

2023

City of Crestview Community
Redevelopment Agency

Financial Statements and
Independent Auditor's Report

September 30, 2023

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

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

SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison for the General Fund of the Community Redevelopment Agency (the Agency), a component unit of the City of Crestview, Florida (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency'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 the major fund of the Agency as of September 30, 2023, and the respective changes in financial position and the budgetary comparison 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency 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 the 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 Agency'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.

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The Board of Commissioners
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Crestview, Florida

INDEPENDENT AUDITOR'S REPORT

Auditor's 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 Agency'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 Agency'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 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

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

INDEPENDENT AUDITOR'S REPORT

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 27, 2024, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Agency's 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 Agency's internal control over financial reporting and compliance.



June 27, 2024
Tallahassee, Florida

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

The City of Crestview, Florida Community Redevelopment Agency's (the Agency) Management's Discussion and Analysis (MD&A) is intended to provide the readers of the Agency's financial statements with a general overview of the financial activities during fiscal year 2023.

HIGHLIGHTS

Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$608,136 (*net position*).
- The Agency's total net position increased by \$133,605, or 28%.
- At the close of fiscal year 2023, the Agency's General Fund reported an ending fund balance of \$608,136, an increase of \$133,605. Revenues decreased by \$231,053, or 69%. This was primarily due to grant revenues from the prior year not received in the current year. Total expenditures decreased by \$783,670 or 84%. Expenditures in the current year include efforts to improve Main Street's aesthetics through the Agency's Awning Improvement Grants program and renovations and continued implementation of the Agency's Mobility Plan.

OVERVIEW OF FINANCIAL STATEMENTS

The Agency's basic financial statements provide information on both the Agency as a whole (government-wide) and the major individual funds.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Agency's finances, in a similar manner to a private-sector business. The government-wide financial statements are prepared using the accrual basis of accounting.

The government-wide financial statements include:

Statement of Net Position – This statement presents information on the Agency's assets and liabilities. This statement format combines and consolidates the governmental funds' current financial resources with capital assets and long-term obligations.

Statement of Activities – This statement presents information showing how the Agency's net position changed during the fiscal year. All changes in revenues are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

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 and redevelopment projects.

Fund Financial Statements

Fund financial statements provide readers with an overview of each fund and its related function in a traditional format. A fund is a grouping of related accounts that maintain control over resources that are segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate legal compliance with financial-related legal requirements. The General Fund is the only governmental fund that is used to account for the operating activities of the Agency. The General Fund also includes the activities of the redevelopment programs which are funded by restricted debt proceeds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than government-wide financial statements and, therefore, useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The 'Balance Sheet – Governmental Fund' and 'Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund' are reconciled as shown on the page following the respective statements to facilitate the comparison between the two presentations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the information presented in the government-wide and the fund financial statements and is required by generally accepted accounting principles.

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceed liabilities by \$608,136 (net position) at the close of the most recent fiscal year. One hundred percent of the Agency's net position is restricted for community redevelopment.

The following schedule shows a comparison of the fiscal year 2023 and 2022 Statements of Net Position.

	Governmental Activities	
	2023	2022
Cash and Cash Equivalents	\$ 608,238	\$ 571,440
Due from Other Governments	-	250,000
Prepaid Items	-	237
Total assets	608,238	821,677
Accounts Payable	102	97,146
Due to City of Crestview	-	250,000
Total liabilities	102	347,146
Net position:		
Restricted	608,136	474,531
Total net position	\$ 608,136	\$ 474,531

The following schedule shows a comparison of the fiscal year 2023 and 2022 Statements of Activities.

	Governmental Activities	
	2023	2022
General revenues:		
Capital Grants and Contributions	\$ -	\$ 250,000
Property taxes	104,632	85,186
Miscellaneous	1,280	1,779
Total revenues	105,912	336,965
Expenses:		
General government	113,530	475,749
Community Redevelopment	36,479	457,930
Total expenses	150,009	933,679
Increase (decrease) in net position before transfers	(44,097)	(596,714)
Net Transfers	177,702	162,395
Increase (decrease) in net position	\$ 133,605	\$ (434,319)

**CITY OF CRESTVIEW, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF CRESTVIEW, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(UNAUDITED)**

Financial Analysis of the Agency's Fund

The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Agency has only one governmental fund, the General Fund. The focus of the Agency's general fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements.

At the end of the fiscal year, the Agency's governmental fund reported an ending fund balance of \$608,136, an increase of \$133,605 for the year. The Agency's fund balance is restricted for future community redevelopment purposes. The increase in fund balance was primarily related to the decrease in grant expenditures during the current year.

General Fund Budgetary Highlights

During the fiscal year 2023, actual revenues and transfers exceeded the final budget by \$530. Total expenditures were \$683,647 less than the final budgeted appropriations for the year ended September 30, 2023. This was largely due to undistributed grant funding due to lack of applications and slower than expected movement on anticipated improvement projects.

Economic Factors and Next Year's Budget

The following economic factors were considered in establishing the Agency's 2024 budget:

- The property valuations in the Agency district increased approximately 13% from the previous year.
- In fiscal year 2024, the Agency budgeted to implement many of the downtown improvements and upgrades identified in the recently completed mobility study.

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 the City of Crestview, Florida Community Redevelopment Agency at Crestview City Hall, 198 N. Wilson Street, Crestview, Florida 32536, phone (850) 682-1560.

BASIC FINANCIAL STATEMENTS

**CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 608,238
Total Assets	608,238
 Liabilities	
Accounts Payable	102
Total Liabilities	102
 Net Position	
Restricted for:	
Community Redevelopment	608,136
Total Net Position	608,136
 Total Liabilities and Net Position	\$ 608,238

See accompanying notes.

**CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Expenses</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Functions		Governmental Activities
Governmental:		
General Government	\$ 113,530	\$ (113,530)
Community Redevelopment	36,479	(36,479)
Total Functions	<u>\$ 150,009</u>	<u>(150,009)</u>
General Revenues		
Taxes		104,632
Miscellaneous		1,280
Total General Revenues		<u>105,912</u>
Net Transfers to/from City of Crestview		<u>177,702</u>
Change in Net Position		133,605
Net Position - Beginning of Year		<u>474,531</u>
Net Position - End of Year		<u>\$ 608,136</u>

See accompanying notes.

**CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2023**

Assets	
Cash and Cash Equivalents	\$ 608,238
Total Assets	<u>608,238</u>
Liabilities	
Accounts Payable	102
Total Liabilities	<u>102</u>
Fund Balance	
Restricted for:	
Community Redevelopment	608,136
Total Fund Balance	<u>608,136</u>
Total Liabilities and Fund Balance	<u>\$ 608,238</u>

See accompanying notes.

**CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Revenues	
Taxes	\$ 104,632
Miscellaneous	1,280
Total Revenues	<u>105,912</u>
 Expenditures	
Current:	
General Government	113,530
Community Redevelopment	36,479
Total Expenditures	<u>150,009</u>
 (Deficiency) of Revenues (Under) Expenditures	 <u>(44,097)</u>
 Other Financing Sources (Uses)	
Transfers from City of Crestview	196,702
Transfers to City of Crestview	(19,000)
Total Other Financing Sources (Uses)	<u>177,702</u>
 Net Change in Fund Balance	 133,605
 Fund Balance - Beginning of Year	 <u>474,531</u>
Fund Balance - End of Year	<u><u>\$ 608,136</u></u>

See accompanying notes.

CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 110,058	\$ 104,632	\$ 104,632	\$ -
Miscellaneous Income	3,000	750	1,280	530
Total Revenues	<u>113,058</u>	<u>105,382</u>	<u>105,912</u>	<u>530</u>
Expenditures				
Current:				
General Government	141,123	215,112	113,530	101,582
Community Redevelopment	649,637	618,544	36,479	582,065
Total Expenditures	<u>790,760</u>	<u>833,656</u>	<u>150,009</u>	<u>683,647</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(677,702)</u>	<u>(728,274)</u>	<u>(44,097)</u>	<u>684,177</u>
Other Financing Sources (Uses)				
Transfers in from City of Crestview	196,702	196,702	196,702	-
Transfers (out) to City of Crestview	(19,000)	(19,000)	(19,000)	-
Total Other Financing Sources (Uses)	<u>177,702</u>	<u>177,702</u>	<u>177,702</u>	<u>-</u>
Appropriation of Fund Balance	<u>500,000</u>	<u>550,572</u>	<u>-</u>	<u>(550,572)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,605</u>	<u>\$ 133,605</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
THE CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
CRESTVIEW, FLORIDA

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Crestview, Florida (the City) Community Redevelopment Agency (the Agency) was established by the City as a separate legal entity in accordance with Florida Statute 166.021, Chapter 163, Part III. The Agency oversees the redevelopment of the downtown area. The Community Redevelopment Board of Commissioners consists of the City Council, who approve and have operational responsibility for the component unit. The President and Vice President of the City Council function as the Chairman and Vice Chairman of the Agency. In addition, City employees manage the Agency's assets. The Agency is reported in the financial statements of the primary government as a non-major governmental fund.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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

C. Measurement Focus and Basis of Accounting

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. Property taxes are recorded as revenue in the year for which they are levied. Grants and similar items are recognized as revenue 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency 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.

The Agency's primary source of revenue is property taxes. The City's ad valorem taxes are assessed by the Okaloosa County Property Appraiser and collected by the Okaloosa County Tax Collector in accordance with Florida Statutes. The City retains the right and duty to set millage rates. Property taxes are not recorded as receivables at September 30th because, though legally assessed as of January 1st, they are not due and payable until after the close of the fiscal year ended the following September 30th.

NOTES TO FINANCIAL STATEMENTS
THE CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
CRESTVIEW, FLORIDA

The following is the current property tax calendar:

Assessment Date	January 1, 2022
Levy Date	November 1, 2022
Due Date	March 31, 2023
Delinquency Date	April 1, 2023

The City grants discounts of 1% for each month taxes are paid prior to March.

Revenue recognition criteria for property taxes under Governmental Accounting Standards Board (GASB) require that only property taxes expected to be collected within 60 days of the current period be accrued. Property taxes which are uncollected as of the end of the fiscal year are generally immaterial in amount and highly susceptible to uncollectibility; therefore, they are not recorded as a receivable at the balance sheet date.

D. Basis of Presentation

The financial transactions of the Agency are recorded in one fund. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed. Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The Agency only has one fund which is used to account for the activities of the Agency.

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

Cash and Cash Equivalents

The Agency has defined cash and cash equivalents to include cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits and Investments

Section 218.415, Florida Statutes, requires the investment of surplus public funds and prescribes the instruments for which those investments are authorized, specifically the State of Florida Local Government Surplus Funds Trust Fund, direct obligations of the United States Government or other

NOTES TO FINANCIAL STATEMENTS
THE CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
CRESTVIEW, FLORIDA

obligations unconditionally guaranteed by the United States Government, and other similarly permitted investments. The City adheres strictly to the provisions of those cited Statutes, as well as with Chapter 280, Florida Statutes, which requires the City to maintain deposits only with Qualified Public Depositories (QDPs). The City maintains a cash pool available for use by all funds. Earnings from the pool are allocated to the respective funds based on applicable cash participation by each fund.

Capital Assets

The Agency pays for certain infrastructure improvements (signs, roads, sidewalks, bridges, and other utility infrastructure) within the designated redevelopment area; however, these improvements are considered property of the City, and, therefore, are included as capital assets in the City's government-wide financial statements. The Agency does not currently have title to any capital assets.

Capital assets titled to the Agency, if any, are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Compensation Costs

The Agency has no employees of its own. Instead, the Agency reimburses the City for the portion of salaries and benefits attributable to Agency activities based on the estimated time spent on those activities as projected during the annual budget process. Any long-term payroll and benefit liabilities such as compensated absences, other postemployment benefits, or pension liabilities are reported on the City's financial statements.

Classification of Fund Balance

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
THE CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
CRESTVIEW, FLORIDA

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

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

F. Estimates

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

G. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that capital lease proceeds and related capital outlay are excluded from the budget. Annual appropriated budgets are adopted by ordinance for all governmental funds. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects.

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

Prior to September 1 of each year, the Board of County Commissioners prepares in detail and adopts a budget of anticipated revenues and expenditures for all Agency purposes for the ensuing year.

Proposed budgets are advertised in a newspaper of general circulation in the City and detailed in the minutes of the Council. Public hearings are conducted for the purposes of receiving taxpayer comments. When the budget is adopted, it has the force and effect of appropriations for the various items and purposes specified.

The limits shall not be exceeded by the Council nor any office or department during the year. Amendments and transfers may be made to the budget by a two-thirds vote of the Council and the consent of the Mayor. The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level.

A budget amendment shall be deemed to mean the act of increasing or decreasing the total budgeted amount of a given fund as opposed to a transfer of a budgeted amount from one account to another within the same fund. Budgeted amounts reflected in the financial statements are as originally adopted, or as amended with the approval of the City Council.

NOTES TO FINANCIAL STATEMENTS
THE CITY OF CRESTVIEW COMMUNITY REDEVELOPMENT AGENCY
CRESTVIEW, FLORIDA

Note 2 - Deposits

Deposits may be exposed to custodial credit risk, which is the risk that in the event of a bank failure, the government's deposits may not be returned. The Agency manages its custodial credit risk by maintaining its deposits with QPDs, as defined in Chapter 280, Florida Statutes, which bear no custodial credit risk or are in institutions which meet the exemption requirements of Chapter 280. The exemptions qualify under the exemptions 280.03(e) or 280.03(f) as a deposit made in accordance with Chapter 17.57(g). The provisions of Chapter 280 allow QPDs to participate in a multiple financial institution collateral pool to ensure the security for public deposits.

All QPDs must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public institution, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all QPDs. Under this method, all deposits are fully insured or collateralized with securities held by the State Treasurer in the Agency's name.

Note 3 - Transfers

The Agency is a blended component unit of the City. For the year ended September 30, 2023, the Agency received a transfer from the City in the amount of \$196,702 for its portion of tax increment financing. The Agency transferred \$19,000 to the City as reimbursement for shared administrative and marketing costs.

Note 4 - Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors, omissions, and natural disasters. The Agency is covered by the City's insurance plans. The City purchases commercial insurance against losses for the following types of risks:

- Real and Personal Property Damage, Including Flood Damage
- General Liability
- Automobile Liability
- Commercial Crime
- Law Enforcement Liability
- Workers Compensation
- Health Insurance
- Public Official
- Cyber Liability

The Agency is adequately insured against risk. The amount of settlements has not exceeded insurance coverage in any of the past three years.

OTHER REPORTS

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

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

We have audited, 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, the financial statements of the governmental activities and the major fund of the City of Crestview, Florida Community Redevelopment Agency (the Agency), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's financial statements and have issued our report thereon dated June 27, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency'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 any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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**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***

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 the following instance of non-compliance that is required to be reported under *Government Auditing Standards*.

2023-01 - Tax Distribution

The City's distribution of tax revenues for the fiscal year ended September 30, 2023, to the Agency was not properly reduced to 95% of the total increment value times the millage rate as required by Florida Statutes, Section 163.387(1)(a). We recommend that the Agency review the provisions of this statute and determine if any amounts need to be returned to the City from prior years and alter the calculation going forward.

Management's Response:

The City's contribution of tax increment financing (TIF) funding was computed at 100% in error. The City has put measures in place to make certain the TIF is computed correctly at 95% in future years.

Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the findings identified in our audit and described above. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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



June 27, 2024
Tallahassee, Florida

MANAGEMENT LETTER

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Crestview, Florida Community Redevelopment Agency (the Agency) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 27, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Reports on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 27, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial 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. This is disclosed in Note 1 of 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 Agency 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 Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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Community Redevelopment Agency
Crestview, Florida

MANAGEMENT LETTER

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 Agency. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that the special district component unit provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information (Unaudited)

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 0. The Agency has no employees but receives administrative staffing and support from the City.
- b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the district's fiscal year as 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0. As noted above, the Agency has no employees of its own.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$36,000.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$0.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$683,647. A budget versus actual variance is presented on page 12.

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

MANAGEMENT LETTER

Additional Matters

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

Purpose of this Letter

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



June 27, 2024
Tallahassee, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

We have examined the City of Crestview, Florida Community Redevelopment Agency's (the Agency) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2023, as required by Section 10.556 (10)(a), *Rules of the Auditor General*. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

This report 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, the Agency, its management, and the Board of the City of Crestview, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 27, 2024
Tallahassee, Florida

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 163.387(6) AND (7), FLORIDA STATUTES

The Board of Commissioners
Community Redevelopment Agency
Crestview, Florida

We have examined the City of Crestview, Florida Community Redevelopment Agency's (the Agency) compliance with Section 163.387(6) and (7), Florida Statutes, as of and for the year ended September 30, 2023, as required by Section 10.556 (10)(a), *Rules of the Auditor General*. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency 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 non-compliance, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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



June 27, 2024
Tallahassee, Florida

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