

CITY OF ST. AUGUSTINE
COMMUNITY REDEVELOPMENT AGENCY

Financial Statements
and Independent Auditor's Report

September 30, 2020

**City of St. Augustine
Community Redevelopment Agency
For the Year Ended September 30, 2020**

Table of Contents

Independent Auditor’s Report	1-2	
Management’s Discussion and Analysis	4-8	
Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Position	10	
Statement of Activities	11	
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	12	
Statement of Revenues, Expenditures and Changes in Fund Balance	13	
Notes to Financial Statements.....	15-19	
Required Supplementary Information (Unaudited)		
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget to Actual (Budgetary Basis) –Lincolnville Community Redevelopment Area		21
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget to Actual (Budgetary Basis) – Historic Area Redevelopment Area		22
Other Reports		
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		24-25
Independent Accountant’s Management Letter Required by Chapter 10.550, Rules of the State of Florida Office of the Auditor General		26-27
Independent Accountant’s Examination Report.....		28

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Governing Members
City of St. Augustine Community Redevelopment Agency
City of St. Augustine Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of St. Augustine Community Redevelopment Agency (the CRA), a component unit of the City of St. Augustine, 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.

Managements Responsibility for the Financial Statements

The CRA's 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 presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the CRA, as of September 30, 2020 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents (collectively, the required supplementary information) 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 a report dated July 12, 2021 on our consideration of the CRA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Masters, Smith & Wisk, P.A.

Certified Public Accountants
Jacksonville, Florida

July 12, 2021

Management's Discussion and Analysis

This statement establishes new financial reporting requirements for Community Redevelopment Agencies in the State of Florida. The Management's Discussion and Analysis (MD&A) of the City of St. Augustine Community Redevelopment Agency (the Agency) is designed to provide a synopsis and simplistic disclosure of financial activities based on current known facts, decisions, and circumstances. The MD&A provides a broad overview of information presented in the financial statements. The MD&A is designed to allow the reader to focus on significant financial activity, identify any changes, and provide an opportunity to address the challenges or opportunities that may come in the upcoming fiscal year. This analysis will identify if there were any deviations from the approved budget and provide an objective overall evaluation. The information encompassed in this MD&A is only a component of the complete financial report.

Financial Highlights

During the 2019-2020 fiscal year the Agency saw an increase in revenue of 27.2% or \$178,604. The total revenue, encompassing Ad Valorem Taxes and investment revenue was \$834,163. The increase was primarily from the increase in property values within the Community Redevelopment Area and an increase in the Tax Increment Financing (TIF) funds.

The Agency began the fiscal year with a fund balance of \$796,148 and ended the year with \$1,456,682 which represents an increase of \$660,534 primarily due to a decrease in expenditures. The Agency saw a decrease in expenditures of 44.9% from the prior Fiscal Year totaling \$180,699. This was primarily due to the vacancy of the CRA Administrator. The Agency changed from a contractual to a full-time administrator who was hired on September 1st, 2020.

The Community Redevelopment Agency uses the Community Redevelopment Plans and the Plan Amendments as its guiding documents for budgeting, program development, and project implementation. The Community Redevelopment Agency is divided into two separate areas; The Historic Area Community Redevelopment Area (HACRA) and the Lincolnville Community Redevelopment Area (LCRA).

Program Financial Disclosures – Lincolnville Community Redevelopment Area

The Community Redevelopment Plan Amendment for the Lincolnville Community Development Area was adopted in June of 2017 is the guiding principle for determining budget allocations and financial expenditures. The Plan Amendment defines three main components of the Lincolnville Community Redevelopment Area. The plan identifies the importance of Lincolnville's history and heritage and the priority to maintain the community's character through the redevelopment process.

The preservation of African American Heritage and the retention of long-term residents is accomplished with funding allocations for the Fix-It-Up Grant Program. This program awards qualified residents with a maximum grant of \$20,000 to provide health and safety repairs to their home. During Fiscal Year 2019-2020 the program budget was \$445,517. The program budget saw a 133% increase from the prior fiscal year.

To preserve the historic character of Lincolnville the Institutional Rehabilitation Grant Program was established. This program is designed to provide extensive rehabilitation to historic structures in Lincolnville. The Rehabilitation Program focuses on blighted and vacant historic structures. The Redevelopment Plan outlined the urgency of funding to this program for extensive rehab projects. Expenditures incurred during the 2019-2020 fiscal year were \$99,488. The year ended with approximately \$732,361 available, which is slated to fund two extensive rehabilitation projects in the redevelopment area. The two projects will be the inaugural for the LCRA and mark a major accomplishment in rehabilitating structures that have served the community for more than one hundred years.

Neighborhood improvements and beautification is the third component outlined in the Lincolnville Community Redevelopment Plan Amendment. This component focuses on the overall presence of the community. Funds are allocated to developing concepts, redesigning streets, landscaping main corridors, rebuilding sidewalks, developing and enhancing pocket parks as well as the development of an urban forestry program. Adding these enhancements to the Lincolnville Area provides for sustainability and highlights the culture of the area. The Agency budgeted \$300,000 for this component in the 2019-2020 Fiscal Year, an increase of 78.3% from the prior year. Expenditures for the fiscal year were \$29,025. A 100% increase from the prior fiscal year.

Program Financial Disclosures – Historic Area Redevelopment Area

The Community Redevelopment Plan adopted in December of 2000 is the guiding principle for determining budget allocations and financial expenditures. The Plan defines the goals of the Historic Area Community Redevelopment Area. The plan identifies the importance of reducing traffic in the downtown area by increasing parking, enhancing signage, and encouraging the use of bicycles. Safe sidewalks, and ample supply of open space are goals to increase the walkability of the City.

The first major project of the CRA was to build a parking garage at the City's Visitor Information Center. Currently the CRA's revenues do not cover the full cost of the debt service associated with the construction of the garage, therefore 100% of the CRA's revenue is transferred to the City's Visitor Information Fund. As the tax increment revenues grow, the additional goals of the HACRA will be addressed.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's basic financial statements are comprised of the 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The *Statement of Activities* (income statement) presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in revenues are reported as soon as underlying events giving rise to the change occur regardless of the timing of related cash flows. The expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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, public safety and redevelopment projects. Thus, the Agency has no business- type activities.

The financial statements are found beginning on page 10 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. These notes to the basic financial statements begin on page 15 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Agency's budget to actual results for the General Fund for the current year. The required supplementary information can be found on pages 21 and 22 of this report.

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 exceeded liabilities by approximately \$1.5 million at the close of the most recent fiscal year.

Summary of Net Position

	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	\$ 1,470,876	\$ 820,724
Total Assets	<u>1,470,876</u>	<u>820,724</u>
Liabilities		
Current liabilities	14,194	24,576
Total Liabilities	<u>14,194</u>	<u>24,576</u>
Net Position		
Restricted for:		
Capital Projects	1,456,682	796,148
Total Net Position	<u>\$ 1,456,682</u>	<u>\$ 796,148</u>

Summary of Changes in Net Position

	Year Ended September 30,	
	2020	2019
Revenues		
Tax increment revenues	\$ 827,363	\$ 655,559
Other revenues	6,800	-
Total Revenues	834,163	655,559
Expenses		
Community Redevelopment	151,674	328,102
Capital Outlay	29,025	-
Total Expenses	180,699	328,102
Other Financing Sources (Uses)		
Transfers in from primary government	1,213,439	952,919
Transfers (out) to primary government	(1,206,369)	(955,296)
Total Other Financing Sources (Uses)	7,070	(2,377)
Change in net position	660,534	325,080
Net position beginning of year	796,148	471,068
Net Position end of year	\$ 1,456,682	\$ 796,148

Tax increment revenues increased by approximately \$171,804 during fiscal year 2020, the result of increased taxable values.

Year-to-year expenses declined in fiscal year 2020 due to a long period of being without a full-time CRA Administrator. The position had been initially contracted out, but the CRA hired a full-time employee late in the fiscal year to ensure the CRA moves forward with its initiatives.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. At the end of fiscal year 2020, the Agency's governmental funds reported an ending fund balance of approximately \$1.5 million which is restricted for capital projects within the CRA.

GENERAL BUDGETARY HIGHLIGHTS

In fiscal year 2019-2020, actual total revenues exceeded the final budget by \$2,254 which represents .3%. Total expenditures were only \$180,699, compared to a final budget of \$1,640,619. This was due to the transition from a contracted CRA Administrator to a full time employee of the CRA to work on the projects exclusively. The position was dormant during COVID-19 and projects did not move forward. Refer to page 21 and 22 for a budgetary comparison schedule.

ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET

Assessed property valuations within the community redevelopment district increased approximately 8.8% versus prior year resulting in an increase in tax increment revenues of \$182,000. The Agency's Board approved the 2020-2021 Lincolnville Area budget including utilization of tax increment revenues for the Fix-It-Up program, restoration of two churches, and a streetscape improvement project for Martin Luther King Boulevard. The Historic Area budget was approved consistent with prior years with all revenues transferred out for the payment of debt service.

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 Mark Simpson, Finance Director at 50 Bridge Street, St. Augustine, FL 32084 or (904) 825-1030.

Basic Financial Statements

**City of St. Augustine
Community Redevelopment Agency
Statement of Net Position
September 30, 2020**

ASSETS

Cash and cash equivalents	\$ 1,470,876
---------------------------	--------------

LIABILITIES

Accounts payable and accrued liabilities	<u>14,194</u>
--	---------------

Net Position

Restricted for Redevelopment Projects	<u>1,456,682</u>
---------------------------------------	------------------

Total Net Position	<u><u>\$ 1,456,682</u></u>
---------------------------	-----------------------------------

See accompanying notes to basic financial statements

**City of St. Augustine
Community Redevelopment Agency
Statement of Activities
For the Year Ended September 30, 2020**

	<u>Expenses</u>	<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Total Governmental Activites</u>
Governmental Activities		
Community Redevelopment	\$ 151,674	\$ 151,674
Capital Improvements contributed to primary government	29,025	29,025
Total Governmental Activities	<u>180,699</u>	<u>180,699</u>
General Revenues:		
Tax Increment Financing		827,363
Investment Income		6,800
Net Transfers		<u>7,070</u>
Total General Revenues and Transfers		<u>841,233</u>
Change in Net Position		<u>660,534</u>
Net Position - Beginning of Year		<u>796,148</u>
Net position - End of Year		<u><u>\$ 1,456,682</u></u>

See accompanying notes to basic financial statements

**City of St. Augustine
Community Redevelopment Agency
Balance Sheet - Governmental Funds
September 30, 2020**

	Historic Area Community Redevelopment Area	Lincolnville Community Redevelopment Area	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,470,876	\$ 1,470,876
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES			
Accounts payable and accrued liabilities	-	14,194	14,194
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE			
Fund Balance:			
Restricted for Redevelopment Projects	-	1,456,682	1,456,682
Total Fund Balance	<u> </u>	<u> </u>	<u> </u>
		1,456,682	1,456,682
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	\$ -	\$ 1,470,876	\$ 1,470,876
	<u> </u>	<u> </u>	<u> </u>

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position is not required as there were no reconciling items.

See accompanying notes to basic financial statements

City of St. Augustine
Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For the Year Ended September 30, 2020

	Historic Area Community Redevelopment Area	Lincolntonville Community Redevelopment Area	Total Governmental Funds
Revenues			
Taxes	\$ 487,158	\$ 340,205	\$ 827,363
Investment Income	734	6,066	6,800
Total Revenues	487,892	346,271	834,163
Expenditures/ expenses			
Current:			
Community Redevelopment	-	151,674	151,674
Capital outlay	-	29,025	29,025
Total Expenditures/expenses	-	180,699	180,699
Excess of revenues over expenditures / operating income	487,892	165,572	653,464
Other financing sources (uses)			
Transfers in from primary government	718,055	495,384	1,213,439
Transfers (out) to primary government	(1,206,369)	-	(1,206,369)
Total other financing sources (uses)	(488,314)	495,384	7,070
Net Change in fund balance/ net position	(422)	660,956	660,534
Fund balance/ net position, beginning of year	422	795,726	796,148
Fund balance/ net position, end of year	\$ -	\$ 1,456,682	\$ 1,456,682

Reconciliation of the Statement of Revenues, Expenditures and changes in Fund Balance to the Statement of Activities is not required as there were no reconciling items.

See accompanying notes to basic financial statements

Notes to the Basic Financial Statements

(1) **Summary of Significant Accounting Policies:**

The financial statements of the St. Augustine Community Redevelopment Agency (the CRA) have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the CRA has adopted the GASB Codification. The following is a summary of the CRA's significant accounting policies:

(a) **Reporting entity** - The Historic Area Transportation and Parking Community Redevelopment Agency was created on December 28th, 2000, by City Ordinance 2000-45 of the City of St. Augustine, Florida (the City), pursuant to Florida Statute 163.387, to account for the receipt and expenditure of property tax revenues from the tax increment financing district to support redevelopment in the designated community redevelopment area. The CRA's initial purpose was to address a parking blight and that was its sole purpose until 2013. Since the City is financially accountable for the activities of the CRA, its governing board is the same, and its relationship to the CRA is significant. The CRA is considered to be a blended component unit in the City's financial statements, where the area is also reported as major special revenue fund.

On February 11th, 2013 the City Commission found the existence of a blighted area and adopted Resolution No. 2013-01 designating said blighted area as the Lincolnville Community Redevelopment Area. On April 8th, 2013 Ordinance 2000-45 was amended to change the name of the CRA to the St. Augustine Community Redevelopment Agency. The agency is to govern the Historic Area Transportation and Parking Community Redevelopment Area and the Lincolnville Community Redevelopment Area.

The CRA has determined there are no component units that meet criteria for inclusion in the CRA's financial statements.

(b) **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 activities of the CRA. The CRA only has governmental activities and does not engage in any business-type activity. Direct expenses are those that are clearly identifiable with a specific function or segment. General revenues include increment ad valorem taxes that exceed the base year and interest income. Fund financial statements are presented for the CRA's General Fund which are combined by area.

(c) **Measurement focus, basis of accounting, and financial statement presentation** - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when 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 property revenues to be available if they are collected within 60 days of the end of the current period. Grants, other intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, expenditures related to long-term agreements are recorded only when payment is due.

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Budgets and budgetary accounting** - The governing board of the CRA adopts an annual operating budget, which is prepared on a modified accrual basis and can be amended by the board throughout the year. At the fund level, actual expenditures cannot exceed the budgeted amounts. The accompanying budgeted financial statements for the CRA reflect the final budget authorization amounts, including all amendments.

(e) **Deposits and investments** - The CRA's cash and cash equivalents include cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

(f) **Receivables and payables** - Activity between the CRA and the City has been classified as amount due to/from the primary government on the balance sheet and statement of net position. All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is, based upon management's analysis of outstanding balances and historical trends. On September 30, 2020, all of the CRA's receivables were considered fully collectible.

(g) **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.

(h) **Capital assets** - The CRA does not own any capital assets. Any capital outlay expenditures made by the CRA are deemed to be on behalf of the City who takes ownership of the assets along with the perpetual maintenance obligation for those assets.

(i) **Long-term obligations** - The CRA does not have any legal indebtedness. Any use of funds for debt service represents payments toward long-term debt issued in the name of the City for which CRA revenues have been pledged.

(j) **Fund equity** - In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Non-spendable – Amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

Restricted – Amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – Amounts constrained to specific purposes based on actions taken by the CRA governing board through ordinance.

(1) **Summary of Significant Accounting Policies:** (Continued)

Assigned – Amounts the CRA intends to use for a specific purpose. Intent can be expressed by the CRA governing board or by an official or body which the Board delegates authority.

Unassigned – Amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available; the CRA considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the CRA considers amounts to have been spent first out of committed funds, then assigned funds and finally, unassigned funds, as needed.

(k) **Deferred outflows/inflows of resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The CRA has no items that meet this reporting criteria.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The CRA has no items that meet this reporting criteria.

(l) **Net position flow assumption** - Sometimes the CRA will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the CRA's policy to consider restricted net position to have been used before unrestricted net position is applied.

(m) **Use of Estimates** - Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position** - The CRA has no items reported differently between these two statements.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities** - The CRA has no items reported differently between these two statements.

(3) **Deposits and Investments:**

The CRA is subject to the investment policy of the primary government and has no cash or investment held outside of the CRA's interest in the City's pooled cash and investments. Additional accounts are held for various other purposes, or to segregate cash balances for amounts which are restricted or held on behalf of others. State statutes authorize the CRA to invest excess funds in time deposits, or obligations of the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

As of September 30, 2020, all CRA deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

All of the CRA's deposits are held with public depositories and as of September 30, 2020, the CRA's deposits and investments were not subject to any substantial interest rate, credit, or concentration risks.

(4) **Commitments and Contingencies:**

The CRA is engaged in various liability claims incidental to the conduct of its general government operations on September 30, 2020. The outcomes of established claims are included in these financial statements. In the opinion of the CRA and the primary government's legal counsel, no legal proceedings are pending or threatened against the CRA which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

The CRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

During the year ended September 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending and investment markets have been substantially impacted. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other future impact to the CRA, management believes that a material impact on the CRA's financial position and results of future operations is remotely possible.

(5) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates, as adjusted based on the impacts of GASB Statement No. 95, effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the CRA's financial statements:

- (a) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.
- (b) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

Required Supplementary Information

**City of St. Augustine Community Redevelopment Agency
Lincolnville Community Redevelopment Area
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2020**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 344,017	\$ 344,017	\$ 340,205	\$ (3,812)
Investment Income	-	-	6,066	6,066
Total Revenues	344,017	344,017	346,271	2,254
EXPENDITURES				
Current Operating:				
Community Redevelopment	760,256	1,340,619	151,674	1,188,945
Capital Outlay	85,000	300,000	29,025	270,975
Total Expenditures	845,256	1,640,619	180,699	1,459,920
Excess of Revenues Over Expenditures	(501,239)	(1,296,602)	165,572	1,462,174
OTHER FINANCING SOURCES				
Transfers in from primary government	501,239	1,260,317	495,384	(764,933)
	501,239	1,260,317	495,384	(764,933)
Net Change in Fund Balances	-	(36,285)	660,956	697,241
Fund Balances - Beginning	795,726	795,726	795,726	-
FUND BALANCES - ENDING	\$ 795,726	\$ 759,441	\$ 1,456,682	\$ 697,241

City of St. Augustine Community Redevelopment Agency
Historic Area Community Redevelopment Area
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 502,696	\$ 487,158	\$ 487,158	\$ -
Investment Income	-	734	734	-
Total Revenues	502,696	487,892	487,892	-
EXPENDITURES				
Current Operating:				
General Government	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	502,696	487,892	487,892	-
OTHER FINANCING SOURCES (USES)				
Transfers in from primary government	732,436	718,055	718,055	-
Transfers (out) to primary government	(1,235,132)	(1,206,369)	(1,206,369)	-
Total Other Financing Sources (Uses)	(502,696)	(488,314)	(488,314)	-
Net Change in Fund Balances	-	(422)	(422)	-
Fund Balances - Beginning	422	422	422	-
FUND BALANCES - ENDING	\$ 422	\$ -	\$ -	\$ -

Compliance Section

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

To the Governing Members
City of St. Augustine Community Redevelopment Agency
City of St. Augustine, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of St. Augustine Community Redevelopment Agency (the CRA), a component unit of the City of St. Augustine, 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 July 12, 2021.

Internal Control Over Financial Reporting:

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or 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 and 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 of 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 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 CRA'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 CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mrs. S. Smith & Wisely PA
Certified Public Accountants
Jacksonville, Florida

July 12, 2021



**INDEPENDENT AUDITOR'S MANAGEMENT LETTER
REQUIRED BY CHAPTER 10.550, RULES OF THE STATE
OF FLORIDA OFFICE OF THE AUDITOR GENERAL**

To the Governing Members
City of St. Augustine Community Redevelopment Agency
City of St. Augustine, Florida

Report on the Financial Statements

We have audited the financial statements of the City of St. Augustine Community Redevelopment Agency (the CRA), a component unit of the City of St. Augustine, Florida, as of and for the fiscal year ended September 30, 2020 and have issued our report thereon dated July 12, 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 Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with the *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated July 12, 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 report. No prior separate audit has been performed for the CRA, therefore there are no prior findings and recommendations.

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 the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note (1) of the basic financial statements.

Financial Condition

Pursuant to Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report 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 identification of the specific conditions 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.c 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 had no 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 likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

M. Stuss, Smith & Wisby P.A.

Certified Public Accountants
Jacksonville, Florida

July 12, 2021



INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

To the Governing Members
City of St. Augustine Community Redevelopment Agency
City of St. Augustine, Florida

We have examined the City of St. Augustine Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, and Sections 163.387(6) and (7), Florida Statutes, Redevelopment Trust Fund (collectively, the "Statutes") as required by Section 10.556(10)(a), *Rules of the Auditor General* for the year ended September 30, 2020. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the CRA's compliance with specific requirements.

In our opinion, the CRA compiled, 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 Florida Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, and the Board of Directors and applicable management of the CRA, and is not intended to be and should not be used by anyone other than these specified parties.

Masters, Smith & Wisby P.A.

Certified Public Accountants
Jacksonville, Florida

July 12, 2021