

Zephyrhills Community Redevelopment Agency

A Component Unit of the City of Zephyrhills, Florida

**General Purpose Financial Statements
For the Year Ended September 30, 2023**



Zephyrhills Community Redevelopment Agency

(A Component Unit of the City of Zephyrhills, Florida)

CRA Leadership

September 30, 2023

CRA Board of Commissioners

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

Appointed Officials

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

Table of Contents

Table of Contents	i
Independent Auditors' Report	A1-A2
Management's Discussion and Analysis.....	M1-M4
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Governmental Fund Financial Statements	
Balance Sheet	3
Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Notes to the Financial Statements	7-11
Required Supplementary Information	
CRA Fund-Budgetary Comparison Schedule.....	12
Additional Elements of Report Prepared in Accordance with <i>Government Auditing Standards</i>, Issued by The Comptroller General of The United States; and the <i>Rules of The Auditor General</i> of The State of Florida	
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 <i>Government Auditing Standards</i>	13-14
Independent Accountants' Report on Compliance with Section 218.415 and 163.387(6) and (7) Florida Statutes.....	15
Management Letter.....	16-18

Independent Auditors' Report

The Board of Commissioners
Community Redevelopment Agency
City of Zephyrhills, FL 33542

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund of the Community Redevelopment Agency (the CRA), a component unit of the City of Zephyrhills, Florida (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CRA as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 representation 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, Florida's, ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CRA, Florida'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, Florida'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 on pages M1 through M4 and the required supplementary information on page 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CRA, Florida's, basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2024, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "DGPerry". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

DGPerry
Zephyrhills, Florida
April 16, 2024

Management's Discussion and Analysis (MD&A)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the CRA's finances, in a manner similar to a private-sector business.

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. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

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

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

Fund Financial Statements

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

Governmental Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Special Revenue Funds

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

Restricted Fund Balance

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

Notes to the Financial Statements

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

Required Supplementary Information (RSI)

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

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the CRA's financial position. In the case of the CRA, assets exceeded liabilities by \$1,142,989 as of the close of the most recent fiscal year, an increase of \$432,061 in comparison with the prior year.

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

Community Redevelopment Agency

	2023	2022
Assets		
Cash and Cash Equivalents	\$ 1,169,650	\$ 717,621
Total Assets	<u>\$ 1,169,650</u>	<u>\$ 717,621</u>
Liabilities		
Accounts Payable	\$ 26,661	\$ 10,653
Total Liabilities	<u>\$ 26,661</u>	<u>\$ 10,653</u>
Net Position		
Restricted		
Community Redevelopment Projects	\$ 1,142,989	\$ 706,968
Unrestricted	-	-
Total Net Position	<u>\$ 1,142,989</u>	<u>\$ 706,968</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities

The following table reflects the *Statement of Activities* for the current and prior year:

	2023	2022
Revenues		
Property Taxes	\$ 733,999	\$ 556,545
Investment Income	123,964	9,163
Total Revenues	<u>857,963</u>	<u>565,708</u>
Expenditures		
Personnel Services	\$ 124,192	\$ 112,088
Economic Development	112,972	80,692
Capital Outlay	184,778	64,956
Total Expenditures	<u>421,942</u>	<u>257,736</u>
Net Change in Net Position	436,021	307,972
Net Position, Beginning of Year	<u>706,968</u>	<u>398,996</u>
Net Position, End of Year	<u>\$ 1,142,989</u>	<u>\$ 706,968</u>

Fiscal year 2023 activities increased the CRA's net position by \$436,021. 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.

Financial Analysis of the CRA's Funds

Governmental Funds

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

The CRA's fund balance of \$1,142,989 is restricted for redevelopment projects within the CRA district.

Property taxes totaling \$733,999 represented approximately 98% of all revenues. The CRA's fund balance increased by \$436,021 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration

The CRA's capital assets are considered to be property of the City and, therefore, are included as capital assets in the City's government-wide financial statements. Capital asset activity for the year ended September 30, 2023, can be found in the City's audited financial statements.

At September 30, 2023, 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
For the Year Ended September 30, 2023

	Governmental Activities
Assets	
Current Assets	
Cash and Pooled Cash, Cash Equivalents, and Investments	\$ 1,169,650
Total Current Assets	<u>1,169,650</u>
Deferred Outflows of Resources	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 1,169,650</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 22,260
Accrued Liabilities	<u>4,401</u>
Total Current Liabilities	<u>26,661</u>
Deferred Inflows of Resources	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>26,661</u>
Net Position	
Restricted	
Community Reinvestment	1,142,989
Unrestricted	<u>-</u>
Total Net Position	<u>1,142,989</u>
Total Liabilities and Net Position	<u><u>\$ 1,169,650</u></u>

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

Zephyrhills Community Redevelopment Agency
(A Component Unit of the City of Zephyrhills, Florida)

Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues Charges for Services	Changes in Net Position
Governmental Activities			
General Government	\$ 350,454	\$ -	\$ (350,454)
Community Redevelopment	71,488	-	(71,488)
Total Governmental Activities	<u>\$ 421,942</u>	<u>\$ -</u>	<u>\$ (421,942)</u>
General Revenues:			
Taxes			\$ 733,999
Investment Income			123,964
Total General Revenues and Special Items			<u>857,963</u>
Change in Net Position			436,021
Net Position Beginning of Year			706,968
Net Position End of Year			<u><u>\$ 1,142,989</u></u>

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

Zephyrhills Community Redevelopment Agency
(A Component Unit of the City of Zephyrhills, Florida)

Balance Sheet
Governmental Funds
For the Year Ended September 30, 2023

	<u>General</u>
Assets	
Cash and Pooled Cash, Cash Equivalents, and Investments	\$ 1,169,650
	<u>1,169,650</u>
Total Assets	<u>1,169,650</u>
Liabilities and Fund Balances	
Liabilities	
Accounts Payable	26,661
	<u>26,661</u>
Total Liabilities	<u>26,661</u>
Fund Balances	
Restricted For:	
Community Reinvestment	1,142,989
Undesignated/Unreserved	<u>-</u>
Total Fund Balances	<u>1,142,989</u>
Total Liabilities and Fund Balances	<u>\$ 1,169,650</u>

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

Zephyrhills Community Redevelopment Agency
(A Component Unit of the City of Zephyrhills, Florida)

Reconciliation of the Balance Sheet to the
Statement of Net Position Governmental Funds
For the Year Ended September 30, 2023

Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
For the Year Ended September 30, 2023

Fund Balances - Total Governmental Funds	\$	1,142,989
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Amounts reported for Governmental Activities in the Statement
of Net Assets are different because:

Capital Assets used in Governmental Activities are not financial
resources and, therefore, are not reported in the Governmental Funds.

Governmental Capital Assets	-		
Less: Accumulated Depreciation	-		-

Long-Term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.		-
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Other	-		
Compensated Absences - Long-Term	-		
Unfunded Accrued Liability - OPEB	-		
Net Pension Liability	-		
Other Deferred Inflows/Outflows	-		-

Net Assets of Governmental Activities	\$	<u>1,142,989</u>
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The accompanying notes are an integral part of these 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
For the Year Ended September 30, 2023

	General
Revenues	
Taxes	\$ 733,999
Investment Income	123,964
Total Revenues	<u>857,963</u>
Expenditures	
Current	
General Government	350,454
Community Redevelopment	71,488
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>421,942</u>
Excess of Revenues Over (Under) Expend.	<u>436,021</u>
Other Financing Sources (Uses)	
Transfers In	-
Transfers Out	-
Total Other Financing Sources (Uses)	<u>-</u>
Net Change in Fund Balances	436,021
Fund Balances - Beginning of Year	<u>706,968</u>
Fund Balances - End of Year	<u><u>\$ 1,142,989</u></u>

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

Zephyrhills Community Redevelopment Agency

(A Component Unit of the City of Zephyrhills, Florida)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2023

Net Change in Fund Balance - Total Government Funds	\$	436,021
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as Expenditures. However, in the Statement of Activities, the cost of those assets are depreciated over their estimated useful lives.

Expenditures for Capital Assets	184,778	
Less Current Year Depreciation	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> -	184,778

Proceeds from debt issue are financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

-

Estimated (increase)/decrease in Net OPEB obligations

-

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as Expenditures in Governmental Funds.

Contributions of Capital Assets-City of Zephyrhills General Fund	(184,778)	
Other	-	
Change in Compensated Absences - Long-Term	-	
Other - Deferred Inflows/Outflows	-	
Increase Net Pension Liability	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> -	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> (184,778)

Change in Net Assets of Governmental Activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;"></div> 436,021
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The accompanying notes are an integral part of these financial statements.

Zephyrhills Community Redevelopment Agency

(A Component Unit of the City of Zephyrhills, Florida)

Notes to the Financial Statements
For the Year Ended September 30, 2023

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Zephyrhills Community Redevelopment Agency (the CRA) have been prepared in conformance with the accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the CRA has adopted the GASB Codification. The following is a summary of the CRA's significant accounting policies:

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

Basic Financial Statements - 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 General Fund, which accounts for all financial operations of the CRA is considered to be a major fund and is the only fund of the CRA.

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.

Zephyrhills Community Redevelopment Agency

(A Component Unit of the City of Zephyrhills, Florida)

Notes to the Financial Statements
For the Year Ended September 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

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. However, expenditures related to long-term agreements are recorded only when payment is due.

Budgets and Budgetary Accounting

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.

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.

Annual budgets are adopted for the following funds: General Fund, Special Revenue Fund, CRA Funds, and Enterprise Funds.

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 generally accepted accounting principles.

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.

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.

Zephyrhills Community Redevelopment Agency

(A Component Unit of the City of Zephyrhills, Florida)

Notes to the Financial Statements
For the Year Ended September 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

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 an SEC 2a-7 like fund pool in accordance with GASB statement No. 31 and is valued using the pooled share price 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.

Capital Assets

Capital assets include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). The CRA's capital assets are considered to be property of the City and, therefore, are included as capital assets in the City's government-wide financial statements. Capital asset activity for the year ended September 30, 2023, can be found in the City's audited financial statements. As the capital assets are retained by the City, the CRA contributes capital to the general fund for capital outlay related to the CRA's redevelopment and infrastructure projects.

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, 2023, can be found in the City's audited financial statements.

Net Position

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

Restricted

This component consists of net position that has constraints placed on them either externally by third parties (creditors, grantors, and contributors) or by law through constitutional provisions of enabling legislation.

Unrestricted

This component consists of net position that does not meet the definition of "invested in capital assets, net of related debt" and "restricted". Designations of net position made by the City's management are included in this component because these types of constraints are internal, and management can remove or modify them.

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.

Zephyrhills Community Redevelopment Agency

(A Component Unit of the City of Zephyrhills, Florida)

Notes to the Financial Statements
For the Year Ended September 30, 2023

Note 1 - Summary of Significant Accounting Policies (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).

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.

Interfund Transactions

The City's general fund transfers funds to the CRA for their portion of property tax increment revenue. Capital outlay is contributed by the CRA to the City's general fund for capital outlay for the CRA's redevelopment and infrastructure projects.

Use of Estimates

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

Zephyrhills Community Redevelopment Agency

(A Component Unit of the City of Zephyrhills, Florida)

Notes to the Financial Statements
For the Year Ended September 30, 2023

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

Statement of Net Position and Governmental Fund Balance Sheet

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

Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances

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

The government-wide and fund financial statements for the year ended September 30, 2023, can be found in the City's audited financial statements.

Note 3 - Cash and Pooled Cash, Cash Equivalents, and Investments

At September 30, 2023, the carrying amount of the CRA's cash equivalents and investments was \$1,169,650. These funds are a part of the City's pooled cash funds. The City's cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes. The 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 4 - 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 5 - Contingencies

The CRA is exposed to various risks of loss related 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.

Note 6 - Subsequent Events

Subsequent events have been evaluated through April 16, 2024, the date the financial statements were available to be issued.

Zephyrhills Community Redevelopment Agency
(A Component Unit of the City of Zephyrhills, Florida)

Required Supplementary Information
Budgetary Comparison Schedule - CRA Fund
For the Year Ended September 30, 2023

Resources (Inflows)	Budgeted Amount		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
Taxes				
Ad Valorem City	\$ 328,685	\$ 328,685	\$ 328,685	\$ -
Ad Valorem County	393,781	393,781	405,314	11,533
Total Taxes	<u>722,466</u>	<u>722,466</u>	<u>733,999</u>	<u>11,533</u>
Miscellaneous				
Interest Income	1,000	1,000	123,964	122,964
Total Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>123,964</u>	<u>122,964</u>
Amount Available for Appropriation	723,466	723,466	857,963	134,497
Charges to Appropriations (Outflows)				
Expenditures - Other Economic Environment				
Personnel Services	121,899	121,899	124,192	(2,293)
Professional Services	102,096	102,096	31,798	70,298
Contractual Services	55,807	55,807	20,690	35,117
Promotional Activities	5,000	5,000	3,028	1,972
Supplies	2,550	2,550	3,545	(995)
Telephone and Communications	3,200	3,200	3,267	(67)
Training and Dues	4,000	4,000	1,273	2,727
Incentives	100,000	100,000	25,000	75,000
Building Facade Grants	50,000	50,000	19,000	31,000
Miscellaneous	6,219	6,219	5,371	848
Transfers to Other Fund	-	-	-	-
Contingency and Reserves	-	-	-	-
Total General Government	<u>450,771</u>	<u>450,771</u>	<u>237,164</u>	<u>213,607</u>
Expenditures - Debt Service				
Debt Principal and Interest	-	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures - Capital Outlay	930,000	930,000	184,778	745,222
Total Charges to Appropriations (Outflows)	<u>1,380,771</u>	<u>1,380,771</u>	<u>421,942</u>	<u>958,829</u>
Excess (Deficiency) of Resources over Charges to Appropriations	(657,305)	(657,305)	436,021	1,093,326
Fund Balance at Beginning of Year	657,305	657,305	706,968	49,663
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,142,989</u>	<u>\$ 1,142,989</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***

The 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, the financial statements of the Zephyrhills Community Redevelopment Agency (CRA), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA's financial statements, and have issued our report thereon dated April 16, 2024.

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) to determine the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA's financial statements are free of 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 determination of financial statement amounts. 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 the Report

This report is intended 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 entity'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 entity's control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "DGPerry". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

DGPerry
Zephyrhills, Florida
April 16, 2024

**Independent Accountants' Report on Compliance
With Sections 218.415 and Sections 163.387 (6) and (7), Florida Statutes**

The 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, *Local Government Investment Policies*, and Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund* (collectively, the "Statutes"), for the period ended September 30, 2023, as required by Section 10.556, *Rules of the Auditor General*. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

In our opinion, the CRA complied, in all material respects, with contained in Section 218.415, Florida Statutes during the year ended September 30, 2023.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the CRA board of commissioners, its management, and the City Council of the City of Zephyrhills and is not intended to be and should not be used by anyone other than these specified parties. However, this letter is a matter of public record and its distribution is not limited.



DGPerry
Zephyrhills, Florida
April 16, 2024

Management Letter

The 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, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 16, 2024.

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; Uniform Guidance and Chapter 10.650 Rules of the Auditor General, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the 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 and schedule, which are dated April 16, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report 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 identification of the specific conditions 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. 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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Section 218.39(3)(c) and Section 10.554(1)(i)6, Rules of the Auditor General, require that we provide the information listed below:

Number of district employees compensated at 9/30/2023	1
Number of independent contractors compensated in September 2023	12
Employee compensation for FYE 9/30/2023 (paid/accrued)	\$ 81,112
Independent contractor compensation for FYE 9/30/2023	\$ 178,005
Construction projects to begin on or after October 1; (>\$65K)	Not applicable
Budget variance report	See Variance Report in report for details

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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



DGPerry
Zephyrhills, Florida
April 16, 2024