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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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

SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
City of Crestview, Florida
Community Redevelopment Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the budgetary comparison for the General Fund of the City of Crestview, Florida Community Redevelopment Agency (the Agency), as of and for the year ended September 30, 2020, 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 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 of 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, of the City of Crestview, Florida Community Redevelopment Agency, as of September 30, 2020, and the respective 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 Management's Discussion and Analysis 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, 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 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 by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Fort Walton Beach, Florida
June 23, 2021

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(UNAUDITED)**

Acting in our capacity as the management of The City of Crestview Community Redevelopment Agency (the "Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ending September 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$953,291 (fund balance).
- The Agency's total net position decreased by \$18,219 or 1%.
- At the close of fiscal year, the Agency's General Fund reported an ending fund balance of \$953,291, a decrease of \$297,576 from the prior year. Revenues increased by \$33,006 or 33%. Total expenditures increased by \$404,123 or 235%. The increase in expenditures includes redevelopment projects such as the construction of Main Street historical signs and efforts to improve Main Street's aesthetics through the Agency's Awning Improvement Grants program. This also resulted in the 1% decrease in the Agency's net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The basic financial statement of the Agency comprise three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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 - Presents information on the Agency's assets and liabilities, with the difference between the two 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 Agency is improving or deteriorating.

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 could 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, 2020
(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 community development 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.

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 it is 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 FINANCIAL STATEMENTS

The notes to the 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, 2020
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, 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 \$953,291 (fund balance) at the close of the most recent fiscal year.

Approximately 77% of the Agency's net position is restricted for community redevelopment while the remaining portion reflects its net investment in capital assets (improvements).

The following schedule is a summary of the fiscal 2020 Statement of Net Position found on page 9.

**TABLE 1
CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
NET POSITION
AS OF SEPTEMBER 30, 2020 AND 2019**

	Governmental Activities	
	2020	2019
Total assets, excluding capital assets	\$ 1,086,498	\$ 1,251,135
Capital assets, net of depreciation	279,357	-
Total assets	\$ 1,365,855	\$ 1,251,135
Total liabilities	\$ 133,207	\$ 268
Net position:		
Net investment in capital assets	279,357	-
Restricted	953,291	1,250,867
Total net position	1,232,648	1,250,867
Total liabilities and net position	\$ 1,365,855	\$ 1,251,135

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(UNAUDITED)**

Governmental Activities - Governmental activities decreased the Agency's net position by \$164,059 due to the increase in expenditures for redevelopment projects such as the construction of Main Street historical signs and efforts to improve Main Street's aesthetics through the Agency's Awning Improvement Grants program. Key elements are as follows:

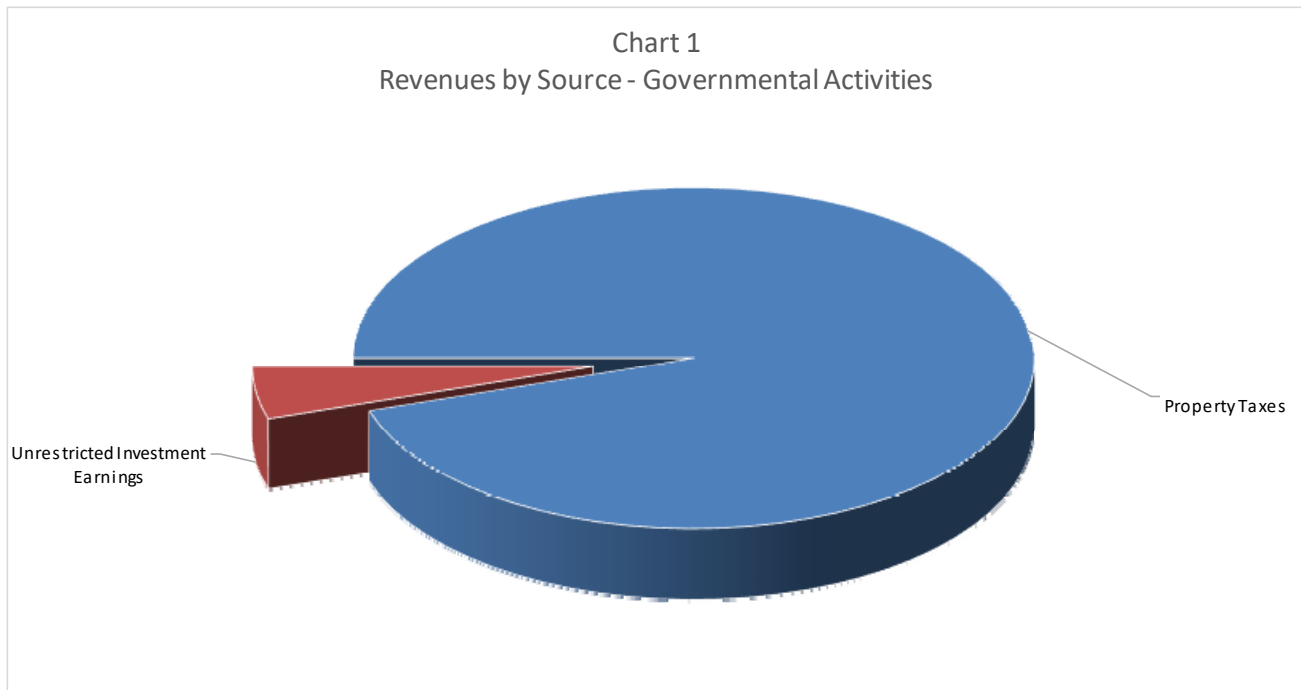
**TABLE 2
CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
CHANGE IN NET POSITION
AS OF SEPTEMBER 30, 2020 AND 2019**

	Governmental Activities	
	2020	2019
General revenues:		
Property taxes	\$ 126,348	\$ 72,401
Unrestricted investment earnings	6,544	27,485
Total revenues	132,892	99,886
Expenses:		
General government	66,951	172,185
Community development	230,000	-
Total expenses	296,951	172,185
Decrease in net assets before transfers	(164,059)	(72,299)
Transfers	145,840	138,205
Increase (decrease) in net assets	\$ (18,219)	\$ 65,906

Revenues increased by approximately 33% primarily due to a \$50,000 donation from Okaloosa County to assist with the cost related to the historical signs. Expenditures increased approximately 235% for reasons mentioned above.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(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 governmental 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 \$953,291, a decrease of \$297,576 for the year. The Agency's fund balance is restricted for future community development purposes. The decrease in fund balance was primarily related to the building of historical signs and an increase in community redevelopment activities to improve the aesthetics of the district.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(UNAUDITED)**

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year 2020, final budgeted estimated revenues and other financing sources were more than actual by \$54,608 attributable to additional funding from the County. Total expenditures were \$908,643 less than the final budgeted appropriations for the year ended September 30, 2020. This was largely due to undistributed grant funding due to lack of applications.

CAPITAL ASSETS

The Agency's investment in capital assets as of September 30, 2020 amounts to \$279,357 (net of accumulated depreciation). This investment in capital assets includes three historical signs in the Agency district. There were no capital assets in the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The property valuations in the Agency district increased approximately 5%. Overall property values compare favorably with those in other areas and are expected to increase modestly in future years.
- Fund balance decreased by \$297,576 due primarily to the historical sign acquisitions.
- In fiscal year 2021, the Agency budgeted for a mobility study to design improvements to the downtown redevelopment area including traffic flow, parking and beautification, etc.

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.

BASIC FINANCIAL STATEMENTS

**CITY OF CRESTVIEW, FLORIDA COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
STATEMENT OF NET POSITION
YEAR ENDED SEPTEMBER 30, 2020**

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Restricted assets:	
Cash and cash equivalents	\$ 1,086,498
Total current assets	<u>1,086,498</u>
Non-Current Assets:	
Capital assets	
Depreciable	279,357
Total non-current assets	<u>279,357</u>
Total Assets	<u><u>\$ 1,365,855</u></u>
LIABILITIES	
Accounts payable	\$ 133,207
Total Liabilities	<u>133,207</u>
NET POSITION	
Net investment in capital assets	279,357
Restricted for:	
Community redevelopment	953,291
Total Net Position	<u>1,232,648</u>
Total Liabilities and Net Position	<u><u>\$ 1,365,855</u></u>

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

**CITY OF CRESTVIEW, FLORIDA COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

	Expenses	Net (Expense) Revenue and Changes in Net Position
Functions:		Governmental Activities
Governmental:		
General government	\$ 66,951	\$ (66,951)
Community development	230,000	(230,000)
Total	\$ 296,951	\$ (296,951)
 General Revenues:		
Property taxes		126,348
Unrestricted investment earnings		6,544
Total general revenues		132,892
Transfers		145,840
Change in net position		(18,219)
Net position - beginning of year		1,250,867
Net position - end of year		\$ 1,232,648

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

**CITY OF CRESTVIEW, FLORIDA COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUND
YEAR ENDED SEPTEMBER 30, 2020**

ASSETS

Restricted assets:

Cash and cash equivalents \$ 1,086,498

Total Assets \$ 1,086,498

LIABILITIES

Accounts payable \$ 133,207

Total liabilities 133,207

FUND BALANCE

Restricted - community redevelopment 953,291

Total fund balance 953,291

Total Liabilities and Fund Balance \$ 1,086,498

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

**CITY OF CRESTVIEW, FLORIDA COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL FUND
SEPTEMBER 30, 2020**

Total Fund Balances - Governmental Fund	\$	953,291
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental depreciable assets	279,357		
Less accumulated depreciation	<u>-</u>		279,357

Total Net Position - Governmental Activities	\$	<u><u>1,232,648</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF CRESTVIEW, FLORIDA COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED SEPTEMBER 30, 2020**

Revenues:

Taxes	\$ 126,348
Investment earnings	6,544
Total revenues	132,892

Expenditures:

Current:	
General government	66,951
Community development	230,000
Capital outlay	279,357
Total expenditures	576,308

Deficiency of revenues under expenditures	(443,416)
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Other Financing Sources:

Transfers in	145,840
Total other financing sources	145,840

Net change in fund balance	(297,576)
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Fund Balance:

Beginning of year	1,250,867
End of year	\$ 953,291

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

**CITY OF CRESTVIEW, FLORIDA COMMUNITY REDEVELOPMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUND
YEAR ENDED SEPTEMBER 30, 2020**

Net Change In Fund Balance - Governmental Fund \$ (297,576)

Amounts reported for *governmental activities* in the statement of activities are different because:

Capital outlays are reported in the general fund as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays (\$279,357) was greater than depreciation (\$0) in the current period.

279,357

Change in Net Position - Governmental Activities \$ (18,219)

**CITY OF CRESTVIEW, FLORIDA COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 75,000	\$ 75,000	\$ 126,348	\$ 51,348
Investment earnings	8,000	8,000	6,544	(1,456)
Miscellaneous income	104,500	104,500	-	(104,500)
Total revenues	<u>187,500</u>	<u>187,500</u>	<u>132,892</u>	<u>(54,608)</u>
Expenditures:				
Current:				
General government	92,100	92,100	66,951	25,149
Community development	522,851	522,851	230,000	292,851
Capital outlay	870,000	870,000	279,357	590,643
Total expenditures	<u>1,484,951</u>	<u>1,484,951</u>	<u>576,308</u>	<u>908,643</u>
Deficiency of revenues under expenditures	<u>(1,297,451)</u>	<u>(1,297,451)</u>	<u>(443,416)</u>	<u>854,035</u>
Other Financing Sources:				
Transfers in	<u>145,840</u>	<u>145,840</u>	<u>145,840</u>	<u>-</u>
Appropriation of Fund Balance	<u>1,151,611</u>	<u>1,151,611</u>	<u>-</u>	<u>(1,151,611)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (297,576)</u>	<u>\$ (297,576)</u>

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

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**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Crestview Community Redevelopment Agency (“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.

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 1, they are not due and payable until after the close of the fiscal year ended the following September 30th.

The following is the current property tax calendar:

Assessment date	January 1, 2020
Levy date	November 1, 2020
Due date	March 31, 2021
Delinquency date	April 1, 2021

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

Revenue recognition criteria for property taxes under 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.

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 government'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 City of Crestview Community Redevelopment 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.

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Fund Balances (Continued)

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 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.” 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

Capital assets, which include infrastructure assets (e.g., signs and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The infrastructure assets of the primary government are depreciated using the straight-line method over a useful life of 20-40 years.

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Fund Balances (Continued)

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 comprised 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.

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 grant agency) limitations.
- Unrestricted Net Position - represents unrestricted liquid assets.

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 multiyear 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 of 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 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.

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 - DEPOSITS

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 "Qualified Public Depositories" (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 "Qualified Public Depositories" to participate in a multiple financial institution collateral pool to ensure the security for public deposits.

All Qualified Public Depositories 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 Qualified Public Depositories. Under this method, all deposits are fully insured or collateralized with securities held by the State Treasurer in the Agency's name.

NOTE 3 - CHANGES IN CAPITAL ASSETS

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

	Balance October 1, 2019	Additions	Deletions/ Transfers	Balance September 30, 2020
Governmental activities:				
<i>Capital assets being depreciated:</i>				
Infrastructure	-	279,357	-	279,357
Total capital assets being depreciated, net	-	279,357	-	279,357
Governmental activities capital assets, net	\$ -	\$ 279,357	\$ -	\$ 279,357

No depreciation expense was charged to the functions of the government in the current year.

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 - TRANSFERS

The Agency is a blended component unit of the City of Crestview, Florida. For the year ended September 30, 2020, the Agency received a transfer from the City in the amount of \$145,840 for its portion of tax increment financing.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

During the year ended September 30, 2020, Coronavirus Disease 2019 (“COVID-19”) became a pandemic. The full impact of the COVID-19 outbreak continued to evolve during the final months of the 2020 fiscal year and into the 2021 fiscal year. As such, it is still uncertain as to the full impact of the pandemic; however, the Agency has seen no significant impacts to their operations. At this time, due to the evolution of the COVID-19 outbreak, the Agency is not able to estimate the effects in the long term.

NOTE 6 - SUBSEQUENT EVENTS

Subsequent to year-end, the Agency entered into a contract with a consulting group to provide project management, marketing, and assessment services in support of conducting a mobility study for the Agency District. The contract totaled \$140,000. The mobility study was conducted in early 2021.

OTHER REPORTS AND SCHEDULE

**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**

Board of Commissioners
City of Crestview, Florida
Community Redevelopment Agency

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, of the City of Crestview, Florida Community Redevelopment Agency (the "Agency"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated June 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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.



Fort Walton Beach, Florida
June 23, 2021

MANAGEMENT LETTER

Board of Commissioners
City of Crestview, Florida
Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the City of Crestview, Florida Community Redevelopment Agency (the Agency) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 23, 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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 19, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Board of Commissioners
City of Crestview, Florida
Community Redevelopment Agency

Official Title and Legal Authority

Sections 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. The official title and legal authority for the Agency has been disclosed in Note 1 to the financial statements.

Financial Condition and Management

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

Additional Matters

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

Purpose of this Letter

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



Fort Walton Beach, Florida
June 23, 2021

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

Board of Commissioners
City of Crestview, Florida
Community Redevelopment Agency

We have examined the City of Crestview, Florida Community Redevelopment Agency's (the Agency) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020. 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 City complied with Section 218.415, Florida Statutes, in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Agency's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of risks of material misstatement, 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.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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



Fort Walton Beach, Florida
June 23, 2021

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

Board of Commissioners
City of Crestview, Florida
Community Redevelopment Agency

We have examined the City of Crestview, Florida Community Redevelopment Agency's (the Agency) compliance with Section 163.387(6), Florida Statutes, regarding the use of redevelopment fund monies during the year ended September 30, 2020. 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 with Section 163.387(6), Florida Statutes, in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Agency's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of risks of material misstatement, 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.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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.



Fort Walton Beach, Florida
June 23, 2021

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

Board of Commissioners
City of Crestview, Florida
Community Redevelopment Agency

We have examined the City of Crestview, Florida Community Redevelopment Agency's (the "Agency") compliance with Section 163.387(7), Florida Statutes, regarding the appropriation of the remaining monies of the fund at September 30, 2020. 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 with Section 163.387(7), Florida Statutes, in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Agency's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of risks of material misstatement, 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.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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.



Fort Walton Beach, Florida
June 23, 2021