



Water Street Tampa Improvement District

FINANCIAL STATEMENTS

September 30, 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Water Street Tampa Improvement District
Hillsborough County, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Water Street Tampa Improvement District (hereinafter referred to as "District"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 Water Street Tampa Improvement District as of September 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Water Street Tampa Improvement District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 7 and 19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2023, on our consideration of the District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 5, 2023

Management's Discussion And Analysis

Water Street Tampa Improvement District Management's Discussion and Analysis

Our discussion and analysis of the Water Street Tampa Improvement District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The District's revenue totaled \$52,072, all of which was Developer contributions.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 - 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 5. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the Districts' net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

Water Street Tampa Improvement District Management's Discussion and Analysis

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	2022	2021	Change
Assets			
Current and other assets	\$ 53,331	\$ 36,183	\$ 17,148
Total assets	\$ 53,331	\$ 36,183	\$ 17,148
Liabilities			
Current liabilities	\$ 40,196	\$ 23,719	\$ 16,477
Total liabilities	40,196	23,719	16,477
Deferred inflows of resources			
Deferred revenue	13,173	12,464	709
Total deferred inflows of resources	13,173	12,464	709
Net position			
Unrestricted	(38)	-	(38)
Total net position (deficit)	(38)	-	(38)
Total liabilities, deferred inflows of resources and net position	\$ 53,331	\$ 36,183	\$ 17,148

For more detailed information, see the accompanying Statement of Net Position.

Water Street Tampa Improvement District Management's Discussion and Analysis

During the fiscal year ended September 30, 2022, total assets and liabilities increased by approximately \$17,000 and \$16,000, respectively, from the prior fiscal year, while total deferred inflows of resources did not change significantly. The increase in assets and liabilities resulted from an increase in developer advances received.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>For the year ended September 30,</i>	2022	2021	Change
Revenue:			
Program revenue:			
Grants and contributions	\$ 52,072	\$ 112,130	\$ (60,058)
Total revenue	52,072	112,130	(60,058)
Expenses:			
General government	52,110	112,130	(60,020)
Total expenses	52,110	112,130	(60,020)
Change in net position	(38)	-	(38)
Net position, beginning of year	-	-	-
Net position (deficit), end of year	\$ (38)	\$ -	\$ (38)

For more detailed information, see the accompanying Statement of Activities.

During the fiscal year ended September 30, 2022, total revenue and expenses decreased by approximately \$60,000 from the prior fiscal year, due to the decrease in legal fees to petition for a boundary amendment that were funded by the developer in the prior year. The overall result was a \$38 decrease in net position for fiscal year 2022.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance deficit of \$38, which remains substantially unchanged from the prior year fund balance. Significant transactions are discussed below.

- The District's revenue totaled \$52,072, all of which was Developer contributions.

The overall fund balance deficit for the year ended September 30, 2022 totaled \$38, which is a decrease of \$38 from the prior year.

Water Street Tampa Improvement District Management's Discussion and Analysis

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the General Fund, including the original budget and final adopted budget, is shown at page 18.

The District experienced an unfavorable variance in revenue as compared to the budget in the amount of \$16,018. Conversely, the District experienced a favorable variance in expenditures as compared to the budget in the amount of \$15,980. The variances in revenue and expenditures were due to the District incurring additional general government legal expenditures during the prior year related to the boundary amendment.

FUTURE FINANCIAL FACTORS

Water Street Tampa Improvement District is an independent special district that operates under the provisions of Chapter 189, Florida Statutes, pursuant to Chapter 2018-183 Water Street Tampa Improvement District Act. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. For fiscal year 2023, the Developer has agreed to fund the operations of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Water Street Tampa Improvement District's management company, Wrathell, Hunt & Associates, LLC, at 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431.

Basic Financial Statements

Water Street Tampa Improvement District
Statement of Net Position

<i>September 30,</i>	2022
	Governmental Activities
Assets	
Cash and cash equivalents	\$ 40,158
Prepaid expenses	13,173
Total assets	53,331
Liabilities	
Accounts payable	1,897
Developer advance	38,299
Total liabilities	40,196
Deferred inflows of resources	
Deferred revenue	13,173
Total deferred inflows of resources	13,173
Net position	
Unrestricted	(38)
Total net position (deficit)	\$ (38)

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

Water Street Tampa Improvement District Statement of Activities

For the year ended September 30,

2022

Functions/Programs	Expenses	<u>Program Revenue</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		Operating Grants and Contributions	Governmental Activities
Primary government:			
Governmental activities:			
General government	\$ (52,110)	\$ 52,072	\$ (38)
Total governmental activities	\$ (52,110)	\$ 52,072	(38)
Change in net position			(38)
Net position - beginning of year			-
Net position (deficit) - end of year			\$ (38)

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

**Water Street Tampa Improvement District
Balance Sheet – Governmental Funds**

<i>September 30,</i>	2022
	General Fund
Assets	
Cash and cash equivalents	\$ 40,158
Prepaid expenditures	13,173
<hr/>	
Total assets	\$ 53,331
<hr/>	
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	\$ 1,897
Developer advance	38,299
<hr/>	
Total liabilities	40,196
<hr/>	
Deferred inflows of resources	
Deferred revenue	13,173
<hr/>	
Total deferred inflows of resources	13,173
<hr/>	
Fund balance	
Nonspendable	13,173
Unassigned	(13,211)
<hr/>	
Total fund balance (deficit)	(38)
<hr/>	
Total liabilities, deferred inflows of resources and fund balance (deficit)	\$ 53,331
<hr/>	

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

Water Street Tampa Improvement District
Statement of Revenue, Expenditures and Changes in Fund Balances –
Governmental Funds

For the year ended September 30,

2022

	General Fund
Revenue	
Developer contributions	\$ 52,072
Total revenue	52,072
Expenditures	
Current:	
General government	52,110
Total expenditures	52,110
Excess of revenue over expenditures	(38)
Fund balance, beginning of year	-
Fund balance (deficit), end of year	\$ (38)

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

Water Street Tampa Improvement District Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION

The Water Street Tampa Improvement District (the “District”) was established on March 23, 2018 pursuant to Chapter 189, Florida Statutes, by Ch. 2018-183, Laws of Florida. The District has among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and the power to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. Certain supervisors are affiliated with the Developer of the District, Strategic Property Partners, LLC. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 189, Florida Statutes.

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Based on the foregoing criteria, no potential component units were found.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

Water Street Tampa Improvement District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2022, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Assessments are recognized as revenue in the year for which they are levied. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider 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 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Developer contributions associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

For the year ended September 30, 2022, the District does not report any proprietary funds.

Water Street Tampa Improvement District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, 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 the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40, *Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3)*.

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others negotiable direct or indirect obligations which are secured by the United States Government; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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 District does not have any of this type of item at September 30, 2022.

In addition to liabilities, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District only has one item that qualifies for reporting in this category: deferred revenue, which is reported in the Statement of Net Position and Balance Sheet – Governmental Funds. Deferred revenue resulted from funding requested from the developer prior to September 30, 2022 for expenditures related to fiscal year 2023.

Water Street Tampa Improvement District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the net position restricted by the District's bond covenants. At September 30, 2022, all of the District's net position is reported as unrestricted.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts. For the fiscal year ended September 30, 2022, actual expenditures exceeded budgeted appropriations related to legal fees for the boundary expansion amendment.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. A public hearing is conducted to obtain comments.
- C. Prior to October 1, the budget is legally adopted by the District Board.
- D. All budget changes must be approved by the District Board.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Water Street Tampa Improvement District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, June 5, 2023, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE 3: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage since inception.

NOTE 4: MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

NOTE 5: CONCENTRATION

A significant portion of the District's future activity is dependent upon the continued involvement of the Developer, Strategic Property Partners, LLC., the loss of which could have a material adverse effect on the District's operations. At September 30, 2022, the Developer owned all of the assessable property located within the District boundaries.

Water Street Tampa Improvement District Notes to Financial Statements

NOTE 6: RELATED PARTY TRANSACTIONS

The Developer has agreed to fund the general operations of the District. During the year ended September 30, 2022, the Developer contributed \$68,090 to fund the operations of the District. For the year ended September 30, 2022, developer contributions are reported as \$52,072, to agree to actual expenditures, while the excess amount funded is included in developer advance on the accompanying financial statements. At September 30, 2022, developer advance totaled \$38,299.

**Required Supplemental Information
(Other Than MD&A)**

**Water Street Tampa Improvement District
Budget to Actual Comparison Schedule – General Fund**

For the year ended September 30,

	2022		
	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenue			
Developer contributions	\$ 68,090	\$ 52,072	\$ (16,018)
Total revenue	68,090	52,072	(16,018)
Expenditures			
General government	68,090	52,110	15,980
Total expenditures	68,090	52,110	15,980
Excess (deficit) of revenue over expenditures	\$ -	\$ (38)	\$ (38)

**INDEPENDENT AUDITORS' 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***

To the Board of Supervisors
Water Street Tampa Improvement District
Hillsborough County, 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 Water Street Tampa Improvement District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 5, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, therefore material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control described below as IC2022-001, that we consider to be a material weakness.

IC2022-001: Financial Statement Close

- Condition: The District recorded approximately \$13,000 in developer contributions related to prepayment of fiscal year 2023 insurance policy premiums.
- Criteria: Internal controls should be in place to provide reasonable assurance that revenue pertaining to a subsequent period is properly deferred as of fiscal year-end.
- Cause: The deferral of revenue related to fiscal year 2023 appears to have been overlooked when the District staff was preparing its annual financial report.
- Effect: Revenue was overstated while liabilities were understated by approximately \$13,000.
- Recommendation: We recommend the District implement internal controls to review all funding requests near fiscal year-end to ensure appropriate deferral of items pertaining to a subsequent period.

The District's response to the finding identified in our audit is described below. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

- Management response: The District has already taken further steps to ensure that this oversight is avoided in the future.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 5, 2023

MANAGEMENT LETTER

To the Board of Supervisors
Water Street Tampa Improvement District
Hillsborough County, Florida

Report on the Financial Statements

We have audited the financial statements of Water Street Tampa Improvement District (“District”) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 5, 2023.

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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated June 5, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District 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 District 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 District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Water Street Tampa Improvement District reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. The District does not have any construction projects with a total cost of at least \$65,000 that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f. The District did not amend its final adopted budget under Section 189.016(6), Florida Statutes.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 5, 2023



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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors
Water Street Tampa Improvement District
Hillsborough County, Florida

We have examined Water Street Tampa Improvement District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with these specified requirements based on our examination.

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

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 5, 2023