments are reported at fair value or amortized cost, which approximates fair value, which is the price that would be received to sell an investment in an orderly transaction between market participants.

RECEIVABLES AND UNEARNED REVENUES - All receivables are reported at their gross value reduced by the estimated portion that is expected to be uncollectible. As of September 30, 2020, the CRA reported no receivables and therefore no allowance for uncollectible accounts receivable. In the fund financial statements, recognition of governmental fund-type revenues is deferred until they become measurable and available, in accordance with the modified accrual basis of accounting.

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

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

INVENTORY – Inventories of expendable supplies are recorded at year-end, if material. These inventories are reported at cost on a first-in, first-out basis. They are recorded as expenditures at the time individual inventory items are used.

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

CAPITAL ASSETS – In the government-wide financial statements capital assets may include land, buildings, improvements, infrastructure, and furniture and equipment.

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

For long term construction or renovation projects, the costs are capitalized as construction work in process in the governmental activities of the CRA and are transferred to the City upon completion. Donated capital assets are reported a functional expense in the statement of activities.

In the event that capital assets are purchased and titled to the CRA or if the CRA has ongoing operational responsibility of a capital asset, the CRA would report these at historical cost, if purchases and at estimated acquisition value if donated. Capital assets are defined by City ordinance as tangible property with an individual cost of \$1,000 or improvements having an initial cost of \$10,000 and an estimated useful life more than one year. Such assets are recorded at historical cost, if purchased, and at acquisition value at date of gift, if donated. Major additions (over \$10,000) are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

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

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

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

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

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

EQUITY CLASSIFICATIONS -

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions.

Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

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

Nonspendable — amounts that cannot be spent either because they are in nonspendable form (such as inventory) or because they are legally or contractually required to be maintained intact.

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

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Committed — This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (resolution) of the CRA's Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned — This classification includes amounts that are constrained by the CRA's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the CRA Board of Directors or through the Board of Directors delegating this responsibility to the City Manager through the budgetary process. The CRA's Board of Directors has not established a formal policy regarding authorization to assign fund balance amounts for a specific purpose.

Unassigned — all other spendable amounts.

The CRA uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

USE OF ESTIMATES – The preparation of the basic financial statements in conformity with generally accepted accounting principles, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the basic financial statements. Actual results could differ from estimates.

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 2 – INCREMENTAL PROPERTY TAX REVENUE

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

The City and County millage rates in effect for the fiscal year ended September 30, 2020 were 4.2515 and 7.1565, respectively.

NOTE 3 - BUDGETARY LAW AND PRACTICE

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

NOTE 4 – DEPOSITS AND INVESTMENTS

As previously discussed, the amounts reported as *equity in cash and investments*, is the CRA's claim on the cash and investment pool maintained by the City. On September 30, 2020, 68% of the City's cash and investments pool consisted of deposits in financial institutions and the remaining 32% consisted of investments in the FL SAFE Stable NAV Fund. FL SAFE Stable NAV Fund is a local government investment trust that provides the opportunity for Florida local governments to pool their funds to invest pursuant to Section 218.415, Florida Statutes. The FL SAFE Stable NAV Fund is similar to a money market investment in that it strives to maintain a net asset value of \$1.00 per share and meets the criteria in GASB Cod. Sec. In5 to measure all pooled investments at amortized cost. The FL SAFE Stable NAV Fund is S&P rated AAAM with a weighted average maturity of 60 days as of September 30, 2020.

The remainder of Note 4 refers to City investment and risk policies. Because City Management has operational responsibility for the CRA and because the CRA funds are combined with other City funds for investment purposes, references to the City apply to the CRA because of this arrangement.

Custodial Credit Risk-Deposits - Custodial credit risk for deposits is the risk that, in the event of a bank failure, the CRA's cash deposits may not be returned to the CRA.

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 4 – DEPOSITS AND INVESTMENTS (concluded)

The City's deposits (cash and certificates of deposit) are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. All deposits are held in *qualified public* depositories. These depositories participate in a shared risk collateral pool overseen by the State of Florida and established by Florida Statute. The State of Florida collateral pool is a multiple financial institution pool which provides for additional amounts to be assessed to the members of the pool if the value of the pool's collateral is inadequate to cover a loss. The amounts covered by the pool are considered *insured* for financial reporting disclosure requirements. Because of this arrangement and the fact, the CRA's deposits are maintained within the City's cash and investments pool, management believes the CRA's deposits are not exposed to custodial credit risk.

Investment Policy – The City does not have a formal investment policy and are therefore required to adhere to Section 218.415 (17), Florida Statutes which allows the City to invest surplus funds in the following investments: Local Government Surplus Funds Trust Fund, money market funds with the highest credit quality rating, time deposits or savings accounts in qualified public depositories, direct obligations of the U.S. Treasury or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.

Custodial credit risk – Investments - Custodial credit risk for investments is the risk that, in the event of a failure by the counterparty, the CRA will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City has no formal policy regarding custodial credit risk. The City's investments in the FL SAFE Stable NAV fund are investments in external investment pools and are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk - Concentration of credit risk is defined as when five percent or more of the total investments are invested with one issuer. Investments issued or explicitly guaranteed by the United States government and investments in mutual funds or pools are excluded. There were no concentrations to disclose for the year ended September 30, 2020.

Investments – Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City had no investments reported at fair value at any time during the fiscal year and therefore had no recurring fair value measurements on September 30, 2020.

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2020 was as follows:

	Balance October 1, 2019			Transfers	Increases	Decreases	Balance September 30, 2020
<u>Governmental Activities:</u>							
Capital assets, not being depreciated:							
Construction in process	\$ 35,132	\$ -	\$ -	\$ -	\$ (35,132)	\$ -	\$ -
Total capital assets, not being depreciated	\$ 35,132	\$ -	\$ -	\$ -	\$ (35,132)	\$ -	\$ -

NOTE 6 - MAJOR CUSTOMERS

With respect to the ad-valorem (property taxes) taxes, the CRA’s largest taxpayer represents 27% of its ad-valorem taxes.

NOTE 7 - RISK MANAGEMENT AND LITIGATION

During the ordinary course of its operations, the CRA may be exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The CRA is covered by the City’s insurance plans. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. In the opinion of the City’s management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the CRA.

The CRA may be contingently liable with respect to lawsuits and other claims which arise in the ordinary course of carrying out its public service. Management believes that any losses not covered by insurance which may ultimately be incurred as a result of the suits and claims will not be material, with the exception of attorney’s fees which are not determinable.

REQUIRED SUPPLEMENTARY INFORMATION

AUBURNDALE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Auburndale, Florida)

Budgetary Comparison Schedule – General Fund

For the year ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	
RESOURCES:				
Taxes	\$ 1,391,500	\$ 1,505,700	\$ 1,505,665	\$ (35)
Other	100	100	2,198	2,098
Total resources	<u>1,391,600</u>	<u>1,505,800</u>	<u>1,507,863</u>	<u>2,063</u>
CHARGES TO APPROPRIATIONS:				
Economic environment	425,600	1,317,400	223,144	1,094,256
Capital outlay	966,000	188,400	191,553	(3,153)
Total charges to appropriations	<u>1,391,600</u>	<u>1,505,800</u>	<u>414,697</u>	<u>1,091,103</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,093,166</u>	<u>\$ 1,093,166</u>

GOVERNMENT AUDITING SECTION

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

Honorable Chair and Members of the City of Auburndale Community Redevelopment Agency
City of Auburndale, 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 Auburndale Community Redevelopment Agency (the CRA), a component unit of the City of Auburndale, Florida (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements and have issued our report thereon dated March 2, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
March 2, 2021

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTIONS 218.415, 163.387(6) AND 163.387(7), FLORIDA STATUTES

Honorable Chair and Members of the City of Auburndale Community Redevelopment Agency
City of Auburndale, Florida

We have examined the Auburndale Community Redevelopment Agency's (the CRA) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. We have also examined the CRA's compliance with Sections 163.387(6) and (7), *Florida Statutes* during the year ended September 30, 2020. Management is responsible for the CRA's compliance with these specified requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

The CRA is a component unit of the City of Auburndale, Florida.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards required 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 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.

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

In our opinion, the Auburndale Community Redevelopment Agency complied, in all material respects, with the aforementioned requirements of Section 218.415, and Sections 163.387 (6) and (7), *Florida Statutes* for the year ended September 30, 2020.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
March 2, 2021

MANAGEMENT LETTER

Honorable Chair and Members of the City of Auburndale Community Redevelopment Agency
City of Auburndale, Florida

Report on the Financial Statements

We have audited the financial statements of the Auburndale Community Redevelopment Agency (the CRA), a component unit of the City of Auburndale, Florida, as of and for the year ended September 30, 2020, and have issued our report thereon dated March 2, 2021.

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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance with the requirements of Section 218.415, and Sections 163.387(6) and (7), Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 2, 2021, 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 or 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 and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. For the legal authority of the CRA, see footnote A of the summary of significant accounting policies in the notes to financial statements. There are no component units of the CRA.

Financial Condition and Management

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

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

Other 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have 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, members of the CRA Board of Commissioners, members of the City of Auburndale City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
March 2, 2021