ZEPHYRHILLS COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF ZEPHYRHILLS, FLORIDA)

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2025

CPAs | CONSULTANTS | WEALTH ADVISORS

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ZEPHYRHILLS COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF ZEPHYRHILLS, FLORIDA)
CRA LEADERSHIP
SEPTEMBER 30, 2025

CRA BOARD OF COMMISSIONERS

Steven F. Spina, PhD	Chairperson
Jodi Wilkeson	Vice-Chairperson
Lance Smith	Board Member
Charles E. Proctor	Board Member
Kenneth Burgess, Jr.	Board Member
Melonie Bahr Monson	Mayor City of Zephyrhills

APPOINTED OFFICIALS

William C. Poe Jr.	City Manager
Gail Hamilton	CRA Director

ZEPHYRHILLS COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF ZEPHYRHILLS, FLORIDA)
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YEAR ENDED SEPTEMBER 30, 2025

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Zephyrhills Community Redevelopment Agency
Zephyrhills, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Zephyrhills Community Redevelopment Agency (CRA), a component unit of the City of Zephyrhills, Florida as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 CRA as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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 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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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 GAAS 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 and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2026 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
June 9, 2026

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Zephyrhills Community Redevelopment Agency (the CRA).

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 CRA 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.

The basic financial statements also include notes that provide required disclosures and other information necessary to gather the full meaning of the material presented in the statements.

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 CRA's activities are classified as governmental activities.

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 financial statements for each fiscal year.

The government-wide financial statements can be found by referencing the table of contents of this report.

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. The CRA is accounted for as a governmental fund.

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.

Fund Financial Statements (Continued)

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.

The CRA adopts an annual appropriated budget. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found by referencing the table of contents of this report.

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.

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 $2.8 million as of the close of the most recent fiscal year, an increase of $1.1 million in comparison with the prior year.

The following table reflects a summary of the statement of net position for the current and prior year:

Government-Wide Financial Analysis

SUMMARY OF NET POSITION	2025	2024
ASSETS		
Current Assets	$ 2,864,072	$ 1,804,703
LIABILITIES		
Total Liabilities	24,279	44,675
NET POSITION		
Restricted for Community Redevelopment	$ 2,839,793	$ 1,760,028

Statement of Activities

The following table reflects the statement of activities for the current and prior year:

	2025	2024
REVENUES		
Property Taxes	$ 1,337,786	$ 999,142
Miscellaneous Revenue	-	618
Investment Income	213,009	197,031
Total Revenues	1,550,795	1,196,791
EXPENSES		
Economic Environment	343,289	278,953
Community Redevelopment	127,741	300,799
Total Expenses	471,030	579,752
CHANGE IN NET POSITION	1,079,765	617,039
Net Position - Beginning of Year	1,760,028	1,142,989
NET POSITION - END OF YEAR	$ 2,839,793	$ 1,760,028

Fiscal year 2025 activities increased the CRA's net position by $1.1 million. This change resulted from an increase in tax increment financing revenues in the current year due to an increase in property values within the CRA District and the fact that the CRA did not spend all their appropriated funds.

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 $2.8 million is restricted for redevelopment projects within the CRA district.

Property taxes totaling $1.3 million represented approximately 86% of all revenues. The CRA's fund balance increased by $1.1 million in the current year. The increase in tax increment financing revenues received by the CRA in the current year resulted from increased property values within the CRA district.

Capital Assets and Debt Administration

At September 30, 2025, the CRA did not own capital assets.

At September 30, 2025, the CRA had no long-term debt.

Budgetary Highlights

An annual budget is prepared for the CRA and approved by the Board. The legal level of control is maintained at the fund level. 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 Community Redevelopment Agency located at City Hall, 5335 8th Street, Zephyrhills, FL 33542.

ZEPHYRHILLS COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF ZEPHYRHILLS, FLORIDA)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

ASSETS	
Cash, Pooled Cash, and Cash Equivalents	$ 2,864,072
Total Assets	2,864,072
LIABILITIES	
Accounts Payable	18,560
Accrued Liabilities	5,719
Total Liabilities	24,279
NET POSITION	
Restricted for Community Redevelopment	$ 2,839,793

See accompanying Notes to Financial Statements.

ZEPHYRHILLS COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF ZEPHYRHILLS, FLORIDA)
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Changes in Net Position
Governmental Activities:		
General Government	$ (343,289)	$ (343,289)
Community Redevelopment	(127,741)	(127,741)
Total Governmental Activities	$ (471,030)	(471,030)
General Revenues:		
Taxes		1,337,786
Investment Income		213,009
Total General Revenues		1,550,795
CHANGES IN NET POSITION		1,079,765
Net Position - Beginning of Year		1,760,028
NET POSITION - END OF YEAR		$ 2,839,793

See accompanying Notes to Financial Statements.

ZEPHYRHILLS COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF ZEPHYRHILLS, FLORIDA)
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

ASSETS	
Cash, Pooled Cash, and Cash Equivalents	$ 2,864,072
Total Assets	$ 2,864,072
LIABILITIES FUND BALANCE	
LIABILITIES	
Accounts Payable	$ 18,560
Accrued Liabilities	5,719
Total Liabilities	24,279
FUND BALANCE	
Restricted for Community Redevelopment	2,839,793
Total Liabilities and Fund Balance	$ 2,864,072

See accompanying Notes to Financial Statements.

ZEPHYRHILLS COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF ZEPHYRHILLS, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025

REVENUES	
Taxes	$ 1,337,786
Investment Income	213,009
Total Revenues	1,550,795
EXPENDITURES	
Current:	
General Government	343,289
Community Redevelopment	127,741
Total Expenditures	471,030
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,079,765
NET CHANGE IN FUND BALANCE	1,079,765
Fund Balance - Beginning of Year	1,760,028
FUND BALANCE - END OF YEAR	$ 2,839,793

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The CRA was created on March 9, 1998, by Ordinance number 688 of the City of Zephyrhills, Florida (the City), pursuant to Florida Statute 163.387. The purpose of the CRA is to establish redevelopment priorities for the designated community redevelopment area. Since the City is financially accountable for the activities of the CRA, its governing board is the same, and its relationship to the CRA is significant. The City approves the budget, provides funding and performs all accounting functions for the CRA. The CRA is considered to be a blended component unit in the City's financial statements, where it is also reported as a major special revenue fund.

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

Basis of Presentation

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category and (or) the governmental and enterprise combined) for the determination of major funds. The CRA has used GASB Statement No. 34 minimum criteria for major fund determination.

The accounts of the CRA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Currently, the CRA has only one fund, the General Fund. The General Fund is the general operating fund of the CRA. It is considered to be a major fund. It is used to account for all financial resources and expenditures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses are given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues consist of grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Payments received from taxes, insurance proceeds and other items not properly included as program revenues are reported as general revenues.

Separate financial information is provided for the governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Budgets and Budgetary Data

An annual budget is prepared for all funds of the City, including the CRA. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

The City Manager submits to the City Council a proposed operating budget for the ensuing fiscal year. It contains proposed expenditures and the means to finance them, including a proposed property tax millage rate.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Data (Continued)

Public hearings are conducted to obtain taxpayer comments on the proposed budget and property tax millage rate.

The budget and property tax millage rate are approved by the City Council in September.

The City Council must approve budget amendments that affect revenue accounts or appropriations in more than one department. Expenditures may not exceed legal appropriations at the department level. Appropriations lapse at year-end. All budget amounts presented in the accompanying financial statements and supplemental information have been adjusted for revisions as approved by City Council during the year.

Formal budgetary integration is employed as a management control device during the year for the governmental funds.

Budgets for the governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Incremental Property Tax Revenue

The CRA's primary source of revenue is tax-increment funding. This revenue is computed by applying the respective tax rates for the City and Pasco County (County) multiplied by the increased value of property tax located within the boundaries of the redevelopment areas of the CRA in excess of the base property value.

The tax levy is established prior to October 1 of each year and the Pasco County Property Appraiser incorporates the millages established by the City and County into the total tax levy. All property is reassessed according to its fair value on January 1 of each year. All taxes are due and payable on November 1 (levy date) of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest of up to 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

Assets, Liabilities, and Fund Equity

The CRA participates in the City’s pooled cash and investment portfolio. The City utilizes a consolidated cash pool to account for cash, cash equivalents, and investments of all City funds, including CRA funds, other than those that are required by ordinance to be physically segregated. The consolidated cash pool concept allows each participating fund to benefit from the economies of scale and improved yield that are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Fund Equity (Continued)

The City considers all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased, to be cash equivalents. The majority of the City's pooled investments have the general characteristics of demand deposits, in that additional funds may be deposited at any time and funds may be withdrawn at any time without prior notice or penalty. Therefore, all of the pooled investments, regardless of their maturities, are considered cash equivalents.

The City participates in the Florida Prime (formerly known as the Local Government Surplus Funds Trust Fund Investment Pool) operated by the Florida State Board of Administration. Florida Prime is considered a 2a-7 like external investment pool in accordance with GASB Statement No. 79 and is reported at amortized cost, which approximates fair value.

Investments

Investments are reported at fair value. Investments in mutual fund type securities are valued at the net asset value of the fund based on the underlying assets held in the funds. The fair value of an investment is the amount that could reasonably be expected to be received for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale.

Payroll-Related Expenses and Liabilities

The employees that manage or are involved in day-to-day operations of the CRA are employees of the City. Per an agreement with the City, the CRA is charged an administrative fee related to those employees. Payroll-related activity for the year ended September 30, 2025, can be found in the City's audited financial statements.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the CRA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balances

In 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 purpose for which amounts in the funds can be spent. Under GASB 54 requirements, fund balance is reported as five possible components – nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable

This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Restricted

This component includes amounts reported as restricted when constraints placed on the use of the resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

This component includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Such amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned

This component is used to report the government's intent to use the amount for a specific purpose but are neither restricted, nor committed.

Unassigned

This component is the residual classification for the general fund. This amount represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of September 30, 2025, consisted of:

Statement of Net Position:	
Equity in Pooled Cash and Cash Equivalents	$ 2,864,072

These funds are a part of the City’s pooled cash funds. The City maintains an investment policy managing pooled cash and investments. 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 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the CRA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

All deposit accounts of the City are placed in banks that qualify as a public depository, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes). Chapter 280 of the Florida Statutes provides that qualified public depositories must maintain eligible collateral having a market value equal to 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve months immediately preceding the date of any computation of the balance. As such, the depository is not required to hold collateral in the City's name, nor specify which collateral is held for the City's benefit.

The Public Depository Security Trust Fund, as created under the laws of the state of Florida, would be required to pay the City for any deposits not covered by depository insurance or collateral pledged by the depository as previously described. Florida Statutes and the City's investment policy authorize the City to use interest bearing time deposits, savings accounts, and money market accounts in qualified public depositories. All deposits are entirely insured or collateralized pursuant to Florida's public deposits program.

Investments in Local Government Investment Pools

The City invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration (SBA), under the regulatory oversight of the state of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2025, Florida PRIME contained certain floating and adjustable-rate securities which were indexed based on the prime rate and/or one- and three-month London Interbank Offered Rates (LIBOR) rates. These investments represented 18.20% of the Florida PRIME's portfolio at September 30, 2025.

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, which approximates fair value.

The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2025 was 47 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2025 was 73 days. Investments in Florida PRIME must carry an "AAAm" rating from Standard and Poor's. On September 30, 2025, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating.

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments in Local Government Investment Pools (Continued)

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2025, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City coordinates its investment maturities to closely match cash flow needs and has generally restricted the maximum investment term to less than five years from the purchase date. As of September 30, 2025, Investments and related level of risk were as follows:

Credit Risk

Credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City diversifies its investments by security type and institution and limits holdings in any type of investment with any one issuer. The City's investment policy minimizes credit risk by limiting the maximum percentage that may be invested in any one entity or instrument at any one time.

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk (Continued)

Presented below is the actual rating as of September 30, 2025, for each type of investment in securities.

Investment Type	S&P/Moody's Rating	Fair Value
SBA Florida PRIME	AAAm	$ 2,864,072
Total		$ 2,864,072

Concentration of Credit Risk

Assets are to be diversified to control the risk of loss resulting from concentration of assets in a specific maturity, issue, instruments, deals, or bank through which the investments are bought and sold.

No investments in any one issuer exceeds 5% of the total investments.

Foreign Currency Risk

The CRA is not exposed to any foreign currency risk.

NOTE 3 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 the current year taxable assessed valuations within the designated CRA districts, using the year in which the CRA was established as the “base year”. The City and the County are required to contribute 95% of the incremental property taxes levied each year not to exceed 30 years from the base year.

NOTE 4 CONTINGENCIES

The CRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The CRA is insured through the City’s self-insurance program for general liability, worker’s compensation, health, directors and officers, and property damage. The City has maintained levels of insurance coverage during the current year. There are no material general liability claims related to the CRA.

ZEPHYRHILLS COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF ZEPHYRHILLS, FLORIDA)
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Ad Valorem City	$ 607,968	$ 607,968	$ 607,968	$ -
Ad Valorem County	740,028	740,028	729,818	(10,210)
Total Taxes	1,347,996	1,347,996	1,337,786	(10,210)
Miscellaneous:				
Main Street Reimbursement	1,000	1,000	-	(1,000)
Interest Income	100,000	100,000	213,009	113,009
Total Miscellaneous	101,000	101,000	213,009	112,009
Total Revenues	1,448,996	1,448,996	1,550,795	101,799
EXPENDITURES				
Current:				
Economic Environment:				
Personnel Services	142,908	142,908	141,661	1,247
Professional Services	102,502	145,897	154,895	(8,998)
Contractual Services	81,000	81,000	5,900	75,100
Promotional Activities	50,000	50,000	2,210	47,790
Supplies	2,650	2,650	4,955	(2,305)
Telephone and Communications	10,000	10,000	2,518	7,482
Training and Dues	4,000	4,000	1,587	2,413
Incentives	300,000	300,000	5,000	295,000
Building Facade Grants	200,000	200,000	16,677	183,323
Miscellaneous	8,900	8,900	7,886	1,014
Total Expenditures - Other Economic Environment	901,960	945,355	343,289	602,066
Community Redevelopment:				
Contributions of Capital Assets to City	1,898,000	1,912,522	127,741	1,784,781
Total Expenditures	2,799,960	2,857,877	471,030	2,386,847
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,350,964)	(1,408,881)	1,079,765	(2,285,048)
Fund Balance - Beginning of Year	1,350,964	1,408,881	1,760,028	351,147
FUND BALANCE - END OF YEAR	$ -	$ -	$ 2,839,793	$ (1,933,901)

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

Board of Commissioners
Zephyrhills Community Redevelopment Agency
Zephyrhills, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Zephyrhills Community Redevelopment Agency (CRA), a component unit of The City of Zephyrhills, Florida as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated June 9, 2026 .

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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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Board of Commissioners
Community Redevelopment Agency

Report on 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, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
June 9, 2026

MANAGEMENT LETTER

Board of Commissioners
Zephyrhills Community Redevelopment Agency
Zephyrhills, Florida

Report on the Financial Statements

We have audited the financial statements of the Zephyrhills Community Redevelopment Agency (CRA), a component unit of The City of Zephyrhills, Florida as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 9, 2026.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 9, 2026, 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 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. Information regarding the specific legal authority for the entity is contained in Note 1 to the financial statements.

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Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated in the CRA's geographical boundaries. A PACE program did not operate 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*. The CRA has no component units.

Specific Information (unaudited)

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

a. The total number of district employees compensated in the last pay period of the district's fiscal year was one.
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year was ten.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was $91,170.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was $197,945.
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 and total expenditures for such project was $-0-.

Specific Information (unaudited) (Continued)

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. See the accompanying Budgetary Comparison Schedule – General Fund.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or 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 which warrants the attention of those charged with governance. Matters identified in our audit are reported in the Independent Accountants' Report on our testing of compliance with Sections 163.387(6) and (7), *Florida Statutes*.

Purpose of this Letter

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
June 9, 2026

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INDEPENDENT ACCOUNTANTS' REPORT

Board of Commissioners
Zephyrhills Community Redevelopment Agency
Zephyrhills, Florida

We have examined the Zephyrhills Community Redevelopment Agency's (CRA) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds, and Sections 163.387(6) and (7), *Florida Statutes*, regarding community redevelopment agencies, during the year ended September 30, 2025. Management of the CRA is responsible for the CRA's compliance with the specified requirements. Our responsibility is to express an opinion on the CRA's compliance with the specified requirements based on our examination.

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

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 on the CRA's compliance with specified requirements.

Our examination disclosed one instance of noncompliance with Sections 163.387(6)(b), *Florida Statutes*, regarding community redevelopment agencies during the year ended September 30, 2025. The CRA did not submit an adopted budget to the Board of County Commissioners within ten days of adoption, as required by Florida Statue 163.387(6)(b). The instance of noncompliance is detailed in the attached schedule of findings.

In our opinion, except for the noncompliance described in the preceding paragraph, the CRA complied, in all material respects, with Section 218.415, *Florida Statutes*, regarding the investment of public funds and Sections 163.387(6) and (7), *Florida Statutes*, regarding community development agencies during the year ended September 30, 2025.

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Board of Commissioners
Zephyrhills Community Redevelopment Agency

This report is intended solely for the information and use of the CRA, the City of Zephyrhills, Florida 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
June 9, 2026

<u>Finding 2025-001 Compliance with CRA Statutes</u>

Type of Finding: Noncompliance with Budgetary Requirements

Condition: The CRA did not submit its adopted annual budget to the board of county commissioners within ten days after adoption.

Criteria or Specified Requirement: Section 163.387(6)(b), *Florida Statutes,* requires that a community redevelopment agency created by a municipality shall submit its annual budget to the board of county commissioners for the county in which the agency is located within ten days after the adoption of such budget and submit amendments of its annual budget to the board of county commissioners within ten days after the adoption date of the amended budget.

Effect: The CRA was not in compliance with the budgetary requirements of Section 163.387(6)(b), *Florida Statutes.*

Cause: The CRA did not have procedures in place to ensure timely submission of the adopted budget to the county.

Repeat Finding: This was not a finding in the prior year.

Recommendation: We recommend management establish procedures to ensure the CRA's adopted annual budget, and any amendments thereto, are submitted to the board of county commissioners for the county in which the CRA is located within ten days of adoption, as prescribed by Section 163.387(6)(b), Florida Statutes.

Views of responsible officials and planned corrective actions: Management acknowledges the condition and plans to implement additional procedures to ensure timely submission of the adopted annual budget to the board of county commissioners.

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