

**CITY OF ST. AUGUSTINE**  
**COMMUNITY REDEVELOPMENT AGENCY**

Financial Statements  
and Independent Auditor's Report

September 30, 2021

**CITY OF ST. AUGUSTINE COMMUNITY REDEVELOPMENT  
AGENCY  
For the Year Ended September 30, 2021**

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## **Independent Auditor's Report**



## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of St. Augustine Community Redevelopment Agency (the CRA), a component unit of the City of St. Augustine, Florida, as of and for the year ended September 30, 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.

### ***Managements Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

### **Financial Condition**

Pursuant to Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined the CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2, *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had no such recommendations.

### **Additional Matters**

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

### **Purpose of this Letter**

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

*Walter Smit & Wisht, P.A.*  
Certified Public Accountants  
Jacksonville, Florida

June 28, 2022

## **Management's Discussion and Analysis**

City of St. Augustine Community Redevelopment Agency  
Management's Discussion and Analysis - Unaudited  
September 30, 2021

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

**Financial Overview:**

The City of St. Augustine Community Redevelopment Agency has established two separate Community Redevelopment Areas. Those two areas include the Historic Transportation and Parking Area (HACRA) and the Lincolnville Community Redevelopment Area (LCRA). Utilizing the Community Redevelopment Plan and Plan Amendment as its guiding tool, the Agency structures projects, and programs to align with the findings and recommendations found in the plan. The budget for both areas is determined and allocated using this same information.

The Downtown Parking Garage and Visitors Information Center was completed in July of 2006 and has since been the main expenditure of the HACRA. The Lincolnville Community Redevelopment Area, established in 2013 has three main components: retention of long-term residents, preservation of historic character, and beautification and mobility. The financial impacts recognized in this report are related to those components.

The MD&A will highlight expenditures, revenues, and future allocation of funds related to project and program opportunities. This MD&A will disclose financial activity related to both, the Historic Parking and Transportation Area and the Lincolnville Community Redevelopment Area.

**Financial Highlights:**

The Fiscal Year 2021 combined revenue or available budget for the Community Redevelopment Agency was \$2,393,234. This figure encompasses \$1,387,463 for the Historic Area and \$1,005,771 for the Lincolnville Redevelopment Area. These amounts represent the original appropriation and does not include funds that have accumulated or rolled over. The total revenue is inclusive of ad valorem taxes, earned interest, investment revenues, and transfers in.

The assets of the CRA exceeded its liabilities and responsibilities. The Agency ended the Fiscal Year with a \$1,309,776 available budget (net position). The Historic Area utilized 90 percent of its available budget, while the LCRA expended 40 percent.

During the Fiscal Year, the Lincolnville Community Redevelopment Area saw an increase in revenue by 19.5 percent or \$164,116. The total revenue, encompassing Ad Valorem Taxes and investment revenue was \$1,005,771. The increase was primarily from the increase in property values within the Community Redevelopment Area and an increase in the Tax Increment Financing (TIF) funds.

The Historic Area budget is encompassing of incremental taxes totaling \$531,074 and a general fund transfer of \$855,890.

**HACRA Program Financial Disclosures:**

The Historic Area was established in 2000 to address blight related to transportation and parking in the downtown area. Since its formation, the main efforts of this redevelopment area have been realized with the construction of the Visitors Information Center and parking garage.

The majority of the budget allocation is paid toward a debt service for the parking garage. 96 percent or \$1,387,462 was utilized to cover expenses related to the cost of the garage. Staff is evaluating possible expansion of the district. Expansion would allow the Agency to address additional concerns of blight and acquire additional tax increment

funding for continued redevelopment. A findings of necessity study is being conducted and future project opportunities are being reviewed at the staff level.

**LCRA Program Financial Disclosures:**

The Community Redevelopment Plan Amendment adopted in June of 2017 is the guiding principle for determining budget allocations and financial expenditures. The Plan Amendment defines three main components of the Lincolnville Community Redevelopment Area. The plan thoroughly captures the importance of prioritizing the integrity of Lincolnville's history, heritage, and maintaining the community's character through the redevelopment process.

The preservation of African American Heritage and the retention of long-term residents is accomplished with funding allocations for the Fix-It-Up Grant Program. This program awards qualified residents with a maximum grant of \$20,000 to provide health and safety repairs to their home. The initial program guidelines awarded \$7,000 grants to qualifying residents. Residents who initially matriculated through the program and received the \$7,000 grant could qualify to receive additional funding of \$13,000 which would equate to the full \$20K grant. During Fiscal Year 2020-2021 the program budget was \$275,503 which included rollover from the prior Fiscal Year. Program spending was at 89 percent. Sixteen residents received Fix It Up Grants funding which totaled spending in the amount of \$246,149.

To preserve the historic character of Lincolnville the Institutional Rehabilitation Grant Program was established. This program is designed to provide extensive rehabilitation to historic structures in Lincolnville. The Rehabilitation Program focuses on blighted and vacant historic structures. The Redevelopment Plan outlined the urgency of funding to this program for extensive rehab projects. Two inaugural projects begin in the 2020-2021 Fiscal Year. The St. Paul Reroofing Project and First Baptist Church and Parsonage Restorations Phase I. St. Paul Reroofing had an allocated budget of \$369,027. At the end of the Fiscal Year, project spending was at \$321,539.

The First Baptist Restoration project was separated into two phases. Phase I which was initiated in Fiscal Year 2020-2021 started with a budget of \$1,219,927. This amount combines the budget for both phases of the project. At the end of the fiscal year 32 percent of the budget had been spent on preconstruction, design, and actual construction services. The project is ongoing. The expected surplus of the total budget is expected to be about \$511,000. This amount will go toward the completion of Phase II of the project.

Neighborhood improvements and beautification is the third component outlined in the Lincolnville Community Redevelopment Plan Amendment. This component focuses on the overall presence of the community. Funds are allocated to developing concepts, redesigning streets, reimagining main corridors, resurfacing and installing sidewalks, developing, and enhancing pocket parks as well as the development of an urban forestry program. Inclusive of the prior year surplus the Agency budgeted \$349,412 for overall neighborhood infrastructure and beautification. Approximately 17 percent of the budget was spent on the development of a tree planting masterplan, and the preliminary design of the Dr. Martin Luther King Jr. Avenue Streetscape. The Agency allocated \$300,000 for this component in the 2019-2020 Fiscal Year. This was increase of 78.3% from the prior year. Expenditures for the fiscal year was \$61,556 A 72% increase from the prior fiscal year. The Agency anticipates increased spending in the upcoming Fiscal Year to cover the cost of construction related to all future projects in the 2021-2022, which will be inclusive of the conceptual design and due diligence components of the Dr. MLK streetscape, a masterplan for pocket parks and recreational spaces in Lincolnville and the further development of the urban forestry.

The Community Redevelopment continues to work diligently to utilize funds to ensure that the two Community Redevelopment Area's needs, and concerns are addressed. The Agency uses an abundance of community engagement initiatives, inclusive of the redevelopment plan to determine the appropriate use of funds.



## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-Wide Financial Statements

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

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

The government-wide financial statements present functions of the Agency that are principally supported by tax increment financing (governmental activities). The governmental activities of the Agency include general government activities, public safety, and redevelopment projects. Thus, the Agency has no business-type activities.

The financial statements are found beginning on page 11 of this report.

City of St. Augustine Community Redevelopment Agency  
Management's Discussion and Analysis- Unaudited  
September 30, 2021

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. These notes to the basic financial statements begin on page 16 of this report.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by approximately \$1.3 million at the close of the most recent fiscal year.

**Summary of Net Position**

	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current and other assets	1,465,689	1,470,876
<b>Total Assets</b>	1,465,689	1,470,876
<b>Liabilities</b>		
Current liabilities	155,913	24,576
<b>Total Liabilities</b>	155,913	24,576
<b>Net Position</b>		
Restricted for:		
Capital Projects	1,309,776	796,148
<b>Total Net Position</b>	\$ 1,309,776	\$ 1,456,682

City of St. Augustine Community Redevelopment Agency  
Management's Discussion and Analysis- Unaudited  
September 30, 2021

	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
Tax increment revenues	\$ 915,485	\$ 827,363
Other revenues	2,664	6,800
<b>Total Revenues</b>	918,149	834,163
 <b>Expenses</b>		
Community Redevelopment	1,091,121	151,674
Capital Outlay	61,556	29,025
<b>Total Expenses</b>	1,152,677	180,699
 <b>Other Financing Sources (Uses)</b>		
Transfers in from primary government	1,475,085	1,213,439
Transfers (out) from primary government	(1,387,463)	(1,206,369)
<b>Total Other Financing Sources (Uses)</b>	(146,906)	660,534
Change in net position	1,456,682	796,148
Net position beginning of year	\$ 1,309,776	\$ 1,456,682
<b>Net Position end of year</b>	\$ 1,309,776	\$ 1,456,682

Tax increment revenues increased by approximately \$88,122 (10.65%) during fiscal year 2021, the result of increased taxable values.

Year-to-year expenses in fiscal year 2021 increased by \$763,019 due to a full-time CRA Administrator being hired who was able to make significant progress on large capital projects. The position had previously been contracted out and then vacant, but the CRA hired a full-time employee late in fiscal year 2020 to ensure the CRA moves forward with its initiatives.

**FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS**

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. At the end of fiscal year 2021, the Agency's governmental funds reported an ending fund balance of approximately \$1.3 million which is restricted for capital projects within the CRA.

**GENERAL BUDGETARY HIGHLIGHTS**

In fiscal year 2020-2021, actual total revenues were below the final budget by \$34,072 which represents 8.1%. Total expenditures were \$1,152,677 compared to the final budget of \$2,327,585. This was due to two major capital projects being encumbered but not completed. Refer to pages 16 and 17 for a budgetary comparison schedule.

### **ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET**

Assessed property valuations within the community redevelopment district increased approximately 22% versus prior year resulting in an increase in tax increment revenues of \$158,794. The Agency's Board approved the 2020-2021 Lincolnville Area budget including utilization of tax increment revenues for the fix it up program, restoration of two churches, and a streetscaping project for Martin Luther King Boulevard. The Historic Area budget was approved consistent with prior years with all revenues transferred out for the payment of debt service.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Jamie Perkins, CRA Administrator, 75 King Street, St. Augustine, FL 32084 or (904) 209-4254.

# **Basic Financial Statements**

**City of St. Augustine Community Redevelopment Agency**  
**Statement of Net Position**  
**For Year Ended September 30, 2021**

**ASSETS**

Cash and cash equivalents	\$ 1,465,689
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**LIABILITIES**

Accounts payable and accrued liabilities	<u>155,913</u>
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**Net Position**

Restricted for Redevelopment Projects	<u>1,309,776</u>
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**Total Net Position**

	<u>\$ 1,309,776</u>
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*See accompanying notes to the basic financial statements*

**City of St. Augustine Community Redevelopment Agency  
Statement of Activities  
For Year Ended September 30, 2021**

	<b>Expenses</b>	<b>Net Revenue (Expense) and Changes in Net Position</b>
		<b>Total Governmental Activites</b>
<b>Governmental Activities</b>		
Community Redevelopment	\$ 1,152,677	\$ (1,152,677)
<b>General Revenues:</b>		
Tax Increment Financing		915,485
Investment Income		2,664
<b>Transfers</b>		87,622
<b>Total General Revenues and Transfers</b>		1,005,771
<b>Change in Net Position</b>		(146,906)
<b>Net Position - Beginning of Year</b>		1,456,682
<b>Net position - End of Year</b>		\$ 1,309,776
<b>Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position</b>		
<b>Total Fund Balance - Governmental Funds</b>		\$ 1,309,776
<b>Net Position of Governmental Activites</b>		\$ 1,309,776

*See accompanying notes to the basic financial statements*

**City of St. Augustine Community Redevelopment Agency**  
**Balance Sheet - Governmental Funds**  
**For Year Ended September 30, 2021**

	<b>Historic Area Community Redevelopment Area</b>	<b>Lincolnville Community Redevelopment Area</b>	<b>Total Governmental Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 1,465,689	\$ 1,465,689
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 155,913	\$ 155,913
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>FUND BALANCE</b>			
Fund Balance:			
Restricted for			
Redevelopment Projects	-	1,309,776	1,309,776
Total Fund Balance	\$ -	\$ 1,309,776	\$ 1,309,776
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balance / net position	\$ -	\$ 1,465,689	\$ 1,465,689
	<u>                    </u>	<u>                    </u>	<u>                    </u>

*See accompanying notes to the basic financial statements*



**City of St. Augustine Community Redevelopment Agency**  
**Statement of Revenues, Expenditures and Fund Balance - Governmental Funds**  
**For Year Ended September 30, 2021**

	<b>Historic Area Community Redevelopment Area</b>	<b>Lincolville Community Redevelopment Area</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 531,074	\$ 384,411	\$ 915,485
Investment Income	499	2,165	2,664
<b>Total Revenues</b>	<u>531,573</u>	<u>386,576</u>	<u>918,149</u>
<b>Expenditures/ expenses</b>			
Current:			
Community Redevelopment	-	1,091,121	1,091,121
Capital outlay	-	61,556	61,556
<b>Total Expenditures/expenses</b>	<u>-</u>	<u>1,152,677</u>	<u>1,152,677</u>
Excess (deficiency) of revenues over expenditures / operating/ income (loss)	<u>531,573</u>	<u>(766,101)</u>	<u>(234,528)</u>
Other financing sources (uses)			
Transfers in from primary government	855,890	619,195	1,475,085
Transfers out to primary government	(1,387,463)	-	(1,387,463)
<b>Total other financing sources (uses)</b>	<u>(531,573)</u>	<u>619,195</u>	<u>87,622</u>
<b>Net Change in fund balance/ net position</b>	<u>-</u>	<u>(146,906)</u>	<u>(146,906)</u>
<b>Fund balance/ net position, beginning of year</b>	<u>-</u>	<u>1,456,682</u>	<u>1,456,682</u>
<b>Fund balance/ net position, end of year</b>	<u>\$ -</u>	<u>\$ 1,309,776</u>	<u>\$ 1,309,776</u>

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

*See accompanying notes to the basic financial statements*

## **Notes to the Basic Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

(f) **Receivables and payables** - Activity between the CRA and the City has been classified as amount due to/from the primary government on the balance sheet and statement of net position. All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is, based upon management's analysis of outstanding balances and historical trends. On September 30, 2021, all of the CRA's receivables were considered fully collectible.

(g) **Prepaid items** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

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

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

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

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

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

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

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

*Unassigned* – Amounts that are available for any purpose.

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

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

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

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

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

(2) **Deposits and Investments:**

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

As of September 30, 2021, all CRA deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the

collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

All of the CRA's deposits are held with public depositories and as of September 30, 2021, the CRA's deposits and investments were not subject to any substantial interest rate, credit, or concentration risks.

**(3) Commitments and Contingencies:**

The CRA is engaged in various liability claims incidental to the conduct of its general government operations on September 30, 2021. The outcomes of established claims are included in these financial statements. In the opinion of the CRA and the primary government's legal counsel, no legal proceedings are pending or threatened against the CRA which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

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

During the year ended September 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending and investment markets have been substantially impacted. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other future impact to the CRA, management believes that a material impact on the CRA's financial position and results of future operations is remotely possible.

## **Required Supplementary Information**

**City of St. Augustine Community Redevelopment Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Historic Area Community Redevelopment Area For the Year Ended**  
**September 30, 2021**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 593,321	\$ 593,321	\$ 531,074	\$ (62,247)
Investment Income	-	-	499	499
<b>Total Revenues</b>	<b>593,321</b>	<b>593,321</b>	<b>531,573</b>	<b>(61,748)</b>
<b>EXPENDITURES</b>				
Current Operating:				
General Government	-	-	-	-
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over Expenditures</b>	<b>593,321</b>	<b>593,321</b>	<b>531,573</b>	<b>(61,748)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	864,480	864,480	855,890	(8,590)
Transfers (Out)	(1,457,801)	(1,457,801)	(1,387,463)	70,338
<b>Total Other Financing Sources (Uses)</b>	<b>(593,321)</b>	<b>(593,321)</b>	<b>(531,573)</b>	<b>61,748</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**City of St. Augustine Community Redevelopment Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Lincolnville Community Redevelopment Area For the Year Ended**  
**September 30, 2021**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 420,648	\$ 420,648	\$ 384,411	\$ (36,237)
Investment Income	-	-	2,165	2,165
<b>Total Revenues</b>	<b>420,648</b>	<b>420,648</b>	<b>386,576</b>	<b>(34,072)</b>
<b>EXPENDITURES</b>				
Current Operating:				
General Government	908,540	1,978,173	1,091,121	887,052
Capital Outlay	125,000	349,412	61,556	287,856
<b>Total Expenditures</b>	<b>1,033,540</b>	<b>2,327,585</b>	<b>1,152,677</b>	<b>1,174,908</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(612,892)</b>	<b>(1,906,937)</b>	<b>(766,101)</b>	<b>1,140,836</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	612,892	1,681,074	619,195	(1,061,879)
Transfers (Out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>612,892</b>	<b>1,681,074</b>	<b>619,195</b>	<b>(1,061,879)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(225,863)</b>	<b>(146,906)</b>	<b>78,957</b>
<b>Fund Balances - Beginning</b>	<b>1,456,682</b>	<b>1,456,682</b>	<b>1,456,682</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 1,456,682</b>	<b>\$ 1,230,819</b>	<b>\$ 1,309,776</b>	<b>\$ 78,957</b>

## **Compliance Section**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of St. Augustine Community Redevelopment Agency (the CRA), a component unit of the City of St. Augustine, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated June 28, 2022.

**Internal Control Over Financial Reporting:**

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

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

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

**Compliance and Other Matters:**

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

**Purpose of this Report:**

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

*Master, Smith & Wisby P.A.*

Certified Public Accountants  
Jacksonville, Florida

June 28, 2022

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

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

**Report on the Financial Statements**

We have audited the financial statements of the City of St. Augustine Community Redevelopment Agency (the CRA), a component unit of the City of St. Augustine, Florida, as of and for the fiscal year ended September 30, 2021 and have issued our report thereon dated June 28, 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 Florida Auditor General*.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with the *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 28, 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 report. No prior separate audit has been performed for the CRA, therefore there are no prior findings and recommendations.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General* requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the CRA, as of September 30, 2021 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated July 28, 2022 on our consideration of the CRA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.

June 28, 2022

*Masters, Smith & Wisk, P.A.*  
Certified Public Accountants  
Jacksonville, Florida



STEVEN D. RAWLINS, CPA  
GARY M. HUGGETT, CPA  
DAVID W. HOWIE, CPA

INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

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

We have examined the City of St. Augustine Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, and Sections 163.387(6) and (7), Florida Statutes, Redevelopment Trust Fund (collectively, the "Statutes") as required by Section 10.556(10)(a), *Rules of the Auditor General* for the year ended September 30, 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 and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the CRA's compliance with specific requirements.

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

This report is intended solely for the information and use of the Florida Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, and the Board of Directors and applicable management of the CRA, and is not intended to be and should not be used by anyone other than these specified parties.

*Masters, Smith & Wisby P.A.*  
Certified Public Accountants  
Jacksonville, Florida

June 28, 2022