

2024

St. Cloud Community Redevelopment
Agency

Financial Statements and
Independent Auditor's Report

September 30, 2024

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

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

**ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY
ST. CLOUD, FLORIDA**

SEPTEMBER 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Community Redevelopment Agency
St. Cloud, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Cloud Community Redevelopment Agency (the CRA), a component unit of the City of St. Cloud, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the CRA's 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 financial position of the CRA as of September 30, 2024, and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CRA, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, a correction of an error was made related to government-wide capital assets. Our opinion is not modified with respect to this matter.

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 CRA'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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St. Cloud, 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 CRA'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 CRA'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 (MD&A) and the budgetary comparison information, as listed in the table of contents, 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 MD&A and the budgetary comparison information in

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INDEPENDENT AUDITOR'S REPORT

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 MD&A and the budgetary comparison 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 February 28, 2025, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 CRA'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 CRA's internal control over financial reporting and compliance.

Purvis Gray

February 28, 2025
Ocala, Florida

**ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY
CITY OF ST. CLOUD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

This supplement to the Independent Auditor's Report and Financial Statements has been developed in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. It is intended to provide the readers of this report with a general overview of the financial activities of the St. Cloud Community Redevelopment Agency (the CRA). The CRA provides the following discussion and analysis of the CRA's financial activities for the fiscal year ended September 30, 2024. Management's discussion and analysis is designed to: (a) assist the reader to focus on significant financial issues, (b) provide an overview of the CRA's financial activities, (c) identify changes in the CRA's financial position, (d) identify material deviations from the financial plan, and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the CRA's financial statements.

The Community Redevelopment Agency

The CRA was created pursuant to Chapter 163, Florida Statutes, City Ordinance 2005-78, and City Resolutions 2005-174R, 2005-175R, and 2005-178R. The City of St. Cloud, Florida (the City) Council serves as the CRA Board, and the City maintains operational responsibility for the CRA's activity. Although legally separate, the CRA is appropriately blended as a governmental fund type component unit into the primary government.

These financial statements are presented for the purpose of complying with state law, specifically Florida Statute Section 163.387(8)(a), which requires separate audited financial statements for each Community Redevelopment Agency that has revenues or expenditures that exceed \$100,000.

Financial Highlights

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year, resulting in a net position of \$1,565,838.
- The CRA's fund balance increased by \$356,997 as a result of 2024 operations.
- Revenues for fiscal year 2024 were \$1,431,966 while expenditures totaled \$925,531. Transfers to the City's Capital Projects Fund totaled \$756,397 for CRA-related construction projects. Transfers in of \$606,959 were made from the City's General Fund related to the City's portion of the incremental tax revenues.
- For the period ended September 30, 2024, actual revenues were greater than budgeted revenues by \$290,215 while actual expenditures were \$707,609 less than budgeted expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements, which are comprised of the following four (4) components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the CRA's finances, in a manner similar to a private-sector business.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

The *Statement of Net Position* presents financial information on all of the CRA's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the CRA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements listed above distinguish functions of the CRA that are principally supported by ad valorem taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activity of the CRA is community redevelopment.

The government-wide financial statements include only the activities of the CRA. However, the CRA is considered a blended component unit of the City and as such, the financial information of the CRA is included in the City's Annual Comprehensive Financial Report for each fiscal year.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the CRA's *near-term* financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Special Revenue Funds. *Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The CRA's expendable financial resources and the related liabilities are accounted for through a special revenue fund.

Non-Spendable. Includes fund balance amounts that cannot be spent, either because they are not in spendable form or because of legal or contractual requirements. Examples of non-spendable amounts that cannot be used because of their form, such as inventories and prepaid amounts.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

Restricted Fund Balance. *Fund balance* should be reported as Restricted when constraints placed on the use of resources, such as enabling legislation, which authorizes the government to access, levy, charge, or otherwise mandate payment of resources. All of the CRA's fund balance is considered Restricted.

Notes to the Financial Statements

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

Required Supplementary Information (RSI)

Included in this section of the report is the Budgetary Comparison Schedule.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the CRA's financial position. In the case of the CRA, assets exceeded liabilities by \$1,565,838 (*net position*) as of the close of the most recent fiscal year, an increase of \$349,662 in comparison with the prior year.

The following table reflects a summary of the *Statement of Net Position* for the current and prior year.

ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY

	2024	2023
Assets		
Cash and Investments	\$ 2,835,693	\$ 1,716,736
Prepaid Expenditures and Deposits	1,580	-
Capital Assets	452,444	459,779
Total Assets	3,289,717	2,176,515
Liabilities and Fund Balances		
Liabilities		
Accounts and Retainage Payable	15,597	9,289
Accrued Liabilities	8,354	6,024
Due to Primary Government	1,698,428	945,026
Deposits	1,500	-
Total Liabilities	1,723,879	960,339
Net Position		
Investment in Capital Assets	452,444	459,779
Restricted	1,113,394	756,397
Total Net Position	\$ 1,565,838	\$ 1,216,176

Statement of Activities

The following table reflects the *Statement of Changes in Net Position* for the current and prior year.

Fiscal year 2024 activities increased the CRA's net position by \$349,662, or 29%, in comparison with the prior year. This change resulted primarily from the increase in investment earnings along with the increase in tax revenue.

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CITY OF ST. CLOUD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY

	<u>2024</u>	<u>2023</u>
Revenues		
Intergovernmental Revenues	\$ 1,245,931	\$ 1,177,157
Investment Income (Loss)	186,035	86,520
Total Revenues	<u>1,431,966</u>	<u>1,263,677</u>
Expenses		
Current:		
Economic Development	925,531	941,551
Depreciation	3,994	1,810
Total Expenses	<u>929,525</u>	<u>943,361</u>
Change in Net Position Before Transfers and Loss on Disposals	<u>502,441</u>	<u>320,316</u>
Other Financing Sources (Uses)		
Loss on Disposal	(6,336)	-
Transfers In	606,959	434,271
Transfers Out	(753,402)	(226,493)
Total Other Financing Sources (Uses)	<u>(152,779)</u>	<u>207,778</u>
Net Change in Net Position	349,662	528,094
Net Position, Beginning of Year, as Restated	<u>1,216,176</u>	<u>688,082</u>
Net Position, End of Year	<u>\$ 1,565,838</u>	<u>\$ 1,216,176</u>

Financial Analysis of the CRA's Funds

Governmental Funds

The focus of the CRA's *governmental funds* is to provide information on *near-term* inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the CRA's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The CRA's fund balance of \$1,113,394 consists of a \$1,580 non-spendable fund balance and \$1,111,814 restricted for redevelopment projects within the CRA district.

Intergovernmental revenues from the county related to the incremental tax revenues totaling \$1,245,931 represented approximately 87% of all revenues, which is a decrease of 5% in intergovernmental revenues from the previous year. The transfer in from the City related to incremental tax revenues totaled \$606,959, an increase of 40%. The incremental tax revenues received by the CRA increased due to the increase in property values within the CRA district. The CRA's fund balance increased by \$356,997 in the current year.

Capital Assets and Debt Administration

The CRA's capital assets, net of depreciation, totaled \$452,444. Capital assets include Buildings, Improvements, and Equipment.

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The CRA had no major asset additions.

At September 30, 2024, the CRA had no long-term debt.

Restatement

Certain balances were not properly reported in the previous year as a capital asset in the Government-Wide Financial Statements. A restatement of \$453,443 was made to the capital asset and net investment in Capital Assets. Additional information can be found in Note 1.

Budgetary Highlights

An annual budget is prepared for the CRA and approved by the CRA Board of Directors. The legal level of control is maintained at the fund level. During 2024, the CRA Board of Directors approved a supplemental budget appropriation to provide for unanticipated requirements of the period. This appropriation caused an increase from the original budget of \$158,726, for Economic Environment expenditures. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of the fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles.

Economic Factors and Future Developments

The CRA will continue to plan projects and infrastructure improvements that align with its redevelopment priorities for the designated district. The CRA will continue to implement the community's shared development goals through its redevelopment strategies and critical tasks.

Request for Information

This financial information is designed to present users with a general overview of the CRA's finances for all those with an interest in its finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of St. Cloud, 1300 Ninth St., St. Cloud, Florida 34769-3399.

FINANCIAL STATEMENTS

ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2024

	<u>Special Revenue Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets			
Cash and Investments	\$ 2,835,693	\$ -	\$ 2,835,693
Prepaid Expenditures and Deposits	1,580	-	1,580
Capital Assets:			
Capital Assets, Being Depreciated (Net)	-	452,444	452,444
Total Assets	<u>2,837,273</u>	<u>452,444</u>	<u>3,289,717</u>
Liabilities			
Accounts and Retainage Payable	15,597	-	15,597
Accrued Liabilities	8,354	-	8,354
Due to Primary Government	1,698,428	-	1,698,428
Deposits	1,500	-	1,500
Total Liabilities	<u>1,723,879</u>	<u>-</u>	<u>1,723,879</u>
Fund Balance			
Non-Spendable	1,580	(1,580)	
Restricted	1,111,814	(1,111,814)	-
Total Fund Balance	<u>1,113,394</u>	<u>(1,113,394)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 2,837,273</u>		
Net Position			
Restricted for:			
Community Redevelopment Projects		1,113,394	1,113,394
Total Net Position		<u>\$ 1,565,838</u>	<u>\$ 1,565,838</u>

See accompanying notes.

ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Special Revenue Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
Revenues			
Intergovernmental Revenues	\$ 1,245,931	\$ -	\$ 1,245,931
Investment Income	186,035	-	186,035
Total Revenues	<u>1,431,966</u>	<u>-</u>	<u>1,431,966</u>
Expenditures/Expenses			
Current:			
Economic Development	925,531	-	925,531
Capital Outlay:			
Depreciation	-	3,994	3,994
Total Expenditures/Expenses	<u>925,531</u>	<u>3,994</u>	<u>929,525</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>506,435</u>	<u>(3,994)</u>	<u>502,441</u>
Other Financing Sources (Uses)			
Sale of Capital Assets/Gain (Loss) on Disposal	-	(6,336)	(6,336)
Transfers In	606,959	-	606,959
Transfers Out	(756,397)	2,995	(753,402)
Total Other Financing Sources (Uses)	<u>(149,438)</u>	<u>(3,341)</u>	<u>(152,779)</u>
Net Change in Fund Balance/Net Position	<u>356,997</u>	<u>(7,335)</u>	<u>349,662</u>
Fund Balance/Net Position, Beginning of Year	756,397	6,336	762,733
Adjustment to Beginning Net Position	-	453,443	453,443
Fund Balance/Net Position, Beginning of Year, as Restated	<u>756,397</u>	<u>459,779</u>	<u>1,216,176</u>
Fund Balance/Net Position, End of Year	<u>\$ 1,113,394</u>	<u>\$ 452,444</u>	<u>\$ 1,565,838</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY
ST. CLOUD, FLORIDA

Note 1 - Summary of Significant Accounting Policies

The St. Cloud Community Redevelopment Agency's (the CRA) financial statements are prepared in accordance with generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The CRA was created pursuant to Chapter 163, Florida Statutes, City Ordinance 2005-78, and City Resolutions 2005-174R, 2005-175R, and 2005-178R. The purpose of the CRA is to establish the redevelopment priorities for the designated CRA. The Governing Board of the CRA (the CRA Board) is appointed by the City of St. Cloud, Florida (the City) Council (the City Council) and, therefore, the City exercises significant influence over its operations and fiscal management. The CRA is considered a component unit for financial reporting purposes and is included as a blended special revenue fund within the City's overall basic financial statements.

Financial Statements

These financial statements are presented for the purpose of complying with state law, specifically Florida Statutes, Section 163.387(8)(a), which requires separate audited financial statements for each Community Redevelopment Agency that has revenues or expenditures that exceed \$100,000.

Entity-wide financial statements are prepared at the City-wide level by the City and include the CRA. Copies of that report can be obtained from the City's Office of Budget and Finance.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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 the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

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 government 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, except for debt service expenditures, which are recorded only when payment is due.

Considering that the fund statements are presented on a different measurement focus and basis of accounting than the government-wide governmental activities column, a reconciliation is sometimes necessary to explain the adjustments needed to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

NOTES TO FINANCIAL STATEMENTS
ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY
ST. CLOUD, FLORIDA

Tax increment financing revenue, when levied for and interest associated with the current fiscal period, are both considered to be measurable and have been recognized as revenues of the current fiscal year, if available.

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

The CRA reports the special revenue fund as a major governmental fund. The special revenue fund is used to account for all financial resources received by the CRA. The special revenue fund serves as the primary operating fund of the CRA. The CRA does not have any non-major funds.

Budgetary Requirements

An annual budget is prepared for all funds of the City, including the CRA. The budget amounts presented in the accompanying financial statements are as originally adopted, or as legally amended, by the City Council during the year ended September 30, 2024. Any budget amendments that alter the total expenditures of any fund must be approved by the City Council. During 2024, the City Council approved a supplemental budget appropriation to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles.

Assets, Liabilities, and Net Position

Cash and Investments

The City utilizes a pooled cash and investment fund, which allows the various funds of the City to pool monies for investment purposes, which the CRA participates in. Investment earnings are distributed monthly based on average monthly balances. Cash is maintained in an interest-bearing checking account at a local financial institution to maximize earnings on idle cash.

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the government-wide financial statements. The CRA utilizes the City's capitalization policy. Property, plant and equipment with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital asset purchases are recorded as capital outlay expenditures in the fund level governmental funds in the year of acquisition.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

NOTES TO FINANCIAL STATEMENTS
ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY
ST. CLOUD, FLORIDA

Buildings and Improvements	8-40 Years
Utility Line Extensions	15-50 Years
Plant and Equipment	3-20 Years
Meters and Transformers	15-20 Years
Infrastructure	15-50 Years

Nature and Purpose of the Fund Balance

In the fund financial statements, the governmental fund reports fund classifications that comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. Amounts that are restricted to specific purposes either by: a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the CRA Board through an ordinance or resolution are classified as committed fund balances. Amounts that are constrained by the CRA's intent to be used for specific purposes, but are neither restricted nor committed, are classified as assigned fund balances. Assignments are made by the CRA Board or the City manager. Non-spendable fund balances include amounts that cannot be spent because they are either: a) not in spendable form, or b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that is not restricted, committed, or assigned to specific purposes within the special revenue fund.

Unspent tax increment financing revenues are restricted for future redevelopment projects and are reported as restricted fund balance in the financial statements. Unassigned fund balance, if any, represents fund balance that has not been restricted, committed, or assigned to specific purposes within the special revenue fund.

Net Position

The government-wide statements utilized a net position presentation. Restricted net position is unspent tax increment financing revenues that is restricted for future redevelopment projects. Unrestricted net position represents the net position of the CRA that is not restricted for any project or purpose.

Other Significant Accounting Policies

Use of Estimates

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

Payroll-Related Expenses and Liabilities

The CRA has no employees of its own. Instead, the CRA reimburses the City for the portion of salaries and benefits attributable to district 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.

**NOTES TO FINANCIAL STATEMENTS
ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY
ST. CLOUD, FLORIDA**

Restatement

The CRA has determined that certain balances were not properly capitalized and reported as capital assets in the entity-wide financial statements for an asset purchased at the end of the prior fiscal year.

Government Activities

In the government-wide statements, transfers out were overstated, and capital assets were understated due to a land and building purchase that occurred in the previous year but was not properly recorded. While the expenditures were recorded in the fund-level statements, the asset was not capitalized, and the expenditures were not reduced at the entity-wide level. The restatement resulted in a corresponding increase in capital assets and net position.

	<u>Prior Period</u>		<u>Adjustments</u>		<u>Restated</u>
Capital Assets	\$ 6,336	\$	453,443	\$	459,779
Net Position: Net Investment in Capital Assets	\$ 6,336	\$	453,443	\$	459,779

Note 2 - Explanation of Certain Differences Between the Government-Wide and Fund Financial Statements

Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

When capital assets that are to be used in governmental activities are purchased, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the CRA as a whole.

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

Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between the capital outlay of the governmental fund and the capital outlay contributed to the primary government as reported in the government-wide statement of activities.

Governmental funds report capital purchases as expenditures.

Note 3 - Cash and Equity in Pooled Cash and Investments

At September 30, 2024, the carrying amount of the CRA's cash deposits was \$2,835,693. These funds are a part of the City's pooled cash funds. The City's cash deposits are held by a bank that qualifies as a public depository under the *Florida Security for Public Deposits Act* as required by Chapter 280, Florida Statutes. The District does not have a separate deposit and investment policy, and it follows the deposit and investment policies of the City. The City maintains an investment policy managing pooled cash and investments.

NOTES TO FINANCIAL STATEMENTS
ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY
ST. CLOUD, FLORIDA

The City’s investment policy is constructed with the objectives of: 1) preserving and protecting principal; 2) maintaining liquidity; and 3) earning interest on the invested funds and allowing the City to invest surplus money in instruments provided by Florida Statutes 166.261 and 218.415. Among them are U.S. Treasury bills, bonds, notes and their derivatives, federal agency securities, local government surplus trust funds, domestic time deposits, bankers’ acceptance notes, commercial paper, repurchase agreements, federal securities trusts, collateralized mortgage obligations, corporate debt, asset-backed securities, taxable and tax-exempt securities, mortgage securities, and mutual funds made up of such securities.

Further information on the City’s pooled cash and investments can be found in the notes to the annual financial statements of the City.

Note 4 - Capital Assets

Land, buildings and improvements, and tangible personal property of the CRA are reported as capital assets in the statement of net assets as part of the basic financial statements of the CRA. Upon acquisition, such assets are recorded as expenditures in the special revenue fund of the district and capitalized at cost in the capital asset accounts of the CRA.

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 136,033	\$ 898	\$ -	\$ 136,931
Total Capital Assets Not Being Depreciated	136,033	898	-	136,931
Capital Assets, Being Depreciated				
Buildings	317,410	2,097	-	319,507
Equipment	34,088	-	(34,088)	-
Infrastructure	27,152	-	(27,152)	-
Total Capital Assets, Being Depreciated	378,650	2,097	(61,240)	319,507
Less Accumulated Depreciation				
Buildings	-	(3,994)	-	(3,994)
Equipment	(34,088)	-	34,088	-
Infrastructure	(20,816)	-	20,816	-
Total Accumulated Depreciation	(54,904)	(3,994)	54,904	(3,994)
Total Capital Assets Being Depreciated, Net	323,746	(1,897)	(6,336)	315,513
Total Capital Assets, Net	\$ 459,779	\$ (999)	\$ (6,336)	\$ 452,444

Note 5 - Tax Increment Financing Revenue

The CRA is primarily funded through tax increment financing revenue. The tax increment revenue is calculated by applying the adopted millage rate to the increase in current year taxable assessed valuations within the designated CRA districts, using the year in which they were established as the “base year”. The City is required to contribute 95% of the incremental property taxes levied each year. Osceola County is required to contribute 95% of the incremental property taxes levied each year. Starting December 31, 2031, the City agrees that beginning with the next applicable ad valorem tax year, the County millage shall cease to be contributed to the CRA. The CRA’s taxable value is 180% of its base year taxable value.

REQUIRED SUPPLEMENTARY INFORMATION

ST. CLOUD COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SEPTEMBER 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 1,111,415	\$ 1,111,415	\$ 1,245,931	\$ 134,516
Investment Income	30,336	30,336	186,035	155,699
Total Revenues	<u>1,141,751</u>	<u>1,141,751</u>	<u>1,431,966</u>	<u>290,215</u>
Expenditures				
Current:				
Economic Environment	1,103,894	1,362,620	925,531	437,089
Capital Outlay:				
Economic Development	370,520	270,520	-	270,520
Total Expenditures	<u>1,474,414</u>	<u>1,633,140</u>	<u>925,531</u>	<u>707,609</u>
Excess of Revenues Over Expenditures	<u>(332,663)</u>	<u>(491,389)</u>	<u>506,435</u>	<u>997,824</u>
Other Financing Sources (Uses)				
Transfers In	332,663	332,663	606,959	274,296
Transfers Out	-	(756,397)	(756,397)	-
Total Other Financing Sources (Uses)	<u>332,663</u>	<u>(423,734)</u>	<u>(149,438)</u>	<u>274,296</u>
Net Change in Fund Balance	-	(915,123)	356,997	1,272,120
Fund Balances, Beginning of Year	<u>756,397</u>	<u>756,397</u>	<u>756,397</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 756,397</u>	<u>\$ (158,726)</u>	<u>\$ 1,113,394</u>	<u>\$ 1,272,120</u>

Note to Schedule:

The annual operating budgets of St. Cloud Community Redevelopment Agency (the CRA) are prepared on a basis consistent with the CRA's basic financial statements, which are presented in accordance with generally accepted accounting principles.

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 Directors
Community Redevelopment Agency
St. Cloud, 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 St. Cloud Community Redevelopment Agency (the CRA) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the CRA's financial statements, and have issued our report thereon dated February 28, 2025.

Report on Internal Control Over Financial Reporting

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

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

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St. Cloud, Florida

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA'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 no instances of non-compliance 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 CRA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis Gray

February 28, 2025
Ocala, Florida

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

The Board of Directors
Community Redevelopment Agency
St. Cloud, Florida

We have examined the St. Cloud Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 163.387(6) and (7), Florida Statutes, as of and for the year ended September 30, 2024, as required by Section 10.556(10)(f), *Rules of the Auditor General*. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

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

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

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

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

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February 28, 2025
Ocala, Florida

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

The Board of Directors
Community Redevelopment Agency
St. Cloud, Florida

We have examined the St. Cloud Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2024, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

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

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

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

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

Purvis Gray

February 28, 2025
Ocala, Florida

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MANAGEMENT LETTER

The Board of Directors
Community Redevelopment Agency
St. Cloud, Florida

Report on the Financial Statements

We have audited the financial statements of the St. Cloud Community Redevelopment Agency (the CRA) as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated February 28, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on 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 and schedule, which are dated February 28, 2025, 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 and 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 be disclosed in the Management Letter, unless disclosed in the notes to the financial statements (see Note 1 of the CRA's financial statements as of and for the year ended September 30, 2024, for this information).

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 CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that the CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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The Board of Directors
Community Redevelopment Agency
St. Cloud, 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. It is management's responsibility to monitor the CRA's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we identified the following matter:

2024-1 CRA Budget – Per the Auditor General Compliance Supplement and Section 163.387(6)(b), Florida Statutes, the CRA Board of Directors is required to submit the adopted budget to the county within which the CRA is located within 10 days of adoption.

During the current year, the CRA could not demonstrate that a budget amendment was submitted to the county within the required 10-day timeframe.

We recommend that the CRA Board of Directors establish a formal process to ensure that all adopted budgets and budget amendments are submitted to the county within 10 days of adoption. Proper documentation should be maintained to demonstrate compliance with this statutory requirement in future years

Management Response – The City emailed the FY 24-25 annual budget to the County within the required timeframe. However, a budget amendment to the CRA was emailed to the County within 20 days instead of the required 10 days due to staff oversight. Going forward, this requirement will be monitored by both the Economic Development Director and Finance Director.

2024-2 Capital Asset – An adjustment was required to accurately report capital asset balances in the CRA's entity-wide financial statements. It was noted that capital outlay expenditures for asset purchases made by the CRA were not recorded as such. Instead, these expenditures were classified as transfers to the Capital Projects Fund, which is not included in the CRA's standalone financial statements. As a result, a correction of an error adjustment was made in the current year. Please refer to Note 1 in the financial statements for additional details.

This practice may result in incomplete financial reporting within the CRA's records and could impact transparency and accountability. Additionally, expenditures are not properly recognized when incurred, as transfers reflect the total estimated project cost rather than the actual expenditures in the period they occur.

We recommend that management review its current practices to ensure capital asset purchases are appropriately recorded in the CRA's financial statements. Enhancing this process will promote compliance, improve financial transparency, and provide a more accurate representation of the CRA's financial position and activities.

Management Response – We acknowledge the comments related to capital asset expenditures and the need for accurate reporting within the CRA's financial statements. The CRA intends to manage its assets in accordance with the City's existing policy on asset management and financial reporting. This policy ensures proper oversight, maintenance, and accountability for capital assets, while aligning with broader municipal financial procedures. Additionally, we will continue to coordinate with the City's Finance Department to ensure that all capital asset purchases are appropriately recorded, maintaining transparency and compliance with financial reporting standards.

MANAGEMENT LETTER

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the CRA did not operate a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the CRA’s geographical boundaries during the fiscal year under audit.

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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, *Rules of the Auditor General*, the CRA reported:

- The total number of district employees compensated in the last pay period of the district’s fiscal year as 0.
- The total number of independent contractors to whom non-employee compensation was paid in the last month of the district’s fiscal year as 2 (Redevelopment Management Associates and GAI Consultants).
- All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$140,101.
- 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:

Project Name	Project Number	Project Budget	Total Expenditures
Downtown Parking	PW2402	\$ 1,098,429	\$ 456,438
CRA Alleyway Improvement	CR2401	\$ 500,000	\$ -
Centennial Park Renovation	CR2402	\$ 100,000	\$ -

- 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 (see Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual as presented in the financial statements for the year ended September 30, 2024).

The Board of Directors
Community Redevelopment Agency
St. Cloud, Florida

MANAGEMENT LETTER

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but 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 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.

Purvis Gray

February 28, 2025
Ocala, Florida

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