



CITY of

Pinellas Park, FL

The Heart of Pinellas



COMMUNITY



REDEVELOPMENT



AGENCY

FINANCIAL STATEMENT

Fiscal Year Ended September 30, 2020

Community Redevelopment Agency of the City of Pinellas Park
(A Component Unit of the City of Pinellas Park, Florida)
Financial Statement
For the Fiscal Year Ended September 30, 2020

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Report of Independent Auditor

To the Agency Board
Community Redevelopment Agency of the City of Pinellas Park, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Community Redevelopment Agency of the City of Pinellas Park, Florida (the "CRA"), a component unit of the City of Pinellas Park, Florida, 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 the financial audits contained in the *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 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 the general fund of the CRA, as of September 30, 2020, and the respective changes in financial position, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents on pages 4 through 10, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 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.

Cherry Bekant LLP

Tampa, Florida
March 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the Community Redevelopment Agency of the City of Pinellas Park's ("CRA") financial activities for the fiscal year ended September 30, 2020.

FINANCIAL HIGHLIGHTS

The CRA's assets exceeded its liabilities at the close of fiscal year 2020 by \$2.7 million (net position). Of this amount, \$677 thousand (restricted net position) is to be used on redevelopment projects.

At the close of the current fiscal year, the CRA's ending fund balance was \$50.2 thousand, the same in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The CRA's financial statement consists of several sections. Taken together, they provide a comprehensive financial look at the CRA. The components of the report include the following:

- **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the CRA.
- **Basic Financial Statements.** Includes the Statement of Net Position, Statement of Activities, Fund Financial Statements and the notes to the financial statements. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the CRA.
 - The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the CRA owns, the liabilities it owes and the net position. The net position is further separated into amounts restricted for specific purposes and unrestricted amounts.
 - The Statement of Activities focuses on gross and net costs of CRA programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
 - The fund financial statement focuses separately on the general fund. Fund financial statements follow the more traditional presentation of financial statements. A budgetary comparison statement is presented for the Community Redevelopment Fund.
 - The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the CRA's financial condition.

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 CRA, assets exceeded liabilities by \$2.7 million at the close of the fiscal year ended September 30, 2020. The CRA is able to report positive balances in all two categories of net position, as indicated in the following table:

Community Redevelopment Agency of the City of Pinellas Park Net Position			
Primary Government			
Governmental Activities			
	2020		2019
Assets			
Current and other assets	\$ 67,561	\$	72,091
Long-term assets	642,629		-
Capital assets	2,027,992		2,922,446
Total assets	2,738,182		2,994,537
Liabilities			
Current and other liabilities	17,314		21,844
Long-term liabilities	15,708		6,164
Total liabilities	33,022		28,008
Net position			
Net investment in capital assets	2,027,992		2,922,446
Restricted	677,168		44,083
Total net position	\$ 2,705,160	\$	2,966,529

More than half of the CRA's net position \$2.0 million (or 74.9%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress), net of accumulated depreciation and less any related outstanding debt used to acquire those assets. The CRA uses these capital assets to provide services to citizens, and consequently these assets are not available for future spending. Although the CRA's investment in capital assets is reported net of accumulated depreciation and related debt, (if any), it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves will not be used to liquidate these liabilities.

The remaining balance of the CRA's net position \$677 thousand (or 25.1%) represents resources that are subject to external restrictions on how they may be used.

Changes in Net Position

The following table details the activities for the year ended September 30, 2020:

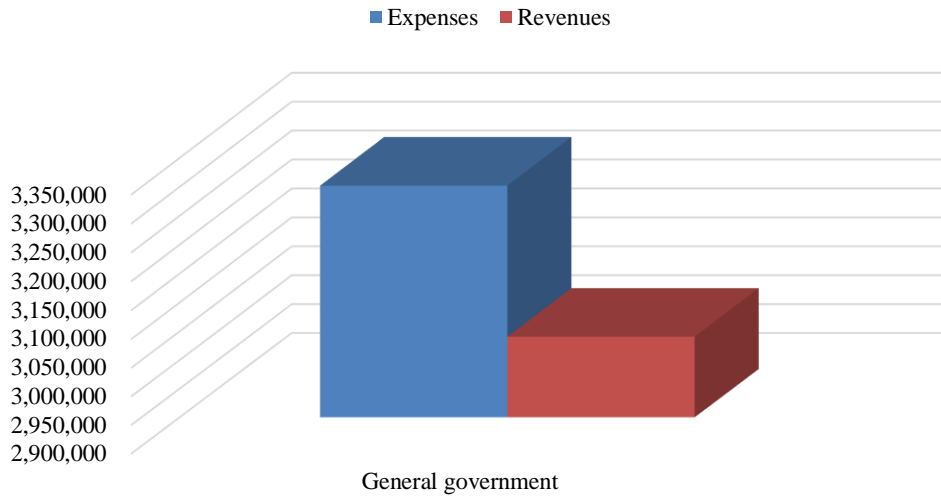
		Community Redevelopment Agency of the City of Pinellas Park Changes in Net Position	
		Primary Government Governmental Activities	
		2020	2019
Revenues			
General revenues:			
Taxes	\$	3,305,770	\$ 2,936,769
Investment earnings		1,993	70,821
Miscellaneous		79,949	69,777
Loss on sale of capital assets		(347,033)	-
Total revenues		<u>3,040,679</u>	<u>3,077,367</u>
Expenses			
General government		<u>3,302,048</u>	<u>2,270,557</u>
Total expenses		<u>3,302,048</u>	<u>2,270,557</u>
Increase (decrease) in net position		(261,369)	806,810
Net position - beginning		<u>2,966,529</u>	<u>2,159,719</u>
Net position - ending	\$	<u><u>2,705,160</u></u>	<u><u>2,966,529</u></u>

Governmental Activities

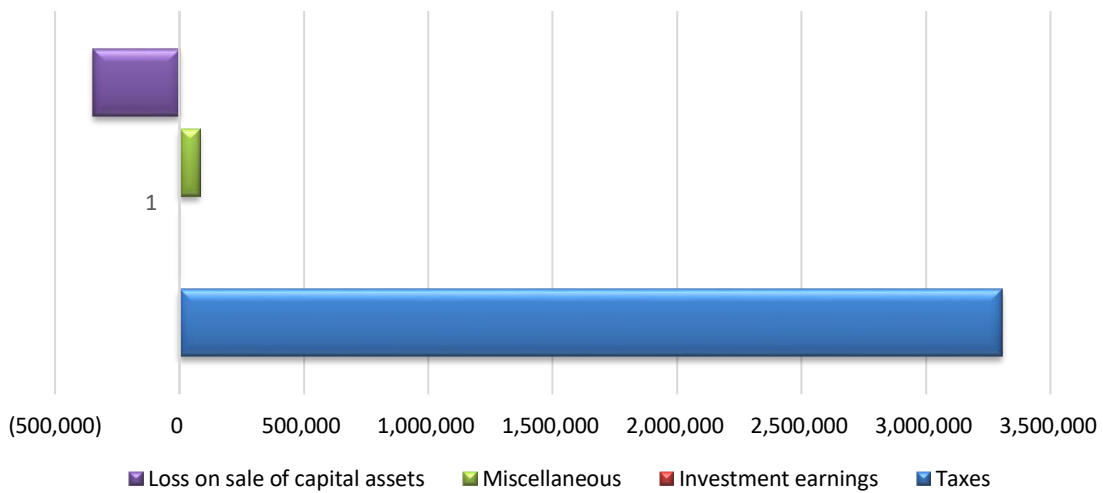
Governmental activities net position decreased by \$261 thousand from \$3.0 million as of September 30, 2019, to \$2.7 million as of September 30, 2020. This was due to the sale of capital assets from the CRA to developers.

The cost of all governmental activities this year was \$3.3 million. As shown on the Statement of Activities, the amount that the CRA's taxpayers ultimately financed for these activities through taxes and other were \$3.3 million.

**Expenses and Program Revenues - Governmental Activities
For the Year Ended September 30, 2020**



**Revenues by Source - Governmental Activities
For the Year Ended September 30, 2020**



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the CRA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CRA's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

Fund balances are the differences between assets and liabilities in a governmental fund. The nonspendable fund balance includes amounts that are not in spendable form, or amounts that are required to be maintained intact. Restricted fund balance include amounts that can be spent only for the specific purposes stipulated by external providers, such as grant providers or bondholders, as well as amounts that are restricted constitutionally or through legislation. Committed fund balance includes amounts that can be used only for the specific purposes that are determined by a formal action of the government's highest level of decision making authority. Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized officials. Unassigned fund balances include all amounts not contained in other classifications for the general fund.

As of the end of the current fiscal year, the CRA's governmental funds reported an ending fund balance of \$50.2 thousand. Of that amount, \$21.5 thousand was nonspendable and \$28.7 thousand was restricted.

COMMUNITY REDEVELOPMENT AGENCY BUDGETARY HIGHLIGHTS

There were no differences between the original budget for the CRA's revenues or expenditures and their final amended budgets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets include land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. The infrastructure asset category includes long-lived capital assets, typically stationary in nature, such as roads, drainage systems, water and sewer systems, etc. At September 30, 2020, the CRA had investments in capital assets totaling \$2,027,992 (net of accumulated depreciation).

**Community Redevelopment Agency
of the City of Pinellas Park
Capital Assets***

		Governmental Activities		
		2020	2019	
Land	\$	1,958,236	\$	2,732,986
Buildings		59,526		178,910
Improvements other than buildings		10,230		10,550
Total	\$	2,027,992	\$	2,922,446

* Net of accumulated depreciation

Additional information on the City’s capital assets can be found in Note III-C of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The primary funding source for the CRA comes from tax-increment financing. The Community Redevelopment Act allows for the creation of a Tax Increment Financing (TIF) District within a Community Redevelopment District (CRD). A powerful redevelopment tool, the CRA uses the growth in assessed property values (TIF funds) to reinvest in capital improvements within their boundaries. These revenues are to be used to fund the various projects and activities identified in the Redevelopment Plan or related to the achievement of the Plan’s goals and objectives.

The 2020 Redevelopment Plan embodies the concepts and strategies which guide the CRA’s vision of what the CRD could look like some years in the future. The overarching goal is for the CRA to create an environment that stimulates redevelopment and investment by the private sector. The Plan is centered on three strategic goals: *Grow Local, Establish a Physical Sense of Place and Build Connections*. The Plan promotes strong residential neighborhoods, the creation of a vibrant downtown, and an active industrial area to provide a variety of employment opportunities.

There are some projects, such as infrastructure improvements (i.e. streets, parks, and community centers, utilities), which are generally publicly funded, while others are likely to be public/private joint ventures. Still others may be developed by the private sector alone but supported by the goal and objectives of the Plan. Over the next 20 years, a primary focus for the CRA is to develop a City Center. This will be a multi-year project to develop a City Center Master Plan and construct phased additions of public amenities and improvements.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the CRA's finances for all interested parties and to demonstrate the CRA's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The City of Pinellas Park, Community Redevelopment Agency Department, 6051 78th Avenue, Pinellas Park, FL 33781.

Community Redevelopment Agency of the City of Pinellas Park
(A Component Unit of the City of Pinellas Park, Florida)
Statement of Net Position
September 30, 2020

		<u>Governmental Activities</u>
ASSETS		
Equity in pool cash and cash equivalents	\$	16,161
Equity in pool investments		27,278
Receivables (net of allowance for uncollectibles)		2,578
Prepays		21,544
Noncurrent assets:		
Mortgage receivable		642,629
Capital assets (net of accumulated depreciation):		
Land		1,958,236
Buildings		59,526
Improvements other than buildings		10,230
Total assets		<u>2,738,182</u>
 LIABILITIES		
Accounts and contracts payable		6,697
Accrued liabilities		10,617
Noncurrent liabilities:		
Compensation arrangement payable		15,708
Total liabilities		<u>33,022</u>
 NET POSITION		
Net investment in capital assets		2,027,992
Restricted for:		
Redevelopment		677,168
Total net position	\$	<u><u>2,705,160</u></u>

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

Community Redevelopment Agency of the City of Pinellas Park
(A Component Unit of the City of Pinellas Park, Florida)
Statement of Activities
For the Year Ended September 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Governmental activities:		
General government	\$ 3,302,048	\$ (3,302,048)
Total governmental activities	3,302,048	(3,302,048)
	General revenues:	
	Taxes	3,305,770
	Investment earnings	1,993
	Miscellaneous	79,949
	Loss on sale of capital assets	(347,033)
	Total general revenues	3,040,679
	Change in net position	(261,369)
	Net position - beginning	2,966,529
	Net position - ending \$	2,705,160

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

**Community Redevelopment Agency of the City of Pinellas Park
(A Component Unit of the City of Pinellas Park, Florida)
Balance Sheet
General Fund
September 30, 2020**

		<u>Community Redevelopment</u>
ASSETS		
Equity in pool cash and cash equivalents	\$	16,161
Equity in pool investments		27,278
Receivables		2,578
Prepaid Items		<u>21,544</u>
Total assets	\$	<u><u>67,561</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$	6,697
Accrued liabilities		<u>10,617</u>
Total Liabilities		<u>17,314</u>
Fund balances:		
Nonspendable		21,544
Restricted		<u>28,703</u>
Total fund balances		<u>50,247</u>
Total liabilities and fund balances	\$	<u><u>67,561</u></u>

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

**Community Redevelopment Agency of the City of Pinellas Park
(A Component Unit of the City of Pinellas Park, Florida)
Reconciliation of the Balance Sheet of General Fund
to the Statement of Net Position
September 30, 2020**

Total fund balances of governmental funds	\$	50,247
Amounts reported for governmental activities in the statement of net position are different because:		
Mortgage receivable used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		642,629
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 2,044,261	
Accumulated depreciation	<u>(16,269)</u>	
		2,027,992
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Compensation arrangement payable		<u>\$ (15,708)</u>
 Net position of governmental activities	 \$	 <u><u>2,705,160</u></u>

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

**Community Redevelopment Agency of the City of Pinellas Park
(A Component Unit of the City of Pinellas Park, Florida)
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
For the Year Ended September 30, 2020**

	<u>Community Redevelopment</u>
REVENUES	
Taxes	\$ 3,305,770
Investment earnings	1,993
Miscellaneous	<u>79,949</u>
Total revenues	<u>3,387,712</u>
EXPENDITURES	
General government	<u>3,387,712</u>
Total expenditures	<u>3,387,712</u>
Net change in fund balances	-
Fund balance - beginning	<u>50,247</u>
Fund balance - ending	<u><u>\$ 50,247</u></u>

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

**Community Redevelopment Agency of the City of Pinellas Park
(A Component Unit of the City of Pinellas Park, Florida)
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of General Fund
to the Statement of Activities
For the Year Ended September 30, 2020**

Net change in fund balances - total general fund	\$	-
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	\$ 131,165	
Less: current year depreciation	<u>(2,151)</u>	129,014
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to increase net position.		
		(380,839)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Current year change in compensation arrangement payable		<u>(9,544)</u>
Change in net position of general fund	\$	<u><u>(261,369)</u></u>

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

Community Redevelopment Agency of the City of Pinellas Park
(A Component Unit of the City of Pinellas Park, Florida)
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,306,519	\$ 3,306,519	\$ 3,305,770	\$ (749)
Investment earnings	4,100	4,100	1,993	(2,107)
Miscellaneous	60,025	60,025	79,949	19,924
	3,370,644	3,370,644	3,387,712	17,068
EXPENDITURES				
General government	3,493,960	3,493,960	3,387,712	106,248
	3,493,960	3,493,960	3,387,712	106,248
Excess of revenues over expenditures	(123,316)	(123,316)	-	123,316
Net change in fund balances	(123,316)	(123,316)	-	123,316
Fund balance - beginning	50,247	50,247	50,247	-
Fund balance - ending	\$ (73,069)	\$ (73,069)	\$ 50,247	\$ 123,316

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

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Community Redevelopment Agency of the City of Pinellas Park (“CRA”) have been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles.

A. The Reporting Entity

The Community Redevelopment Agency of the City of Pinellas Park is a blended component unit of the City of Pinellas Park, FL (City), established pursuant to Resolution No. 88-76 of the City Council (Council). Blended component units are legally separate entities that are in substance part of the City’s operations, as they either have governing bodies that are substantively the same as the Council and there is a financial benefit or burden relationship between the Council and the component unit, or they provide services exclusively or almost exclusively to the City. The CRA serves to revitalize the physical environment and the economy of the Community Development Area. The CRA’s activities are designed to solve the underlying problems of slum and blighted conditions through planning, redevelopment, historic preservation and affordable housing. The City is obligated to pay the CRA from its current year ad valorem tax increment related to the taxable property improvements made since the designated “base year.”

Effective for Fiscal Year 2020, the State of Florida Legislature enacted Chapter 2019-163, Laws of Florida, which amended section 163.387(8), Florida Statutes, to require each CRA that has revenues or a total of expenditures and expenses in excess of \$100,000, to have performed a separate audit. In accordance with Florida Auditor General Rule 10.557(3), the CRA audit report must include basic financial statements, notes to the financial statements, and management’s discussion and analysis.

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as governmental. Governmental activities are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements report information on all activities of the reporting government as a whole. These statements focus on the sustainability of the CRA as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of 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. 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 included among program revenues are reported as general revenues.

Fund financial statements display information at the individual fund level. The fund is classified and summarized as governmental.

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

The financial transactions of the CRA is recorded in an individual fund. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues and expenditures/expenses. The fund is reported by generic classification within the financial statements.

The CRA reports the following major governmental fund: General Fund – used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The government-wide financial statements are presented on a full accrual basis of accounting with an economic resources measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resources measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resources measurement focus and full accrual accounting, a current financial resources measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Intergovernmental revenues and investment earnings associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues such as miscellaneous revenues are considered to be measurable and available only when cash is received.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Deposits and Investments

Investments with original maturities of three months or less are considered to meet the definition of cash equivalents. The investments in which the CRA's fund have equity are held by the City's consolidated pool of cash and investments. The City utilizes the consolidated cash pool to account for cash and investments of all City funds other than those that are required by ordinance to be physically segregated. The consolidated cash pool concept allows each participating fund to benefit from the economies of scale and improved yield that are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds. Investments for the City are reported at fair value. The State Board of Administration and the Florida Municipal Investment Trust external investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pools are the same as the fair value of the pool shares.

2. Receivables and Payables

Property tax revenue is recognized in the fiscal year for which the taxes are levied, provided the availability test is met in conformance with National Council of Governmental Accounting Interpretation No 3. Property taxes for the following fiscal year are levied by council action in September of each year. This levy is apportioned to property owners based on the previous January 1 assessed values. Tax bills are mailed out on or about November 1 and the collection period runs from November 1 through March 31. On April 1, unpaid property taxes are considered delinquent and become a lien. Tax certificates are sold in June for real property with delinquent taxes. Since taxes are not collected prior to November 1, the City does not record revenue for advance collections.

The CRA has an agreement for services with the City to reimburse the costs of certain employees that perform work for the CRA. At September 30, 2020, the CRA owed the City \$15,708 in this compensation arrangement. See additional information in Note I.5.

3. Prepaid Items

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

4. Capital Assets

Capital assets, which include land, buildings, and improvements are reported in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at acquisition value as of the date of the donation.

Capital assets are defined by the CRA as assets with an initial individual cost of \$1,000 or more, and an estimated useful life of at least one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	40

5. Compensation Arrangement Payable

Accrued compensated absences – It is the CRA’s policy to permit employees to accumulate earned but unused vacation benefits. All vacation is accrued when earned and a liability is reported in the government-wide financial statements. A liability is reported in the governmental funds only if a liability results from employee resignations/retirements and they are to be paid with current operating funds. Estimates have been utilized to determine the amount to report as the current portion. There is no current portion as of September 30, 2020.

Accrued personnel costs – The Statement of Net Position includes a noncurrent liability related to accrued personnel costs. This represents the CRA’s liability for pension and other postemployment fringe benefit costs related to the CRA’s contracted use of City employees.

6. Fund Balances/Net Position

Fund balance is classified primarily on the extent to which the CRA is bound to observe constraints imposed upon the use of the resources in the general fund. The classification is as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. The general fund includes prepaid items in this category of fund balance.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the city to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the CRA can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of the CRA. Those committed amounts cannot be used for any other purpose unless the CRA removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the CRA, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the CRA for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

The CRA applies restricted resources first, followed by the committed, assigned, and then unassigned resources when expenditures are incurred for purposes for which either restricted or committed, assigned, and unassigned amounts are available.

7. Taxes

The CRA funding is determined each year and the funding amount is 95% of the difference between the amount of ad valorem taxes levied in the base year within the district boundaries and the amount of ad valorem taxes which is levied in the most recent assessment roll.

8. Significant Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from the estimates.

9. Subsequent Events

The CRA has evaluated subsequent events through March 31, 2021, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PINELLAS PARK
A COMPONENT UNIT OF THE CITY OF PINELLAS PARK, FLORIDA
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SEPTEMBER 30, 2020

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The following procedures are used in establishing the budgetary data reflected in the financial statements:

In July, the CRA Manager submits to the CRA a proposed budget for the upcoming fiscal year. It contains proposed expenditures and the means to finance them, including a proposed property tax millage rate. Public hearings are conducted to obtain taxpayer comments on the proposed budget and property tax millage rate. The budget and property tax millage rate are approved by the CRA board in September. The budget is reviewed on a periodic basis, and supplemental appropriations to the original budget may be approved by the board when deemed necessary. Budgets for the CRA are adopted on a basis consistent with GAAP. For the fiscal year ended September 30, 2020, no excess of expenditures over appropriations at the legal level of budgetary control occurred.

NOTE III – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As a participant in the City’s investment pool, the CRA is governed by the City’s investment policy (Policy) which establishes guidelines for safeguarding and efficient management of City funds and for the purchase and sale of investment instruments. The primary objective of the City’s investment policy is to keep the City’s cash resources productively employed, providing satisfactory yields while maximizing their security and availability. Safety of principal is regarded as the highest priority in the handling of investments for the City.

The City’s investment policy permits investments in obligations of the U.S. Treasury, U.S. government agencies, repurchase agreements, certificates of deposit, commercial paper, bank notes, other time deposits, short-term floating rate or auction rate securities, any open-end money market mutual funds regulated by the U.S. Government under the Investment Company Act rule 2a-7, any investment fund regulated or advised by a Registered Investment Advisor under rule 3c-7 and county tax certificates.

Interest Rate Risk-Primary Government

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the investment maturity or duration of its investment portfolio to a maximum of ten years, with a preference of five years or less.

Credit Risk-Primary Government

As required by Florida State Statute, the City’s investment policy requires that certificates of deposits be purchased from qualified Florida public depositories and that other bank liability products such as commercial paper and bank notes be purchased from commercial banking institutions whose long-term debt rating is “A” or better by Standard & Poor’s and Moody’s. Commercial paper issued by a corporation must have a short-term rating of A1/P1 or better, and short-term floating rate or auction rate securities must be rated “AA” or better by at least one nationally recognized rating agency.

Some of the City’s investments in U.S. agencies carry the explicit guarantee of the U.S. Government. The City’s investments in the Florida Municipal Investment Trust are AAA rated by Fitch and the Florida PRIME.

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

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

Concentration of Credit Risk-Primary Government

The City's investment policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 25% of the entire portfolio may be invested in the securities of any single issuer with the exception of U.S. Government and agency securities and the State Board of Administration which have no limitations.

Custodial Credit Risk-Primary Government

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the City may not recover its deposits. All of the bank balances were covered by federal depository insurance or collateralized in accordance with the Florida Public Deposits Program. Under this program banks holding public deposits in excess of the amounts insured by Federal Deposit Insurance Corporation must deposit eligible collateral as determined by Florida State Statutes 280.13 and 280.14 with the State Treasurer. In the unlikely event that a public depository institution should fail, the City's deposits would be fully collateralized to the extent of the total assets collateralization with the State Treasurer. The State Treasurer is responsible for monitoring compliance with the collateralization and reporting requirements of the program and for notifying local governments of compliance by banks and savings and loans. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of the governmental entities. If the value of the pool's collateral is inadequate to cover the loss, additional amounts would be assessed on a prorata basis to the members of the pool. The funds deposited in accordance with the requirements of the program are considered fully secured.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Per City policy, the City's designated custodian shall hold all securities purchased by the City. The securities must be in the City's name and identifiable on the custodian's books as belonging to the City. The custodian must be a third party.

B. Receivables

Receivables at September 30, 2020 for the CRA fund consist of interest receivable in the amount of \$2,578.

The CRA holds a mortgage receivable from the sale on August 3, 2020 of the Namaste property. Mortgage balance at September 30, 2020 is \$642,629 with an imputed interest rate of 0.27% APR. Payments are due to the CRA upon sale of each of the 25 lots in the amounts of \$13,111 per lot. A balloon payment is due in 2022 in the amount of \$294,000. Total mortgage is due and payable in 2023.

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

NOTE III – DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,732,986	\$ 125,814	\$ (900,564)	\$ 1,958,236
Total capital assets, not being depreciated	<u>2,732,986</u>	<u>125,814</u>	<u>(900,564)</u>	<u>1,958,236</u>
Capital assets, being depreciated:				
Buildings	216,860	5,350	(148,973)	73,237
Improvements other than buildings	12,788	-	-	12,788
Total capital assets being depreciated	<u>229,648</u>	<u>5,350</u>	<u>(148,973)</u>	<u>86,025</u>
Less accumulated depreciation for:				
Buildings	37,950	1,831	(26,070)	13,711
Improvements other than buildings	2,238	320	-	2,558
Total accumulated depreciation	<u>40,188</u>	<u>2,151</u>	<u>(26,070)</u>	<u>16,269</u>
Total capital assets, being depreciated, net	<u>189,460</u>	<u>3,199</u>	<u>(122,903)</u>	<u>69,756</u>
Governmental activities capital assets, net	<u>\$ 2,922,446</u>	<u>\$ 129,013</u>	<u>\$ (1,023,467)</u>	<u>\$ 2,027,992</u>

Depreciation expense of \$2,151 was charged to general government function of the CRA.

D. Summary of Long-Term Liabilities

The following is a summary of changes in the Compensation Arrangement Payable during the year ended September 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 661	\$ 3,560	\$ 2,739	\$ 1,482	\$ -
Accrued personnel costs	<u>5,503</u>	<u>8,723</u>	<u>-</u>	<u>14,226</u>	<u>-</u>
Total Governmental Activities					
Long-Term Debt	<u>\$ 6,164</u>	<u>\$ 12,283</u>	<u>\$ 2,739</u>	<u>\$ 15,708</u>	<u>\$ -</u>

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

NOTE IV – OTHER INFORMATION

A. Litigation

The CRA is involved in various litigation occurring in the normal course of business. Results are anticipated to have no material effect on the financial condition of the CRA.

B. Uncertainties

The impact on and uncertainties related to the financial condition of the CRA resulting from federal, state, and local declarations of emergency relating to COVID-19, and associated orders and measures, has not been determined. In any event, the CRA does not believe that such impact or uncertainty will affect the CRA’s ability to continue its routine operations.

C. Community Redevelopment Fund

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits into, and the amount and purpose of withdrawals from the Community Redevelopment Fund (CRA) for the fiscal year ended September 30, 2020:

	<u>Deposits</u>	<u>Withdrawals</u>
Sources of deposits:		
City of Pinellas Park	\$ 1,669,027	\$ -
Pinellas County	1,636,743	-
Investment earnings	1,993	-
Rental income	45,555	-
Miscellaneous	34,394	-
Purpose of withdrawals:		
Salary and salary related	-	166,716
Supplies	-	7,432
Programming	-	5,877
Maintenance	-	36,991
Appraisal services	-	3,900
Audit services	-	4,300
Attorney services	-	62,899
Property tax	-	28,815
Memberships	-	1,295
CRA training	-	4,155
Utilities	-	19,171
General insurance	-	17,409
Operating equipment	-	1,747
Advertising	-	8,136
Contract services, City of Pinellas Park	-	3,018,869
	<u>\$ 3,387,712</u>	<u>\$ 3,387,712</u>

**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Agency Board of the
Community Redevelopment Agency of the City of Pinellas Park, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Community Redevelopment Agency of the City of Pinellas Park, Florida (the "CRA"), a component unit of the City of Pinellas Park, Florida, 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 31, 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Cherry Bekant LLP

Tampa, Florida
March 31, 2021

Independent Auditor's Management Letter

To the Agency Board
Community Redevelopment Agency of the City of Pinellas Park, Florida

Report on the Financial Statements

We have audited the financial statements of the Community Redevelopment Agency of the City of Pinellas Park, Florida (the "CRA"), a component unit of the City of Pinellas Park, Florida, as of and for the year ended September 30, 2020, and have issued our report thereon dated March 31, 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 Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Report of Independent Accountant on Compliance with Local Government Investment Polices and Community Redevelopment Agency Requirements of Section 163.387. Disclosure in those reports, which are dated March 31, 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. This is the first year in which a financial audit report is required for the CRA; therefore there were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such disclosure is included in the notes to the financial statements. There were no component units related to the CRA.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the CRA 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 the CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Cherry Bekant LLP

Tampa, Florida
March 31, 2021

**Report of Independent Accountant on Compliance
with Local Government Investment Policies and Community
Redevelopment Agency Requirements of Section 163.387**

To the Agency Board of the
Community Redevelopment Agency of the City of Pinellas Park, Florida

We have examined the Community Redevelopment Agency of the City of Pinellas Park, Florida's (the "CRA") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes and the community redevelopment agency requirements of Section 163.387, Florida Statutes, during the year ended September 30, 2020. Management of the CRA is responsible for the CRA's compliance with the specified requirements. Our responsibility is to express an opinion on the CRA's compliance with the specified requirements based on our examination.

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

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

In our opinion, the CRA complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes and the community redevelopment agency requirements of Section 163.387, Florida Statutes, during the year ended September 30, 2020.

The purpose of this report is to comply with the audit requirements of Sections 218.415 and 163.387, Florida Statutes, and Rules of the Auditor General.

Cherry Bekaert LLP

Tampa, Florida
March 31, 2021