

Zephyrhills Community Redevelopment Agency

A Component Unit of the City of Zephyrhills, Florida

**General Purpose Financial Statements
For the Year Ended September 30, 2020**



Zephyrhills Community Redevelopment Agency

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

CRA Leadership

September 30, 2020

CRA Board of Commissioners

Jodi Wilkeson	Chairperson
Lance A. Smith	Vice-Chairperson
Kenneth Burgess	Board Member
Charles E. Proctor	Board Member
Alan Knight	Board Member
Gene Whitfield	Mayor City of Zephyrhills

Appointed Officials

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

Table of Contents

Table of Contents	i-ii
Independent Auditors' Report	A1-A2
Management's Discussion and Analysis.....	M1-M13
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Notes to the Financial Statements	3-7
Required Supplementary Information	
CRA Fund-Budgetary Comparison Schedule	8
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 of The State of Florida</i>	
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>	9-10
Independent Accountants' Report on Compliance with Section 218.415 and 163.387(6) & (7) Florida Statutes.....	11
Management Letter.....	12-13

6815 Dairy Road
Zephyrhills, FL 33542

813.788.2155
BodinePerry.com

Independent Auditors' Report

August 11, 2021

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

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, 2020, 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 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.

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 the financial audits contained in *Government Audit 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 CRA as of September 30, 2020, 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.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2021, 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.



Bodine Perry
Zephyrhills, FL

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.

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 \$226,701 as of the close of the most recent fiscal year, an increase of \$107,007 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

	2020	2019
Assets		
Cash and Cash Equivalents	\$ 240,559	\$ 148,326
Total Assets	<u>\$ 240,559</u>	<u>\$ 148,326</u>
Liabilities		
Accounts Payable	\$ 13,858	\$ 28,633
Total Liabilities	<u>\$ 13,858</u>	<u>\$ 28,633</u>
Net Position		
Restricted		
Community Redevelopment Projects	\$ 226,701	\$ 119,693
Unrestricted	-	-
Total Net Position	<u>\$ 226,701</u>	<u>\$ 119,693</u>

Statement of Activities

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

	2020	2019
Revenues		
Property Taxes	\$ 315,410	\$ 196,749
Investment Income	<u>\$ 13,398</u>	<u>\$ 5,818</u>
Total Revenues	<u>\$ 328,808</u>	<u>\$ 202,567</u>
Expenditures		
Personnel Services	\$ 100,235	\$ 99,382
Economic Development	<u>\$ 121,566</u>	<u>\$ 107,760</u>
Total Expenditures	<u>\$ 221,801</u>	<u>\$ 207,142</u>
Net Change in Net Position	\$ 107,007	\$ (4,575)
Net Position, Beginning of Year	<u>\$ 119,694</u>	<u>\$ 124,269</u>
Net Position, End of Year	<u>\$ 226,701</u>	<u>\$ 119,694</u>

Fiscal year 2020 activities increased the CRA's net position by \$107,007. 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 \$226,701 is restricted for redevelopment projects within the CRA district.

Property taxes totaling \$315,410 represented approximately 96% of all revenues. The CRA's fund balance increased by \$107,007 in the current year. The increase in tax increment financing revenues received by the CRA in the current year resulted from increased property values within the CRA district.

Capital Assets and Debt Administration

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, 2020, can be found in the City's audited financial statements.

At September 30, 2020, 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, 2020

	Governmental Activities
Assets	
Current Assets	
Cash and Pooled Cash, Cash Equivalents, and Investments	\$ 240,559
Total Current Assets	240,559
Deferred Outflows of Resources	-
Total Assets and Deferred Outflows of Resources	\$ 240,559
Liabilities	
Current Liabilities	
Accounts Payable	\$ 13,858
Other	-
Total Current Liabilities	13,858
Deferred Inflows of Resources	-
Total Liabilities and Deferred Inflows of Resources	13,858
Net Position	
Restricted	
Community Redevelopment Projects	226,701
Unrestricted	-
Total Net Position	226,701
Total Liabilities and Net Position	\$ 240,559

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, 2020

Functions/Programs	Expenses	Program Revenues Charges for services	Changes in Net Position
Governmental Activities			
General Government	\$ 105,488	\$ -	\$ (105,488)
Community Redevelopment	116,313	-	(116,313)
Total Governmental Activities	\$ 221,801	\$ -	\$ (221,801)
General Revenues:			
Taxes			\$ 315,410
Investment Income			13,398
Total General Revenues and Special Items			328,808
Change in Net Position			107,007
Net Position Beginning of Year			119,694
Net Position End of Year			\$ 226,701

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, 2020

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, 2020

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 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.

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

The budget and property tax millage 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, 2020

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 a SEC 2a7-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, 2020, 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, 2020, 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, 2020

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

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 the City portion 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, 2020

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, 2020 can be found in the City's audited financial statements.

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

At September 30, 2020, the carrying amount of the CRA's cash equivalents and investments was \$240,559. 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-COVID

Subsequent events have been evaluated through August 11, 2021, the date the financial statements were available to be issued. In 2020, the continued spread of the COVID-19 pandemic is affecting the United States and may affect the CRA's operations and those of third parties on which the CRA relies. While the CRA does not expect to see a material COVID-19 impact on the results of operations, given the uncertainties surrounding the duration of the outbreak it is not currently possible to ascertain the overall impact of COVID-19. Management is monitoring the situation in order to mitigate any potential impact on the CRA's operations and financial performance.

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, 2020

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive Negative
	Original	Final	Budgetary Basis	
Resources (Inflows)				
Taxes				
Ad Valorem City	\$ 145,143	\$ 145,143	\$ 143,740	\$ (1,403)
Ad Valorem County	173,888	173,888	171,670	(2,218)
Total Taxes	319,031	319,031	315,410	(3,621)
Miscellaneous				
Interest Income	-	-	13,398	13,398
Total Miscellaneous	-	-	13,398	13,398
Amount Available for Appropriation	319,031	319,031	328,808	9,777
Charges to Appropriations (Outflows)				
Expenditures - Other Economic Environment				
Personnel Services	101,505	101,505	100,235	1,270
Professional Services	50,000	50,000	18,700	31,300
Contractual Services	75,000	75,000	69,613	5,387
Promotional Activities	10,000	10,000	1,134	8,866
Office Supplies	500	500	91	409
Operating Supplies	2,500	2,500	395	2,105
Telephone and Communications	500	500	1,516	(1,016)
Training and Dues	4,500	4,500	2,046	2,454
Incentives	170,000	170,000	10,500	159,500
Building Facade Grants	50,000	50,000	17,500	32,500
Refuse Removal	-	-	71	(71)
Transfers to Other Fund	-	-	-	-
Contingency and Reserves	22,505	22,505	-	22,505
Total General Government	487,010	487,010	221,801	265,209
Expenditures - Debt Service				
Debt Principal and Interest	-	-	-	-
Total Debt Service	-	-	-	-
Expenditures - Capital Outlay	-	-	-	-
Total Charges to Appropriations (Outflows)	487,010	487,010	221,801	265,209
Excess (Deficiency) of Resources over Charges to Appropriations	(167,979)	(167,979)	107,007	274,986
Fund Balance at Beginning of Year	167,979	167,979	119,694	(48,285)
Fund Balance at End of Year	\$ -	\$ -	\$ 226,701	\$ 226,701

6815 Dairy Road
Zephyrhills, FL 33542

813.788.2155
BodinePerry.com

**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 States, the financial statements of the Zephyrhills Community Redevelopment Agency (CRA), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's financial statements, and have issued our report thereon dated August 11, 2021.

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.



Bodine Perry
Zephyrhills, FL
August 11, 2021

6815 Dairy Road
Zephyrhills, FL 33542

813.788.2155
BodinePerry.com

**Independent Accountants' Report on Compliance
With Sections 218.415 and Sections 163.387 (6) & (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, 2020, 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.

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 the aforementioned requirements for the year ended September 30, 2020.

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.



Bodine Perry
Zephyrhills, FL
August 11, 2021

6815 Dairy Road
Zephyrhills, FL 33542

813.788.2155
BodinePerry.com

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, 2020, and have issued our report thereon dated August 11, 2021.

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 Report and Schedule

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 August 11, 2021, 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. No prior separate audit has been performed for the CRA, therefore there are no prior findings and recommendations.

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had no such recommendations.

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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. In connection with our audit, we did not have 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.



Bodine Perry
Zephyrhills, FL
August 11, 2021