

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)**

FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2021



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**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Redevelopment Agency
of the City of Winter Haven, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Community Redevelopment Agency of the City of Winter Haven, Florida (CRA), a component unit of the City of Winter Haven, Florida as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 6 to the financial statements, the CRA restated beginning balances to correct accounting errors that occurred in a prior year. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CRA's basic financial statements. The combining schedule of revenues, expenditures, and changes in fund balances – general fund (combining schedule) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
Community Redevelopment Agency
of the City of Winter Haven, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022, 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

Winter Haven, Florida
March 28, 2022

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

As management of the Community Redevelopment Agency of the City of Winter Haven, Florida (CRA), we offer the readers of the CRA's basic financial statements this narrative overview and analysis of the financial activities of the CRA for the year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the CRA's financial statements.

Financial Highlights

- The assets of the CRA exceeds its liabilities as of September 30, 2021 by \$2,336,214 (Net Position).
- The CRA's total assets as of September 30, 2021 were \$2,758,288.
- The CRA's total revenue was \$2,758,288, consisting primarily of CRA Incremental Tax Revenue.
- The CRA's total expenses came to \$1,892,627.
- The increase in net position was \$865,661.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements. The CRA's basic financial statements comprise three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the CRA's finances using the accrual basis of accounting. The CRA's government-wide financial statements include the following:

- Statement of Net Position – reports the CRA's assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position at the end of the fiscal year and provides information about the nature and amounts of investment of resources and obligations to creditors.
- Statement of Activities – reports the results of activity over the course of the fiscal year. It details the costs associated with operating the CRA and how those costs were funded. It also provides an explanation of the change in net position from the previous fiscal year-end to the current fiscal year-end.
- 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 analysis of net position, revenue, and expenses are detailed and provide a comprehensive portrayal of financial conditions and related trends. The analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenue and expenses when earned or incurred regardless of when cash is received or paid.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Our analysis presents the CRA's net position, which can be thought of as the difference between what the CRA owns (assets) and what the CRA owes (liabilities). The net position analysis will allow the reader to measure the health or financial position of the CRA. The CRA's net position consists of restricted net position that can only be spent for specific purposes because of constraints imposed by external sources (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.

Over time, significant changes to the CRA's net position are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any CRA, the reader must also consider other nonfinancial factors such as fluctuations in the local economy and fluctuations in fuel prices.

The government-wide financial statements can be found on pages 9 – 10 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, like other state and local governments, 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 a government'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 government's near-term financing decisions.

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 on pages 11 – 12 of this report.

Notes to the Financial Statements

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

**COMMUNITY REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Government-Wide Financial Analysis

Summary of Net Position:

| | 2021 | 2020 |
|--|--------------|--------------|
| ASSETS | | |
| Current Assets | \$ 2,397,542 | \$ 1,520,238 |
| LIABILITIES | | |
| Total Liabilities | 61,328 | 186,208 |
| NET POSITION | | |
| Restricted for Community Redevelopment | \$ 2,336,214 | \$ 1,334,030 |

Assets increased \$877,304 from the prior year, while liabilities decreased by \$124,880 from the prior year. There was an increase in net position of \$865,661 in the current year.

Summary of Revenues, Expenses, and Changes in Net Position:

| | 2021 | 2020 |
|---|--------------|--------------|
| REVENUES | | |
| Taxes | \$ 2,735,461 | \$ 2,492,586 |
| Investment Income | 3,528 | 26,198 |
| Rents | 3,300 | 8,400 |
| Miscellaneous | 15,999 | - |
| Total Revenues | 2,758,288 | 2,527,184 |
| EXPENSES | | |
| Economic Development | 1,892,627 | 2,157,059 |
| Total Expenses | 1,892,627 | 2,157,059 |
| CHANGE IN NET POSITION | 865,661 | 370,125 |
| Net Position - Beginning of Year | 1,334,030 | 963,905 |
| Prior Period Adjustment | 136,523 | - |
| Net Position - Beginning of Year, as Restated | 1,470,553 | 963,905 |
| NET POSITION - END OF YEAR | \$ 2,336,214 | \$ 1,334,030 |

In fiscal year 2021, total revenue was \$2,758,288, while total expenses were \$1,892,627. This resulted in a positive change in net position of \$865,661.

The taxable value of property located within the two CRA Districts increased \$22,185,368 in fiscal year 2021 resulting in Ad Valorem proceeds increasing \$242,875 over the previous year. Other miscellaneous revenues increased \$15,999 for a total fiscal year 2021 revenue increase of \$231,104.

**COMMUNITY REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Expenses decreased \$264,432 in fiscal year 2021 due largely to decreased expenses for contributions toward the City of Winter Haven's (the City) capital projects. A comparison of expenses by category is as follows:

| | <u>2021</u> | <u>2020</u> | <u>Difference</u> |
|-----------------------------|---------------------|---------------------|---------------------|
| Contributions to the City's | | | |
| Capital Projects | \$ 412,529 | \$ 823,729 | \$ (411,200) |
| Economic Development | 67,719 | 145,000 | (77,281) |
| Contributions to the City's | | | |
| Debt Service | 767,610 | 806,802 | (39,192) |
| Other | 644,769 | 381,528 | 263,241 |
| Total Expenses | <u>\$ 1,892,627</u> | <u>\$ 2,157,059</u> | <u>\$ (264,432)</u> |

Governmental Fund Financial Analysis

General Fund

The general fund reported ending fund balance of \$2,336,214, an increase of \$865,661 over the prior year. The entire fund balance is restricted for community redevelopment. The changes in general fund activity are discussed in the government-wide analysis above.

General Fund Budgetary Highlights

The General Fund budget to actual statement is presented in the basic financial statements. The schedule shows the original adopted budget, the final budget, actual results, and the positive or negative variance between the final budget and actual results. After the original budget is approved, it may be amended for various reasons such as unanticipated revenues, unforeseen expenditures, or new grant awards. There were no amendments to the budget in the current year.

- The actual net change in the fund balance of the General Fund compared to the final budget was a positive variance of \$1,940,373.
- General Fund revenues were \$8,673 less than the final budgeted amount.
- Actual expenditures in the General Fund were \$1,949,046 less than the final budget. Significant variances are due to other projects that were budgeted but did not occur in the current year.

**COMMUNITY REDEVELOPMENT AGENCY
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CITY OF WINTER HAVEN, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Economic Factors and Next Year's Budget and Rates

The Community Redevelopment Agency of the City of Winter Haven, Florida (CRA) is reported as a blended component unit of the City of Winter Haven. Its annual budget was approved on September 27, 2021. The following factors were considered in preparing the CRA's budget for the 2021 fiscal year:

- The City of Winter Haven is the second largest city (17 cities total) in Polk County.
- An economic forecast estimates the City's population growth to be 8.6% per year for the remainder of the decade.
- Property values are forecast to increase by 3.7% in fiscal year 2022.

Requests for Information

This financial report is designed to provide a general overview of the CRA's finances for all those with an interest. Questions concerning any of the information provided on this report or requests for additional information should be addressed as follows:

Calvin T. Bowen
Finance Director
Community Redevelopment Agency
of the City of Winter Haven, Florida
551 Third St NW
Winter Haven, Florida 33881.

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

ASSETS

| | |
|--------------------------|--------------|
| Cash and Investments | \$ 2,392,249 |
| Accounts Receivable, Net | 452 |
| Prepaid Items | 4,841 |
| Total Assets | 2,397,542 |

LIABILITIES

| | |
|---------------------|--------|
| Accounts Payable | 57,239 |
| Accrued Liabilities | 4,089 |
| Total Liabilities | 61,328 |

NET POSITION

| | |
|--|--------------|
| Restricted for Community Redevelopment | 2,336,214 |
| Total Net Position | \$ 2,336,214 |

See accompanying Notes to Financial Statements.

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021**

| | |
|---|----------------------------|
| EXPENSES | |
| Economic Development | \$ 1,892,627 |
| PROGRAM REVENUES | |
| Rents | <u>3,300</u> |
| NET REVENUE | (1,889,327) |
| GENERAL REVENUES | |
| Taxes | 2,735,461 |
| Investment Income | 3,528 |
| Miscellaneous | <u>15,999</u> |
| Total General Revenues | <u>2,754,988</u> |
| CHANGE IN NET POSITION | 865,661 |
| Net Position - Beginning of Year | 1,334,030 |
| Prior Period Adjustment | <u>136,523</u> |
| Net Position - Beginning of Year, as Restated | <u>1,470,553</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 2,336,214</u></u> |

See accompanying Notes to Financial Statements.

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2021**

ASSETS

| | |
|---------------------------|--------------------------------|
| Cash and Investments | \$ 2,392,249 |
| Accounts Receivables, Net | 452 |
| Prepaid Items | <u>4,841</u> |
| Total Assets | <u><u>\$ 2,397,542</u></u> |

LIABILITIES AND FUND BALANCE

| | |
|--|--------------------------------|
| Liabilities: | |
| Accounts Payable | \$ 57,239 |
| Accrued Liabilities | <u>4,089</u> |
| Total Liabilities | 61,328 |
| Fund Balance: | |
| Nonspendable | 4,841 |
| Restricted for Community Redevelopment | <u>2,331,373</u> |
| Total Fund Balance | <u>2,336,214</u> |
| Total Liabilities and Fund Balance | <u><u>\$ 2,397,542</u></u> |

See accompanying Notes to Financial Statements.

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

| | Budget | | Actual | Variance With Final Budget Positive (Negative) |
|--|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 2,738,761 | \$ 2,738,761 | \$ 2,735,461 | \$ (3,300) |
| Miscellaneous: | | | | |
| Rents | 4,200 | 4,200 | 3,300 | (900) |
| Investment Income | 24,000 | 24,000 | 3,528 | (20,472) |
| Miscellaneous | - | - | 15,999 | 15,999 |
| Total Revenues | <u>2,766,961</u> | <u>2,766,961</u> | <u>2,758,288</u> | <u>(8,673)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic Development: | | | | |
| Downtown Community Redevelopment Area: | | | | |
| Personnel Expenditures | 85,962 | 85,962 | 96,952 | (10,990) |
| Operating Expenditures | 135,640 | 135,640 | 109,245 | 26,395 |
| Capital Projects of the City | 1,336,667 | 1,336,667 | 9,550 | 1,327,117 |
| Economic Development | 475,000 | 475,000 | 67,719 | 407,281 |
| Payments to the City's General Fund | 767,610 | 767,610 | 767,610 | - |
| Payments to the City's Construction Fund | - | - | 100,000 | (100,000) |
| Payments to the City's Dark Fiber Fund | 12,600 | 12,600 | 12,600 | - |
| Payments to the City's Transportation Fund | - | - | 15,000 | (15,000) |
| Other Expenditures | 187,858 | 187,858 | 283,623 | (95,765) |
| Florence Villa Community Redevelopment Area: | | | | - |
| Personnel Expenditures | 34,442 | 34,442 | 39,148 | (4,706) |
| Operating Expenditures | 16,882 | 16,882 | 7,138 | 9,744 |
| Capital Projects of the City | 537,000 | 537,000 | - | 537,000 |
| Payments to the City's General Fund | 106,179 | 106,179 | 106,179 | - |
| Payments to the City's Construction Fund | 100,000 | 100,000 | 100,000 | - |
| Payments to the City's Dark Fiber Fund | 4,200 | 4,200 | 4,200 | - |
| Payments to the City's Transportation Fund | 15,000 | 15,000 | 65,000 | (50,000) |
| Other Expenditures | <u>26,633</u> | <u>26,633</u> | <u>108,663</u> | <u>(82,030)</u> |
| Total Expenditures | <u>3,841,673</u> | <u>3,841,673</u> | <u>1,892,627</u> | <u>1,949,046</u> |
| NET CHANGE IN FUND BALANCE | (1,074,712) | (1,074,712) | 865,661 | 1,940,373 |
| Fund Balance - Beginning of Year | | | | |
| as Previously Reported | 1,334,030 | 1,334,030 | 1,334,030 | - |
| Prior Period Adjustment (Note 6) | 136,523 | 136,523 | 136,523 | - |
| Fund Balances - Beginning of Year, as Restated | <u>1,470,553</u> | <u>1,470,553</u> | <u>1,470,553</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 395,841</u> | <u>\$ 395,841</u> | <u>\$ 2,336,214</u> | <u>\$ 1,940,373</u> |

See accompanying Notes to Financial Statements.

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Community Redevelopment Agency of the City of Winter Haven, Florida (CRA), a component unit of the City of Winter Haven (the City), was established by City Resolution No. R-00-7 on March 13, 2000, as authorized by Chapter 163, Florida Statutes, to grow and develop the City of Winter Haven. Its mission is to prevent and eliminate slum and blighted conditions within the community and to foster and promote community redevelopment activities in two designated areas: Downtown and Florence Villa. The CRA is governed by a board of seven members, including the five current City of Winter Haven (City) City Commissioners and two City residents. Management of the City has operational responsibility for the CRA. The CRA is considered to be a blended component unit in the City's Comprehensive Annual Financial Report.

As required by accounting principles generally accepted in the United States of America, these financial statements present the CRA and component units for which the CRA is financially accountable. The application of these criteria provides for identification of any entities for which the CRA is financially accountable and other organizations that the nature and significance of their relationship with the CRA are such that exclusion would cause the CRA's basic financial statements to be misleading or incomplete. Based on the application of these criteria, the CRA has determined that there are no component units.

Basis of Presentation

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 equity, 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 a major fund and is the operating fund of the CRA. It is used to account for all financial resources and expenditures.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on activities of the CRA. The CRA reports only governmental activities; it does not have any business-type activities.

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
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(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues consist of charges for services, grants and contributions that are restricted to meeting an operational or capital requirement 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 fund.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA 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.

Budgets and Budgetary Data

The Following are the procedures in establishing the budget:

The CRA's executive director prepares the annual fiscal operating budget. The proposed budget is then presented to the CRA's board of directors for changes and final approval. Once adopted, the budget serves as legal authorization for expenditures.

Formal budgetary integration is employed as a management control device during the year for all governmental fund types. Budgets for the general fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). All appropriations lapse at the close of the fiscal year.

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Polk County (the 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 Polk 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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaids are expensed during the periods benefited.

Fund Balances

Governmental fund equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and generally long-term items such as advances to other funds or amounts that are required to be maintained intact (corpus of a permanent fund).

Restricted – Amounts that can be spent only for specific purposes stipulated by (a) external resources providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Committed – Amounts that can be used only for specific purposes determined by a formal action (ordinance) of the Board, the CRA's highest level of decision making authority. Commitments may be changed or lifted only by the Board taking the same formal action (ordinance) that imposed the constraints originally. Resources accumulated pursuant to stabilization arrangements are reported in this category only if they are specific and nonrecurring.

Assigned – Amounts intended to be used by the CRA for specific purposes. According to the CRA's fund balance policy, this includes spendable fund balance amounts established by the Board or CRA Management that are neither restricted nor committed. The CRA's fund balance policy does not describe the specific action required to assign fund balance.

Unassigned – Includes the residual classification for the general fund. This classification represents fund balance that is spendable 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 fund balance is available, the CRA considers restricted to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the CRA considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

The CRA's fund balance is restricted for community redevelopment.

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.

Use of Estimates

The preparation of the 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.

**COMMUNITY REDEVELOPMENT AGENCY
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CITY OF WINTER HAVEN, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS

Cash and cash equivalents as of September 30, 2021 consisted of:

| | |
|-------------|---------------------|
| Deposits | \$ 184,973 |
| Investments | 2,207,276 |
| Total | <u>\$ 2,392,249</u> |

Custodial Credit Risk is defined as the risk that, in the event of failure of the counterparty, the CRA will not be able to recover the value of its deposits and securities that are in the possession of an outside party. Bank balances of the CRA's deposits at September 30, 2021 were \$184,973.

All balances in excess of the Federal Deposit Insurance Corporation (FDIC) for demand and time deposits are fully collateralized pursuant to Chapter 280, Florida Statutes. The City's investment policy requires that the deposit be entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss. Other than the preceding, the CRA has no policy on custodial credit risk.

The CRA invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration, 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, 2021, Florida PRIME contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month LIBOR rates. These investments represented 4.4% of Florida PRIME's portfolio at September 30, 2021.

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, as a cash equivalent.

The dollar weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2021 was 49 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, 2021 was 64 days. Investments in Florida PRIME must carry an "AAAm" rating from Standard and Poor's. On September 30, 2021, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating.

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
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CITY OF WINTER HAVEN, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS (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, 2021, 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.

NOTE 3 RISK MANAGEMENT

The CRA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect against this risk the CRA has purchased commercial insurance policies. The CRA is liable for deductibles on certain coverage. Insurance settlements have not exceeded insurance coverage in any of the three prior fiscal years.

**COMMUNITY REDEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 TAX ABATEMENTS

The CRA determined that it is desirable to facilitate redevelopment opportunities within the Florence Villa and Downtown Community Redevelopment Areas of the City through tax increment rebatement and other incentives. The development incentives are consistent with the Community Redevelopment Plans for the two CRA areas and are in compliance with Florida State Statutes 163, Part III and 163.370(1)(d), Resolution R-00-19. A Summary description of the incentives available is as follows:

- **Real Estate Development Accelerator (REDA)** – This incentive targets large-scale development projects that enhance the economic diversity of the Florence Villa Community Redevelopment and/or Downtown Community Redevelopment Areas and are anticipated to increase, by \$5 million or more, the ad valorem Taxable Value within the Florence Villa Community Redevelopment and/or Downtown Community Redevelopment Areas. This incentive can be utilized in the form of a land purchase price mark-down, tax increment financing rebates or similar types of assistance. Each project is negotiated on an individual basis.
- **Housing Investment Program (HIP)** – This incentive targets developers of new housing units, renovations of existing housing units that increase the taxable value of the project by at least 100%, and for sale/for rent residential projects investing at least \$2 million. Projects could qualify for a \$5,000 per unit incentive for market-rate housing. An additional \$5,000 incentive could be provided for each affordable unit constructed with the maximum number of affordable units not to exceed 20% of the number of units of the project.
- **Facade and Exterior Improvement Program (for Developers)** – A reimbursement program which provides reimbursement of up to 50% of the cost of facade improvements. The maximum reimbursement is \$25,000.
- **Commercial Redevelopment** – Redevelopment of existing commercial buildings within the Downtown Community Redevelopment and/or Florence Villa Community Redevelopment Areas that will increase the ad valorem taxable value by at least 100%. A factor in qualifying for this incentive is the degree to which the project retains authentic character and appearance deemed desirable. Qualifying projects may be eligible for a rebate of 50% of the tax increment created by the renovation for up to 10 years.

**COMMUNITY REDEVELOPMENT AGENCY
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CITY OF WINTER HAVEN, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 TAX ABATEMENTS (CONTINUED)

- **Capital Improvement Grant Program** – Annual reimbursement of tax increment revenue, up to 50% of the previous year annual "interest only" portion on the principal amount of a loan obtained for rehabilitation or renovation of a project located in the Downtown Community Redevelopment and/or Florence Villa Community Redevelopment Areas. Amortized points, fees and closing costs are not reimbursable. Loans from participating lenders would be based on the lower of the prime rate or actual loan interest rate. The maximum reimbursement is based on the annual amount of tax increment revenue actually received by the City and/or CRA from the project.

At the conclusion of fiscal year 2021, the following economic incentive agreements were outstanding:

1. Physician's Partnership

A December 9, 2013 development agreement with Physician's Partnership for the development of a 11,440 square foot medical office building located in the Downtown CRA District. Physicians Partnership annually receives 100% of the County's tax increment paid on this structure. The payments will be continued until \$239,107 has been amortized. In addition, the City paid \$35,691 water and sewer impact fees on behalf of Physician's Partnership. The City made no payment in the current fiscal year.

2. First Street North LLC

This agreement approved by the City Commission in March 2017 will rebate 60% of the annual tax increment actually received by the City for a period of ten years. The incentive was approved for the construction of a Bond Clinic facility on First Street North. The City made incentive payments totaling \$31,685 in the current year.

3. Six-Ten Development Agreement

The Six-Ten Corporation plans to build 128 market rate apartments in four downtown locations with an investment of \$21 million. Six-Ten will be due a tax rebate of up to \$5,000 per unit. The City made payments totaling \$25,306 in the current year.

4. Taylor Hotel, LLC

Taylor Hotel is redeveloping three vacant buildings on Central Avenue and 3rd Street SW into a new 75-room hotel with food, beverage and limited retail use. The agreement, approved by the City Commission in October 2017 allows for a 50% rebate of the actual tax increment revenue received for 10 years, or for as long as the CRA exists, whichever is earlier, not to exceed \$308,002. The City made no payments in the current year.

**COMMUNITY REDEVELOPMENT AGENCY
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CITY OF WINTER HAVEN, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 TAX ABATEMENTS (CONTINUED)

5. Dundee Self Storage LLC

Resolution R-16-01 entitles Dundee Self Storage to a rebate of 50% of the actual façade improvements at 335 Magnolia Avenue, up to \$15,000. The annual rebate will continue for 10 years, or for as long as the CRA exists, but shall not exceed 100% of the actual tax increment revenue generated from the improvements. This agreement was approved by the City Commission in October 2017. The City made payments of \$377 in the current year.

6. Central South, LLC

Resolution R-16-01 entitles Central South, LLC to a rebate of 50% of the actual façade improvements at 150 3rd Street SW, up to \$15,000. The annual rebate will continue for 10 years, or for as long as the CRA exists, but shall not exceed 100% of the actual tax increment revenue generated from the improvements. This agreement was approved by the City Commission in June 2020. The City made no payments in the current year.

7. RainDance Development Agreement

RainDance, LLC plans to build 105 multifamily units on 10.5 lots in the Overstreet Subdivision. Rain Dance will be due a tax rebate of up to \$5,000 per unit. The City made no payments in the current year.

8. 750 Avenue C SW, LLC Development Agreement

750 Avenue C SW, LLC plans to build 15 multifamily units at 450 Avenue C SW, in the Downtown CRA District. 750 Avenue C SW will be due a tax rebate of up to \$5,000 per unit. The City made payments of \$10,350 in the current year.

9. Winter Haven, FL 0721 LLC

This agreement approved by the City Commission in September 2021 will rebate 90% of the annual tax increment actually received by the City for a period of ten years, and an additional development incentive of \$1,759 per room for three years. The incentive was approved for the construction of a six-story hotel with approximately 108 rooms on five parcels within the Downtown CRA district. The City made no payments in the current year.

10. Ave F SW LLC

Resolution R-21-01 entitles Ave F SW to a rebate of 50% of the actual façade improvements to redevelop seven lots on 212 Ave F SW, up to \$15,000. The annual rebate will continue for 10 years, or for as long as the CRA exists, but shall not exceed 100% of the actual tax increment revenue generated from the improvements. This agreement was approved by the City Commission in September 2021. The City made no payments in the current year.

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 TAX ABATEMENTS (CONTINUED)

11. Six-Ten LLC

Resolution R-16-01 entitles Six-Ten to a rebate of 50% of the actual façade improvements at 543 Avenue B SW, up to \$15,000. The annual rebate will continue for 10 years, or for as long as the CRA exists, but shall not exceed 100% of the actual tax increment revenue generated from the improvements. This agreement was approved by the City Commission in March 2021. The City made no payments in the current year.

12. Six-Ten LLC

Resolution R-16-01 entitles Six-Ten to a rebate of 50% of the actual façade improvements at 140 6th Street SW, up to \$15,000. The annual rebate will continue for 10 years, or for as long as the CRA exists, but shall not exceed 100% of the actual tax increment revenue generated from the improvements. This agreement was approved by the City Commission in March 2021. The City made no payments in the current year.

NOTE 5 BUDGETARY COMPLIANCE

The CRA's actual expenditures exceeded the final adopted budget as follows:

| | Variance With Final Budget Positive (Negative) |
|--|---|
| | |
| Economic Development: | |
| Downtown Community Redevelopment Area: | |
| Personnel Expenditures | \$ (10,990) |
| Payments to the City's Construction Fund | (100,000) |
| Payments to the City's Transportation Fund | (15,000) |
| Other Expenditures | (95,765) |
| Florence Villa Community Redevelopment Area: | |
| Personnel Expenditures | (4,706) |
| Payments to the City's Transportation Fund | (50,000) |
| Other Expenditures | (82,030) |
| Total Expenditures | \$ (358,491) |

**COMMUNITY REDEVELOPMENT AGENCY
 OF THE
 CITY OF WINTER HAVEN, FLORIDA
 (A COMPONENT UNIT OF THE
 CITY OF WINTER HAVEN, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021**

NOTE 6 PRIOR PERIOD ADJUSTMENT

The City has restated the financial statements of the governmental activities and the CRA fund to correct an error in liabilities reported in prior years. To correct this error, beginning net position of the governmental activities and fund balances of the CRA have been restated as follows:

| | Community Redevelopment Agency |
|---|--------------------------------------|
| Fund Balance, September 30, 2020, as Previously Reported | \$ 1,334,030 |
| Prior Period Adjustment for: | |
| CRA Liability Recorded in the Prior Year | 136,523 |
| Fund Balance, September 30, 2020, as Restated | \$ 1,470,553 |

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

| | Downtown Community Redevelopment Area | Florence Villa Community Redevelopment Area | Total |
|--|--|--|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | |
| Taxes | \$ 2,288,148 | \$ 447,313 | \$ 2,735,461 |
| Miscellaneous: | | | |
| Rents | 3,300 | - | 3,300 |
| Net Change in Fair Value of Investments | 3,093 | 435 | 3,528 |
| Miscellaneous | 11,199 | 4,800 | 15,999 |
| Total Revenues | <u>2,305,740</u> | <u>452,548</u> | <u>2,758,288</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Economic Development: | | | |
| Personnel Expenditures | 96,952 | 39,148 | 136,100 |
| Operating Expenditures | 109,245 | 7,138 | 116,383 |
| Capital Projects of the City | 9,550 | - | 9,550 |
| Economic Development | 67,719 | - | 67,719 |
| Payments to the City's General Fund | 767,610 | 106,179 | 873,789 |
| Payments to the City's Construction Fund | 100,000 | 100,000 | 200,000 |
| Payments to the City's Transportation Fund | 15,000 | 65,000 | 80,000 |
| Payments to the City's Dark Fiber Fund | 12,600 | 4,200 | 16,800 |
| Other Expenditures | 283,623 | 108,663 | 392,286 |
| Total Expenditures | <u>1,462,299</u> | <u>430,328</u> | <u>1,892,627</u> |
| NET CHANGE IN FUND BALANCES | 843,441 | 22,220 | 865,661 |
| Fund Balances - Beginning of Year | | | |
| as Previously Reported | 928,280 | 405,750 | 1,334,030 |
| Prior Period Adjustment (Note 6) | 136,523 | - | 136,523 |
| Fund Balances - Beginning of Year, as Restated | <u>1,064,803</u> | <u>405,750</u> | <u>1,470,553</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 1,908,244</u> | <u>\$ 427,970</u> | <u>\$ 2,336,214</u> |



**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 Directors
Community Redevelopment Agency
of the City of Winter Haven, 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 general fund of Community Redevelopment Agency of the City of Winter Haven, Florida (CRA), a component unit of the City of Winter Haven, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated March 28, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

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*.

The CRA’s Response to Findings

The Community Redevelopment Agency of the City of Winter Haven’s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The CRA’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Winter Haven, Florida
March 28, 2022

**COMMUNITY REDEVELOPMENT AGENCY
OF THE
CITY OF WINTER HAVEN, FLORIDA
(A COMPONENT UNIT OF THE
CITY OF WINTER HAVEN, FLORIDA)
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2021**

2021-001 – Material Adjustments

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: A material error was detected in the CRA's account balances during our audit. As a result, a restatement of prior year balances was proposed to correct the error.

Criteria or specific requirement: CRA management is responsible for establishing and maintaining internal controls over proper recording of the CRA's transactions and reconciliation and review of the CRA's account balances.

Effect: Liabilities and net position/fund balance were overstated.

Cause: Errors in account balances were not detected during the review process.

Repeat Finding: No

Recommendation: Account reconciliations should be prepared by a staff member and reviewed by a member of management, allowing management the ability to perform analytical analysis to identify unusual account balances. Trial balances should be reviewed to ensure that all accounts are reconciled, and any related adjustments are posted.

Views of responsible officials and planned corrective actions: Supporting documentation provided for journal entry review will be more comprehensive.



MANAGEMENT LETTER

Board of Directors
Community Redevelopment Agency
of the City of Winter Haven, Florida

Report on the Financial Statements

We have audited the financial statements of the Community Redevelopment Agency of the City of Winter Haven, Florida (CRA), a component unit of the City of Winter Haven, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 28, 2022.

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 Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 28, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Prior year findings not corrected in the current year are included in our Independent Accountants' 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.

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.

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 contains no component units.

Special District Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Community Redevelopment Agency of the City of Winter Haven (CRA) reported:

- a. The total number of district employees compensated in the last pay period of the CRA's fiscal year as: 0.9 people (1 at 15%, 1 at 49%, 1 at 5% and 1 at 21%).
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as 5.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as: \$97,706.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$38,116.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
 - Lake Silver Project Assistance – \$100,000

Board of Directors
Community Redevelopment Agency
Of the City of Winter Haven, Florida

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as: See page 12 of the financial statements.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. 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

Winter Haven, Florida
March 28, 2022



INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Community Redevelopment Agency
of the City of Winter Haven, Florida
and the Florida Auditor General

We have examined the Community Redevelopment Agency of the City of Winter Haven'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, 2021. 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.

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

Our examination disclosed that the CRA did not submit the adopted budget to the Board of County Commissioners, as required by Florida Statute 163.387(6)(b) and CRA expenditures exceeded the adopted budget at the legal level of budgetary control, as required by Florida Statute 189.016(3).

In our opinion, except for the items 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 redevelopment agencies; during the year ended September 30, 2021.

Board of Directors
Community Redevelopment Agency
of the City of Winter Haven, Florida
and the Florida Auditor General

This report is intended solely for the information and use of the CRA 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

Winter Haven, Florida
March 28, 2022