

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

FINANCIAL STATEMENTS

Year Ended September 30, 2021

CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
<i>BASIC FINANCIAL STATEMENTS</i>	
Statement of Net Position	10
Statement of Activities	11
Governmental Fund Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	24
Note to Required Supplementary Information – General Fund	25
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 <i>GOVERNMENT AUDITING STANDARDS</i>	26
INDEPENDENT ACCOUNTANT'S REPORT	28
INDEPENDENT AUDITOR'S MANAGEMENT LETTER	29



INDEPENDENT AUDITOR'S REPORT

Members of the Community Redevelopment Agency Board
City of Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and General Fund of the City of Tallahassee, Florida Community Redevelopment Agency (the "CRA"), a component unit of the City of Tallahassee, Florida as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the CRA'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 CRA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the CRA as of September 30, 2021, and the respective changes in financial position thereof for the fiscal 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 budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 June 15, 2022 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 other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tallahassee, Florida
June 15, 2022

Management's Discussion and Analysis

As management of the City of Tallahassee, Florida Community Redevelopment Agency (the "CRA"), we offer readers of the CRA's financial statements this narrative overview and analysis of the CRA's financial activities for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the CRA's financial statements.

Financial Highlights

- As of September 30, 2021, the CRAs governmental funds reported assets exceeding liabilities by \$17,047,000.
- The governmental funds reported total assets of \$17,256,000 and total liabilities of \$209,000 as of September 30, 2021.
- The CRA's governmental funds had revenues and other financing sources of \$13,914,000, consisting primarily of CRA Incremental Tax and loan proceeds for the fiscal year ended September 30, 2021. They reported expenditures of \$12,775,000.
- The CRA's total fund balance was \$17,047,000, an increase of \$1,139,000 from the prior year.
- The CRAs Government-wide total assets were \$36,425,000, liabilities were \$4,159,000 and net position was \$32,266,000.

Overview of the Financial Statements

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

Government-wide financial statements

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

- The statement of net position presents information on all the CRA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CRA is improving or deteriorating.
- The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Also, capital assets are capitalized and depreciated on the statement of net position whereas related purchases are expended on government fund financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The CRA is accounted for as a governmental fund.

Management's Discussion and Analysis (cont.)

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the General Fund balance sheet and the General Fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between General Fund and governmental activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are an integral part of the basic financial statements.

Other Information. The CRA adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Government-wide Financial Analysis

For the fiscal year ended September 30, 2021, results of operations of the Agency viewed on a government-wide basis reflects relatively strong financial performance.

Table 1
Statement of Net Position
As of September 30, 2021

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets	\$ 17,256,000	\$ 16,493,000
Capital Assets	<u>19,169,000</u>	<u>11,931,000</u>
Total Assets	<u>36,425,000</u>	<u>28,424,000</u>
Liabilities and Net Position		
Liabilities		
Current Liabilities	726,000	557,000
Non-Current Liabilities	<u>3,433,000</u>	<u>28,000</u>
Total Liabilities	<u>4,159,000</u>	<u>585,000</u>
Net Position		
Net Investment in Capital Assets	15,219,000	11,931,000
Restricted for Capital Projects	<u>17,047,000</u>	<u>15,908,000</u>
Total Net Position	<u>32,266,000</u>	<u>27,839,000</u>
Total Liabilities and Net Position	<u>\$ 36,425,000</u>	<u>\$ 28,424,000</u>

Assets increased \$8,001,000 from the prior year, while liabilities increased \$3,574,000 from the prior year. There was an increase in net position of \$4,427,000.

Management's Discussion and Analysis (cont.)

Table 2
Statement of Activities
For the year ended September 30, 2021

	2021	2020
Expenditures		
Economic Development	\$ 5,479,000	\$ 6,782,000
Unallocated Depreciation on Infrastructure	15,000	15,000
Loan Issuance Costs	43,000	-
Total Expenditures	<u>5,537,000</u>	<u>6,797,000</u>
Program Revenues	6,819,000	2,858,000
General Revenues		
Property Taxes	3,157,000	2,537,000
Investment Earnings	252,000	467,000
Change in FMV of Investments	(307,000)	138,000
Miscellaneous	43,000	1,797,000
Total Revenues	<u>9,964,000</u>	<u>7,797,000</u>
Change in Net Position	4,427,000	1,000,000
Net Position – October 1, 2020	<u>27,839,000</u>	<u>26,766,000</u>
Net Position – September 30, 2021	<u>\$ 32,266,000</u>	<u>\$ 27,839,000</u>

Revenues increased \$2,167,000 while expenses decreased \$1,260,000. Net position increased \$4,427,000.

Financial Analysis of the General Fund

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

The purpose 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.

The difference between General Fund operations and governmental activities is the accounting presentation for capital outlay and long-term liabilities. Capital outlay is accounted for as an expenditure in the General Fund and, to the extent it relates to capital asset additions, is replaced by depreciation expense on the statement of activities. In the Statement of Net Position, these expenses are included in Capital Assets. Long-term liabilities are accounted for as Other Financing Sources on the Statement of Revenues, Expenditures and Changes in Fund Balances but as loans payable in the Statement of Net Position.

General Fund Budgetary Highlights

Primary variances between the final budget and actual operating expenditure categories were as follows: The operating expense budget was \$933,000 but only \$718,000 was spent due to the Agency being charged only thirty percent (30%) of the Interim CRA Director's salary, along with the Agency not securing the amount of contractual services or professional fees anticipated for the fiscal year. Budgeted expenses in all categories including supplies, training, professional services, advertising, contractual services were not spent accordingly. The transfers budget was \$21,560,000 to fund projects but the CRA transferred only \$5,736,000 in fiscal 2021. Additionally, the Agency didn't incur the budgeted expenses related to projects, therefore, did not need to make these transfers to fund them.

Management’s Discussion and Analysis (cont.)

Capital Asset Administration

The CRA’s net investment in capital assets, net of accumulated depreciation as of September 30, 2021, totals \$19,169,000 as shown below.

Land	\$ 11,365,000
Equipment, net of accumulated depreciation	<u>7,804,000</u>
Total	<u>\$ 19,169,000</u>

Long-Term Debt

CRA had \$3,950,000 in debt outstanding as of September 30, 2021. This amount resulted from a loan the CRA secured in the current fiscal year for the acquisition of a condominium unit consisting of two floors of structured parking including two hundred fifty-two public parking spaces. This loan is the primary reason for the increase in non-current liabilities shown in the Statement of Net Position.

Economic Factors and Conditions

The taxable value for the Greater Frenchtown/Southside Community Redevelopment Area (GFS District) increased by approximately \$147 million, 26.35 percent, between FY 2020 and FY 2021. The taxable value for the Downtown District Community Redevelopment Area (DT District) increased by approximately \$11 million, 2.16 percent, during the same period. The increase in the GFS District is mainly due to two large developments: The Standard and Urban Enclave, both student housing projects. Two smaller projects, Hotel Indigo and Capital City Consulting, attribute to the increase that the DT District experienced.

Requests for Information

This financial report is designed to provide a general overview of the CRA’s finances for all those with an interest in the government’s finances. Questions concerning any of the information should be addressed to the Director of Financial Services, Patrick Twyman, at patrick.twyman@talgov.com or (850)891-8868.

BASIC FINANCIAL STATEMENTS

These basic financial statements provide a summary overview of the financial position as well as the operating results of the City of Tallahassee Community Redevelopment Agency.

Government-Wide Financial Statements

Governmental Funds Financial Statements

Notes to Financial Statements

CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
September 30,2021
(in thousands)

ASSETS

Current Assets

Cash and Cash Equivalents - Restricted	\$ 16,912
Securities Lending Collateral - Restricted	80
Receivables - Restricted:	
Accrued Interest	47
Customers and Others	12
Notes	205
Total Current Assets	<u>17,256</u>

Noncurrent Assets

Land	11,365
Other, Net of Accumulated Depreciation	7,804
Total Noncurrent Assets	<u>19,169</u>

Total Assets

\$ 36,425

LIABILITIES AND NET POSITION

Current Liabilities

Obligations Under Securities Lending - Restricted	\$ 80
Accounts Payable - Restricted	106
Loans Payable - Current	540
Total Current Liabilities	<u>726</u>

Noncurrent Liabilities

Advance from Other Governments	23
Loans Payable - Long Term	3,410
Total Noncurrent Liabilities	<u>3,433</u>

Total Liabilities

4,159

Net Position

Net Investment in Capital Assets	15,219
Restricted for Capital Projects	17,047
Total Net Position	<u>32,266</u>

Total Liabilities and Net Position

\$ 36,425

**CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30,2021
(in thousands)**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>			<u>GOVERNMENTAL ACTIVITIES</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
Governmental Activities:					
Economic Development	\$ 5,479	\$ 192	\$ 718	\$ 5,909	\$ 1,340
Unallocated Depreciation on Infrastructure	15	-	-	-	(15)
Loan Issuance Costs	43	-	-	-	(43)
Total Governmental Activities	<u>\$ 5,537</u>	<u>\$ 192</u>	<u>\$ 718</u>	<u>\$ 5,909</u>	<u>1,282</u>
General Revenues:					
					3,157
					252
					(307)
					43
					<u>3,145</u>
					4,427
					<u>27,839</u>
					<u>\$ 32,266</u>

**CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT FUND
BALANCE SHEET
September 30, 2021
(in thousands)**

ASSETS

Restricted Assets:

Cash and Cash Equivalents/Investments	\$ 16,912
Securities Lending Collateral	80
Receivables:	
Accrued Interest	47
Customers	12
Notes	205
Total Restricted Assets	17,256
Total Assets	\$ 17,256

LIABILITIES AND FUND BALANCES

Payable from Restricted Assets:

Obligations Under Securities Lending	\$ 80
Accounts Payable	106
Advances from Other Funds	23
Total Payable from Restricted Assets	209
Total Liabilities	209

Fund Balances:

Restricted for:

Economic Environment	17,047
Total Fund Balances	17,047
Total Liabilities and Fund Balances	\$ 17,256

CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSISTION
September 30, 2021
(in thousands)

Total Fund Balances - Governmental Funds	\$ 17,047
--	-----------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,169
---	--------

Long-Term liabilities such as loans payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,950)</u>
--	----------------

Net Position - Governmental Activities	<u><u>\$ 32,266</u></u>
--	-------------------------

**CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2021
(in thousands)**

REVENUES	
Ad Valorem Taxes	\$ 3,157
Intergovernmental	6,627
Charges for Services	192
Net Investment Earnings	252
Net Increase (Decrease) In The Fair Value of Investments	(307)
Miscellaneous Revenues	43
Total Revenues	<u>9,964</u>
 EXPENDITURES	
Current:	
Economic Environment	<u>10,375</u>
Total Expenditures	<u>10,375</u>
 Excess of Revenues Over (Under) Expenditures	 <u>(411)</u>
 Other Financing Sources (Uses):	
Transfers Out	(2,400)
Loan Proceeds	3,950
Total Other Financing Sources (Uses)	<u>1,550</u>
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 1,139
 Fund Balances - October 1	 <u>15,908</u>
 Fund Balances - September 30	 <u>\$ 17,047</u>

CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
RECONCILIATION OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2021
(in thousands)

Net Change in Fund Balances - Governmental Funds	\$	1,139
--	----	-------

Amounts reported for governmental activities in the Statement of Net Position are different because:

<p>Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		7,238
---	--	-------

<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		<u>(3,950)</u>
--	--	----------------

Change in Net Position of Governmental Activities	\$	<u><u>4,427</u></u>
---	----	---------------------

CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Tallahassee Community Redevelopment Agency (CRA) was created in August 1998. The CRA Board was established in September 1998, and the Board membership was amended in September 2002, October 2007 and May 2018. The CRA is governed by an interlocal agreement between the City of Tallahassee, Leon County and the CRA that addresses, among other things, Board membership. Until May 24, 2018 the CRA Board membership included four Leon County Commissioners. However, on that date County participation as members to the CRA Board ended with the execution of the fourth amendment to the interlocal agreement. The CRA Board now consists of the City of Tallahassee Mayor and the four City Commissioners. The City of Tallahassee provides the CRA with professional and technical services such as, but not limited to, accounting, procurement, human resources, in-house legal, treasurer- clerk support and information systems.

- Greater Frenchtown/Southside Community Redevelopment Area (GFSCRA) - The City Commission adopted the Greater Frenchtown/Southside Community Redevelopment Plan in June 2000. The GFSCRA consists of three distinct geographical sections of residential, commercial/retail and industrial land uses, located within the greater Frenchtown and Southside neighborhoods. The City Commission approved two expansions for the GFSCRA, one in 2016 and another in 2018, adding 578 parcels and over 400 acres, increasing the GFSCRA to its current size of 1,859 acres.
- Downtown District Community Redevelopment Area (DDCRA) - The City Commission adopted the Downtown Community Redevelopment Plan in June 2004. The DDCRA consists of approximately 440 acres located in downtown and between the northern and southern portions of the Greater Frenchtown/South Community Redevelopment Area.

The overriding CRA goal is to provide the Board with the structure necessary to evaluate projects and establish an informed direction for redevelopment activity. To this end, the Board established priorities in January 2014 and adopted project review criteria in October 2014; performance measures were adopted in April 2015; and, following GFS District Citizens' Advisory Committee (CAC) review, the Frenchtown/Southside Investment Plan was adopted by the CRA Board in September 2015. The Community Benefit Analysis review was also initiated in September 2015.

CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

On January 28, 2021, the Tallahassee CRA Board adopted the GFS Strategic Investment. The GFS revised community benefit requirements and new performance measures were adopted simultaneously with the Strategic Investment Plan. The Tallahassee City Commission adopted the GFS District Community Redevelopment Plan on March 24, 2021.

Consistent with the goals of both the Greater Frenchtown/Southside and Downtown Community Redevelopment Plans, the CRA's investment in redevelopment projects and programs is designed to reduce blight by encouraging redevelopment projects that, among other things, improve community appearance and function, enhance property values, support business development, and address infrastructure deficiencies.

Pursuant to Florida Statute 163.387, the CRA is funded primarily by incremental ad valorem tax revenues levied and remitted in amounts proportionate to property tax values for each participating entity. The CRA is economically dependent on such revenue.

The accounting policies of the CRA conform to accounting principles generally accepted in the United States of America.

These financial statements present the financial position and results of operations controlled by or dependent upon the CRA. In evaluating the CRA as a reporting entity, management has addressed all potential component units for which the CRA may or may not be financially accountable and, as such, be includable in the CRA's financial statements. No component units exist which would require inclusion in the CRA's financial statements.

Government-wide and Fund Financial Statements

The CRA has only governmental activities and only one function, and, as such, it is eligible for special-purpose financial statement presentation, however, the Agency has chosen to present the government-wide financial statements separate from governmental fund financial statements. As part of this presentation, there are separate schedules reconciling the two sets of statements.

CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 270 days of the end of the current fiscal period. Revenues susceptible to accrual include grant and shared revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Budgets and the Budgetary Process

The CRA's Board adopts an annual operating budget which can be amended by the Board throughout the year.

At the fund level, actual expenditures cannot exceed the budgeted amounts; however, with approval by the Board, budgetary transfers between line items can be made.

The accompanying Budgetary Comparison Schedule – General Fund reflects the original and final budget authorization amount, which includes all amendments.

Operations and Annual Project appropriations lapse at the close of the fiscal year.

CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Multi-year project appropriations continue, with additional funding added as approved by the CRA Board, until the project is completed.

The CRA’s management cannot amend or transfer appropriations without the CRA Board’s approval. However, City policy does allow a Department Head/Executive Director and his/her designated department supervisor, to approve expenditures and award contracts consistent with City Procurement policies, which is currently up to \$25,000.

For the year ended September 30, 2021, the CRA’s budget was prepared on a modified accrual basis.

Pooled Cash and Equivalents

Pooled cash and equivalents are stated at fair value.

Capital Assets

Capital assets, which include land, buildings, equipment, improvements other than buildings, intangibles, and public domain infrastructure assets, are reported in the government-wide financial statements. Capital assets, other than land and infrastructure, are defined as assets with a cost of \$5,000 or more and an estimated useful life greater than one year. Land and infrastructure assets are long-lived capital assets that are stationary in nature and can be preserved for a significantly greater number of years than most general capital assets. In the initial capitalization of general infrastructure assets, the CRA chose to include all such items regardless of their acquisition date or amount. As the CRA constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The capitalization threshold for infrastructure assets has been set at \$50,000. Land assets have no capitalization threshold; therefore, all CRA-owned land is capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings	20 to 40
Improvements other than buildings	10 to 40
Equipment and machinery	5 to 40
Infrastructure	10 to 60

CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fund Balance

All CRA fund balance is restricted for community development to be used for current and future projects.

Estimates and Assumptions

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

NOTE 2 - POOLED CASH AND EQUIVALENTS

The CRA considers cash on hand, demand deposits, liquid investments with an original maturity of 90 days or less, and balances included within the City of Tallahassee's cash and investments pool to be cash and cash equivalents. The City's cash and investments pool is an internal cash management pool used to obtain efficiencies of operation and improved financial performance, and includes certain non-pension cash, cash equivalent, and investment securities. Each fund maintains a share in the equity of the pool which is reported as cash and cash equivalents in the statements of net position since cash may be withdrawn from the pool at any time without penalty. Liquid investments classified as cash and cash equivalents include repurchase agreements purchased under the terms of the City's depository contract, open repurchase agreements, certificates of deposit, banker's acceptances, commercial paper, U.S. Treasury direct and agency obligations, holdings at the FLCLASS investment pool and the Florida League of Cities 0-2 Year Pool funds. Interest earned by the cash and investments pool is distributed to each fund monthly based on daily balances. The City's bank balances are insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Depository Act (the Act). Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository is assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Earnings from the pooled funds are allocated to the CRA based on the CRA's proportionate share of the City's pool.

CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in the CRA's capital assets during the fiscal year ended September 30, 2021:

	October 1, 2020	Additions	Disposals	September 30, 2021
Land	\$11,365,000	\$ --	\$ --	\$11,365,000
Other	721,000	7,253,000	--	7,974,000
Less: Accumulated Depreciation	<u>(155,000)</u>	<u>(15)</u>	<u>--</u>	<u>(170,000)</u>
Total, Net of Accumulated Depreciation	<u>\$11,931,000</u>	<u>\$ 7,238,000</u>	<u>\$ --</u>	<u>\$19,169,000</u>

Depreciation expense amounted to \$15,000 during fiscal year 2021, which is included on the statement of activities.

NOTE 4 - LONG-TERM DEBT

On December 16, 2020, the CRA entered a loan with Truist Bank to provide \$3,950,000 of financing to finance the cost of acquisition, construction and equipping of certain capital improvements consistent with and in furtherance of the Issuer's Redevelopment plan, including the acquisition of a condominium unit consisting of two floors of structured parking consisting of two hundred fifty-two public parking spaces and to pay the costs of issuing the Series 2020 Note. Under the terms of the Agreement, which include an interest rate of 1.28%, annual payments of \$540,000 are to be made over a period of seven-year period ending January 15, 2028.

The following schedule shows the debt service requirements on this loan.

Fiscal year ending <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$540,000	\$55,000
2023	550,000	44,000
2024	560,000	37,000
2025	565,000	29,000
2026	570,000	22,000
Thereafter	1,165,000	22,000

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended September 30, 2021
(in thousands)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance - October 1	\$ 8,705	\$ 8,705	\$ -	(8,705)
Resources				
Taxes	6,804	6,804	6,534	(270)
Charges for Services	730	730	-	(730)
Interest Earned	4	4	75	71
Loan Proceeds	6,250	6,250	-	(6,250)
Amounts Available for Appropriations	22,493	22,493	6,609	(15,884)
Charges to Appropriations				
Economic Development	933	933	718	215
Transfers to Other Funds	21,560	21,560	5,736	15,824
Total Charges to Appropriations	22,493	22,493	6,454	16,039
Budgetary fund balance, September 30	\$ -	\$ -	\$ 155	\$ 155

CITY OF TALLAHASSEE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
Note to Required Supplementary Information
General Fund
September 30, 2021
(in thousands)
(Unaudited)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues/Transfers In and Expenditures/Transfers Out

Inflows of Resources

Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule.	\$ 6,609
Differences - budget to GAAP:	
The increase in the county contribution for real estate developments that are included for financial purposes but is not considered a budgetary inflow.	3,250
The increase in the fair market value of investments is an decrease in revenue for financial reporting purposes but is not considered a budgetary inflow.	(307)
The revenues of the CRA's non-TIF funds are current year charges for services revenues for reporting purposes but are not considered budgetary inflows.	192
Current year nonbudgeted interest treated as revenue for financial reporting purposes but not as a budgetary inflow.	178
Miscellaneous items treated as revenues for financial reporting purposes but not as budgetary inflows.	42
Loan Proceeds treated as revenues for financial reporting purposes but not as budgetary inflows.	3,950
Total Revenues/Transfers In as reported on the statement of revenues, expenditures, and changes in fund balances.	\$ 13,914

Outflows of Resources

Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedule.	\$ 6,454
Differences - budget to GAAP:	
The expenditures of the CRA's project funds are current year expenditures for reporting purposes but are not considered budgetary outflows.	(3,336)
Current year nonbudgeted transfer is treated as expense for financial reporting purposes but not as a budetary outflow.	9,630
The expenses of the CRA's non-TIF funds are current year expenses for reporting purposes but are not considered budgetary outflows.	27
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	\$ 12,775

See Independent Auditors' Report



Certified Public Accountants

**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***

Members of the Community Redevelopment Agency Board
City of Tallahassee, 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 City of Tallahassee, Florida Community Redevelopment Agency (the "CRA") as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's financial statements and have issued our report thereon dated June 15, 2022.

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

Members of the Community Redevelopment Agency Board
City of Tallahassee, Florida

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, grant agreements and contracts, 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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the CRA in a separate management letter and Independent Accountant's Report dated June 15, 2022.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Tallahassee, Florida
June 15, 2022



INDEPENDENT ACCOUNTANT'S REPORT

Members of the Community Redevelopment Agency Board
City of Tallahassee, Florida

We have examined the City of Tallahassee, Florida Community Redevelopment Agency's (the "CRA") compliance with the requirements of Sections 163.387(6), 163.387(7) and 218.415, Florida Statutes, during the fiscal year ended September 30, 2021. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA is in accordance with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the CRA's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the CRA's compliance with specified requirements.

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

MSL, P.A.

Certified Public Accountants

Tallahassee, Florida
June 15, 2022



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Members of the Community Redevelopment Agency Board
City of Tallahassee, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Tallahassee, Florida Community Redevelopment Agency (the "CRA") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 15, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 15, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we 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 identification of the specific condition(s) met. In connection with our audit, we determined that 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 same.

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.38(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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

- a. The total number of CRA employees compensated in the last pay period of the CRA fiscal year as 4.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as 8.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$343,142.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$5,735,037.
- e. Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as listed below:
 - i. Magnolia Oaks Affordable Housing - \$500,000
 - ii. Challenger Learning Center Renovations - \$615,417
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amends a final adopted budget under Section 189.016(6), Florida Statutes, see page 21.

Members of the Community Redevelopment Agency Board
City of Tallahassee, Florida

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 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 Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tallahassee, Florida
June 15, 2022

This page intentionally left blank.