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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

COMMUNITY REDEVELOPMENT AGENCY

**A COMPONENT UNIT OF THE
CITY OF GULF BREEZE, FLORIDA**

**COMPONENT UNIT
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

COMMUNITY REDEVELOPMENT AGENCY

**A COMPONENT UNIT OF THE
CITY OF GULF BREEZE, FLORIDA**

**COMPONENT UNIT
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Redevelopment Agency
Gulf Breeze, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Community Redevelopment Agency, a component unit of the City of Gulf Breeze, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Community Redevelopment Agency's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Board of Directors
Community Redevelopment Agency
Gulf Breeze, Florida

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 Community Redevelopment Agency, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 7, 2022 on our consideration of Community Redevelopment Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of 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 Community Redevelopment Agency's internal control over financial reporting and compliance.



Pensacola, Florida
April 7, 2022

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

As management of the Community Redevelopment Agency (CRA), a component unit of the City of Gulf Breeze (the City), we offer readers of the CRA's financial statements this narrative overview and analysis of the financial activities of the CRA 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

- The assets of the CRA exceeded its liabilities by \$2,471,406 (net position).
- The governmental total restricted net position increased by \$281,356 or approximately 24.4%.
- The CRA's total net position increased by \$316,331 or approximately 14.7% above the prior fiscal year.
- The governmental fund of the CRA reported ending fund balances of \$12,152,762 an increase of \$10,999,123 or 953.4%, as total revenues of \$1,252,065 plus total other financing sources of \$10,323,605, were more than the total expenditures of \$576,547.
- The CRA's total assets increased by \$11,001,168 or 491.8% over the prior year.
- The CRA increased the total net investment in capital assets by \$34,975 or 3.5%.
- The CRA's total liabilities increased \$10,684,837 or 13,033.3% over the prior year.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements - The CRA's government-wide financial statements are designed to provide its readers with a broad overview, similar to a private sector business.

The statement of net position provides information on the entire CRA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the CRA's financial position is improving or deteriorating.

The statement of activities provides information showing how the CRA'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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Both of the government-wide financial statements present functions of the CRA that are principally supported by taxes and intergovernmental revenues (governmental activities). All activities of the CRA are reported as general government activities or capital outlay.

Fund Financial Statements – A fund is a grouping of related accounts 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 only has one governmental fund.

FUNDS

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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 CRA's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The CRA adopts an annual appropriated budget for its fund. A budgetary comparison statement is provided for the fund to demonstrate compliance with the budget.

NOTES TO 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the CRA, assets exceeded liabilities by \$2,471,406 at the close of the most recent fiscal year, as reported in Table 1, below.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

**TABLE 1
COMMUNITY REDEVELOPMENT AGENCY
NET POSITION
AS OF SEPTEMBER 30, 2020 AND 2019**

	Governmental Activities	
	2021	2020
Current and other assets	\$ 12,201,813	\$ 1,235,620
Capital assets	1,036,411	1,001,436
Total assets	\$ 13,238,224	\$ 2,237,056
Non-current liabilities	\$ 10,298,750	\$ -
Current liabilities	468,068	81,981
Total liabilities	10,766,818	81,981
Net position:		
Net investment in		
capital assets	1,036,411	1,001,436
Restricted	1,434,995	1,153,639
Total net position	2,471,406	2,155,075
Total liabilities and net position	\$ 13,238,224	\$ 2,237,056

During 2021, the CRA issued a \$10,700,000 Redevelopment Revenue Note. The funds will be used to finance certain capital improvements.

The CRA's net investment in capital assets (e.g. buildings, improvements) totaled \$1,036,411 (42% of total net position) at September 30, 2021. The CRA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The remaining portion of the CRA's net position of \$1,434,995 or 58% of total net position, represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the CRA is able to report positive balances in all categories of net position.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Governmental Activities - Governmental activities before transfers increased the CRA's net position by \$692,726. The key elements of this change are reported in Table 2, below.

**TABLE 2
COMMUNITY REDEVELOPMENT AGENCY
COMPONENT CHANGE FROM PRIOR YEAR IN NET POSITION - GOVERNMENTAL
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	Governmental Activities		Year over year change	
	2021	2020	\$ Amount	Pct of 2019
Revenues:				
General revenues:				
Property taxes	\$ 1,192,477	\$ 1,153,519	\$ 38,958	3.4%
Intergovernmental revenues	49,464	20,873	28,591	137.0%
Miscellaneous	10,124	854	9,270	1085.5%
Total revenues	<u>1,252,065</u>	<u>1,175,246</u>	<u>76,819</u>	<u>6.5%</u>
Expenses:				
Governmental activities:				
General government	523,137	697,182	(174,045)	-25.0%
Debt service interest	36,202	-	36,202	0.0%
Total expenses	<u>559,339</u>	<u>697,182</u>	<u>(137,843)</u>	<u>-19.8%</u>
Change in net position before transfers	692,726	478,064	214,662	44.9%
Transfers	<u>(376,395)</u>	<u>(370,540)</u>	<u>(5,855)</u>	<u>1.6%</u>
Change in net position	<u>\$ 316,331</u>	<u>\$ 107,524</u>	<u>\$ 208,807</u>	<u>-194.2%</u>

For comparative purposes, total revenues for government activities increased \$76,819 or 6.5% over the prior fiscal year.

Property taxes increased by \$38,958 or 3.4%, with the total City tax levy increasing by 5.9% and with a 96% collection rate for the fiscal year.

General government expenses decreased \$137,843 or 19.8%, primarily related to expenses incurred related to Hurricane Sally in the prior year.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

FINANCIAL ANALYSIS OF THE CRA

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

As of the end of the current fiscal year, the CRA's governmental fund reported combined ending fund balances of \$12,152,762 which represents an increase of \$10,999,123 or 953.4% in comparison with the prior year. This significant increase is the result of the CRA issuing a \$10,700,000 Redevelopment Revenue Note during 2021.

The fund is used specifically for improvements within the City's defined commercial TIF district. Long-term planning and projects within the district are managed by the CRA as defined in the CRA plan. The CRA plan is approved by Santa Rosa County taxing authorities and City Council Resolution 19-89, as required under Chapter 163, Part III, Florida Statutes. These tax revenues are also used to support and enhance economic development within the district, some of these costs include traffic management, lighting and landscaping costs. The fiscal year end fund balance in the CRA is \$12,152,762 and these funds will be used towards projects as based on the renewed 30-year plan submitted to the Florida Department of Economic Opportunity in 2020.

CAPITAL ASSETS

**TABLE 3
COMMUNITY REDEVELOPMENT AGENCY
CAPITAL ASSETS**

	Governmental Activities	
	2021	2020
Buildings and improvements	\$ 2,460	\$ 2,460
Improvements other than buildings	63,117	21,509
Infrastructure	1,183,715	1,109,050
Accumulated depreciation	(212,881)	(131,583)
Total	\$ 1,036,411	\$ 1,001,436

The increase in the CRA's total investment in capital assets for the current fiscal year was \$116,273 or approximately 10.3% above the prior year total investment. The accumulated depreciation related to capital assets increased \$81,298 or 61.8% above the prior fiscal year. Overall, the total investment in capital assets increased by \$34,975 or 3.5% (net investment less depreciation).

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

ECONOMIC FACTORS

- Total assessed property values within the City increased approximately 5% over the prior tax year from \$918,321,936 to \$962,078,234.
- Per capita income increased from \$56,665 to \$57,072 or approximately 1% above the prior fiscal year.
- Other Highlights:
 - The County taxing authority approved, and the Council adopted by Ordinance in 2018, a new thirty-year CRA planning document. This plan is projected to bring \$52,600,000 in additional tax revenues to the City over the next thirty years and was submitted to the Florida Department of Economic Opportunity in 2019.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the CRA's finances for all of those with an interest in the CRA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 1070 Shoreline Drive, Gulf Breeze, Florida 32561. The City's website address is www.cityofgulfbreeze.com.

BASIC FINANCIAL STATEMENTS

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Due from other governments	\$ 11,536
Restricted assets	
Cash and cash equivalents	12,171,842
Total current assets	<u>12,183,378</u>
Non-Current Assets:	
Other assets	
Bond issuance costs	18,435
Capital assets	
Depreciable	1,036,411
Total non-current assets	<u>1,054,846</u>
Total Assets	<u><u>\$ 13,238,224</u></u>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 29,716
Accrued liabilities	900
Accrued interest	36,202
Revenue bonds payable	401,250
Total current liabilities	<u>468,068</u>
Non-Current Liabilities:	
Revenue bonds payable	<u>10,298,750</u>
Total Liabilities	<u>10,766,818</u>
NET POSITION	
Net investment in capital assets	1,036,411
Restricted for:	
Community redevelopment	1,434,995
Total Net Position	<u>2,471,406</u>
Total Liabilities and Net Position	<u><u>\$ 13,238,224</u></u>

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

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Program Revenues</u>				Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Functions:					
Governmental:					
General government	\$ 523,137	\$ -	\$ -	\$ -	\$ (523,137)
Debt service interest	<u>36,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,202)</u>
Total governmental activities	<u>\$ 559,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (559,339)</u>
General Revenues:					
Taxes					
Property taxes					1,192,477
Intergovernmental					49,464
Miscellaneous					<u>10,124</u>
Total general revenues					1,252,065
Transfers					<u>(376,395)</u>
Change in net position					316,331
Net position at beginning of year					<u>2,155,075</u>
Net position at end of year					<u>\$ 2,471,406</u>

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

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2021**

ASSETS

Due from other governments	\$	11,536
Restricted assets		
Cash and cash equivalents		12,171,842

Total Assets	\$	12,183,378
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LIABILITIES

Accounts payable	\$	29,716
Accrued liabilities		900
Total Liabilities		30,616

FUND BALANCE

Restricted		
Community redevelopment		12,152,762

Total Liabilities and Fund Balances	\$	12,183,378
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The accompanying notes are an integral
part of these financial statements.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL FUND
SEPTEMBER 30, 2021**

Fund Balance		\$ 12,152,762
 Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Bond issuance costs are not financial resources and therefore are not reported in the governmental funds.		18,435
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental depreciable assets	1,249,292	
Less accumulated depreciation	(212,881)	1,036,411
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Revenue bonds payable	(10,700,000)	
Accrued interest	(36,202)	(10,736,202)
Total Net Position		\$ 2,471,406

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

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

Revenues:

Taxes	\$ 1,192,477
Intergovernmental	49,464
Miscellaneous	10,124
Total revenues	1,252,065

Expenditures:

Current	
General government	441,839
Capital outlay	116,273
Debt service	
Bond issuance costs	18,435
Total expenditures	576,547

Excess of revenues over expenditures	675,518
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Other Financing Sources (Uses):

Proceeds from long-term debt	10,700,000
Transfers out	(376,395)
Total other financing sources (uses)	10,323,605

Net change in fund balances	10,999,123
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Fund Balance:

Beginning of year	1,153,639
End of year	\$ 12,152,762

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

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balance		\$ 10,999,123
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:		
Governmental funds report bond issuance costs as expenditures. However, in the statement of activities, the cost of those assets are amortized over the term of the bond.		
		18,435
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated lives. The net effect of various miscellaneous transactions involving capital assets, including disposal, which decrease net position, are not reported in the governmental funds.		
Expenditures for capital assets	116,273	
Less current year depreciation	<u>(81,298)</u>	34,975
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Proceeds from long-term debt	(10,700,000)	
Change in accrued interest expense	<u>(36,202)</u>	<u>(10,736,202)</u>
Change in Net Position		<u><u>\$ 316,331</u></u>

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

COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ 1,192,477	\$ 1,192,477
Intergovernmental	22,830	22,830	49,464	26,634
Miscellaneous	-	-	10,124	10,124
Total revenues	<u>22,830</u>	<u>22,830</u>	<u>1,252,065</u>	<u>1,229,235</u>
Expenditures:				
Current				
General government	948,176	960,563	441,839	518,724
Capital outlay	464,590	928,034	116,273	811,761
Debt service				
Bond issuance costs	-	-	18,435	(18,435)
Total expenditures	<u>1,412,766</u>	<u>1,888,597</u>	<u>576,547</u>	<u>1,312,050</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(1,389,936)</u>	<u>(1,865,767)</u>	<u>675,518</u>	<u>2,541,285</u>
Other Financing Sources (Uses):				
Proceeds from long-term debt	-	-	10,700,000	10,700,000
Transfers out	(376,395)	(376,395)	(376,395)	-
Total other financing sources and (uses)	<u>(376,395)</u>	<u>(376,395)</u>	<u>10,323,605</u>	<u>10,700,000</u>
Appropriation of Fund Balance	<u>-</u>	<u>110,830</u>	<u>-</u>	<u>(110,830)</u>
Net change in fund balance	<u>\$ (1,766,331)</u>	<u>\$ (2,131,332)</u>	10,999,123	<u>\$ 13,130,455</u>
Fund Balance:				
Beginning of year			<u>1,153,639</u>	
End of year			<u>\$ 12,152,762</u>	

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

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Community Redevelopment Agency (CRA) was established by the City of Gulf Breeze (the City) in December 1989 based on the Finding of Necessity documentation required pursuant to Chapter 163, Florida Statutes and is a blended component unit reported as a major governmental fund in the City's financial statements. Pursuant to Resolution No. 18-89, the City Council, including the Mayor, serve as the Community Redevelopment Agency board of directors who approves the annual operating budget and has operational responsibility for the component unit.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on charges and fees for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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

C. Measurement Focus

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Pension plans recognize revenue when contributions are due, as there is a statutory requirement to make the contribution. Property taxes are recorded as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for certain grant revenues which are recognized as revenues in the same period in which the grant expenditures occurred. 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.

The CRA's primary source of revenue is property taxes. The Santa Rosa County Tax Collector bills and collects property taxes for the CRA in accordance with the laws of the State of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current property tax calendar:

Lien Date	January 1, 2021
Levy Date	November 1, 2021
Due Date	March 31, 2022
Delinquent Date	April 1, 2022

Discounts of 1% are granted for each month that taxes are paid prior to March 2022.

Revenue recognition criteria for property taxes under the GASB requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for 2021 ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year. Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectability and, therefore, are not recorded as a receivable as of September 30, 2021.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation

The financial transactions of the CRA are recorded in one fund.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The CRA only has one fund which is used to account for the activities of the Gulf Breeze Community Redevelopment Agency. The CRA was established to enable the City to utilize tax increment financing (TIF) to foster improvements and redevelopment in the City's commercial corridor.

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

Cash and Cash Equivalents

The CRA considers all highly liquid investments (including restricted assets) with a maturity of ninety days or less when purchased and investments with the State Board of Administration (SBA) to be cash equivalents. Additionally, the CRA's equity in the City's investment pool is considered to be a cash equivalent since the City can deposit or effectively withdraw cash at any time without prior notice or penalty.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deposits

Deposits may be exposed to custodial credit risk, which is the risk that in the event of a bank failure, the government's deposits may not be returned. The CRA manages its custodial credit risk by maintaining its deposits with Qualified Public Depositories, as defined in Chapter 280, Florida Statutes, which bear no custodial credit risk or are in institutions which meet the exemption requirements of Chapter 280. The exemptions qualify under the exemptions 280.03(e) or 280.03(f) as a deposit made in accordance with Chapter 17.57(g). The provisions of Chapter 280 allow Qualified Public Depositories to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All Qualified Public Depositories must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public institution, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. Under this method, all deposits are fully insured or collateralized with securities held by the State Treasurer in the CRA's name

Receivables

Revenues receivable are reflected net of an allowance for doubtful accounts.

Restricted Assets

Certain resources in the CRA's General Fund have been set aside for certain projects and are classified as restricted assets because their use is limited by project requirements. These resources include proceeds received from the issuance of the \$10,700,000 Redevelopment Revenue Note, Series 2021.

Capital Assets

Capital assets, which include infrastructure assets (curbs and sidewalks, lighting systems, and similar items), are reported in the government-wide financial statements. The CRA defines capital assets as assets with an initial cost more than the following:

Buildings and improvements	\$ 10,000
Infrastructure	\$ 10,000
Improvements other than buildings	\$ 10,000

Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (continued)

The CRA chose not to retroactively report infrastructure in accordance with Phase III implementation of GASB Statement No. 34. The CRA's infrastructure consists of curbs and sidewalks, lighting systems, and similar items constructed or improved after 2003.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until the completion of the project with interest earned on invested proceeds over the same period.

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

	Years
Buildings and improvements	39
Infrastructure	20-40
Improvements other than buildings	15-27

Non-Current Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Classification of Fund Balance

GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are comprised of the following:

- *Restricted* - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

This classification reflects not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

The government-wide fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* - is intended to reflect the portion of net position which is associated with non-liquid, capital assets, net of related debt.
- *Restricted Net Position* - are liquid assets, generated from revenues and net bond proceeds, which are not accessible for general use because of third-party (statutory, bond covenant or granting agency) limitations.
- *Unrestricted Net Position* - represents unrestricted liquid assets.

F. Estimates

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted by ordinance for all major governmental funds. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects.

Budgetary data reflected in the financial statements are established by the following procedures:

Prior to September 1, of each year, proposed budgets are received by the City Council from the City Manager. These proposed expenditures, along with all estimated receipts, taxes to be levied, and balances expected to be brought forward are considered by the City Council. The City Council requires such changes as deemed necessary, sets proposed millages, and establishes dates for tentative and final public budget hearings as prescribed by Florida Statutes.

Proposed budgets are advertised in a newspaper of general circulation in the City. Public hearings are conducted for the purposes of receiving input, responding to complaints, and providing reasons and explanations for intended actions to all citizens participating.

Prior to October 1, the budget for all governmental funds of the City is legally enacted through passage of an ordinance. Budget amendments are periodically passed through resolutions during the fiscal year. Budgeted beginning fund balance in the accompanying financial statements reflects planned utilization of prior years' unassigned fund balance to the level required to accomplish current year objectives.

The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level. The City Manager and Finance Director are authorized to transfer budgeted amounts within departments of a fund and between departments of a fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budget amounts reflected in the financial statements are originally adopted amounts and amounts as amended by action of the City Council by revision of fund totals.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

The CRA's due from other governments was \$11,536 as of September 30, 2021, which consisted of amounts due from Santa Rosa County, Florida, primarily for taxes.

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 2,460	\$ -	\$ -	\$ 2,460
Improvements other than buildings	21,509	41,608	-	63,117
Infrastructure	1,109,050	74,665	-	1,183,715
Total capital assets being depreciated	<u>1,133,019</u>	<u>116,273</u>	<u>-</u>	<u>1,249,292</u>
Less accumulated depreciation				
Buildings and improvements	(738)	(123)	-	(861)
Improvements other than buildings	(8,817)	(2,258)	-	(11,075)
Infrastructure	(122,028)	(78,917)	-	(200,945)
Total accumulated depreciation	<u>(131,583)</u>	<u>(81,298)</u>	<u>-</u>	<u>(212,881)</u>
Total capital assets being depreciated, net	<u>\$ 1,001,436</u>	<u>\$ 34,975</u>	<u>\$ -</u>	<u>\$ 1,036,411</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	<u>\$ 81,298</u>
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NOTE 5 - TRANSFERS

The CRA transferred \$376,395 to the City's Stormwater Management Fund during the year ended September 30, 2021. The CRA provides funding to defray the costs associated with law enforcement in the CRA, in addition to funds associated with defraying the payroll costs associated with planning and management of the area.

NOTE 6 - NON-CURRENT LIABILITIES

Changes in Non-Current Liabilities

The following is a summary of changes in long-term debt and other non-current liabilities of the CRA:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Redevelopment Revenue Note, Series 2021	\$ -	\$ 10,700,000	\$ -	\$ 10,700,000	\$ 401,250

**COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - NON-CURRENT LIABILITIES (Continued)

Description of Long-Term Debt and Other Liabilities Outstanding

	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
\$10,700,000, City of Gulf Breeze Community Redevelopment Agency, Florida, Redevelopment Revenue Note, Series 2021; due in annual installments of \$401,250 to \$676,775 through 2041; interest payable at 2.1%. Secured by pledged non-ad valorem revenues of the City. Proceeds used to finance certain capital improvements.	\$ 401,250	\$ 10,298,750	\$ 10,700,000

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding as of September 30, 2021, are as follows:

Years Ending September 30,	Series 2021 Redevelopment Revenue Note	
	<u>Principal</u>	<u>Interest</u>
	2022	\$ 401,250
2023	416,408	216,274
2024	431,567	207,530
2025	446,725	198,466
2026	461,883	189,086
2027-2031	2,536,792	793,566
2032-2036	2,915,750	511,286
2037-2041	3,089,625	189,162
	<u>\$ 10,700,000</u>	<u>\$ 2,489,499</u>

NOTE 7 - COVID-19

During the year ended September 30, 2020, Coronavirus Disease 2019 (“COVID-19”) became a pandemic. The full impact of the COVID-19 outbreak continued to evolve during the 2021 fiscal year and into the 2022 fiscal year. As such, it is still uncertain as to the full impact of the pandemic; however, the CRA has seen no significant impacts to its operations. At this time, due to the evolution of the COVID-19 outbreak, the CRA is not able to estimate the effects in the long term.

OTHER REPORT

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

Board of Directors
Community Redevelopment Agency
Gulf Breeze, 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 Community Redevelopment Agency, a component unit of the City of Gulf Breeze, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Community Redevelopment Agency's basic financial statements, and have issued our report thereon dated April 7, 2022.

Internal Control Over Financial Reporting

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

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

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

Board of Directors
Community Redevelopment Agency
Gulf Breeze, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Redevelopment Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Pensacola, Florida
April 7, 2022

MANAGEMENT LETTER

Board of Directors
Community Redevelopment Agency
Gulf Breeze, Florida

Report on the Financial Statements

We have audited the financial statements of the Community Redevelopment Agency (CRA) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated April 7, 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 our 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 and schedules, which are dated April 7, 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 financial audit report. No recommendations were made in a preceding financial audit report.

Board of Directors
Community Redevelopment Agency
Gulf Breeze, Florida

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

Financial Condition and Management

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

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

Additional Matters

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

Purpose of this Letter

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



Pensacola, Florida
April 7, 2022

INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

Board of Directors
Community Redevelopment Agency
Gulf Breeze, Florida

We have examined the Community Redevelopment Agency's (CRA's) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, and Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund* (collectively, the "Statutes") for the 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 complied with the Statutes, for the year ended September 30, 2021, 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 risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

This report is intended solely for the information and use of the Community Redevelopment Agency, and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



Pensacola, Florida
April 7, 2022