

**CITY OF CRYSTAL RIVER
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)**

FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021**

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**CITY OF CRYSTAL RIVER
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)
FINANCIAL STATEMENTS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Executive Director
City of Crystal River Community Redevelopment Agency
Crystal River, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.

Bradenton, Florida
June 24, 2022

Mauldin & Jenkins, LLC

CITY OF CRYSTAL RIVER COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,270,450
Investments	12,188
Prepaid expenses	3
Capital assets:	
Capital assets, nondepreciable	4,244,438
Capital assets, depreciable, net of accumulated depreciation	2,063,406
Total assets	7,590,485
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	117,304
Accrued interest	14,412
Noncurrent liabilities	
Due within one year	177,677
Due in more than one year	2,902,521
Total liabilities	3,211,914
NET POSITION	
Net investment in capital assets	3,227,646
Restricted	1,150,925
Total net position	\$ 4,378,571

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

CITY OF CRYSTAL RIVER COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Functions/programs	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Revenue and Changes in Net Position
				<u>Governmental Activities</u>
Governmental activities				
Economic development	\$ 658,296	\$ -	\$ 655,126	\$ (3,170)
Interest and other fiscal charges	98,014	-	-	(98,014)
Total governmental activities	<u>\$ 756,310</u>	<u>\$ -</u>	<u>\$ 655,126</u>	<u>(101,184)</u>
General revenues				
Property taxes				596,417
Intergovernmental revenue (not restricted to specific programs)				95,200
Interest				<u>3,806</u>
Total general revenues				<u>695,423</u>
Change in net position				594,239
Net position, beginning				<u>3,784,332</u>
Net position, ending				<u>\$ 4,378,571</u>

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

CITY OF CRYSTAL RIVER COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)
BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2021

ASSETS

Cash and cash equivalents	\$	1,270,450
Investments		12,188
Prepaid expenses		3
Total assets		\$ 1,282,641

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	115,167
Accrued payroll		2,137
Total liabilities		117,304

FUND BALANCE

Nonspendable:		
Prepays		3
Restricted for:		
Community redevelopment		1,165,334
Total fund balance		1,165,337
Total liabilities and fund balance	\$	1,282,641

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

CITY OF CRYSTAL RIVER COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Naples, Florida)
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balance, General Fund	\$	1,165,337
Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	\$	7,038,331
Less accumulated depreciation		<u>(730,487)</u>
		<u>6,307,844</u>
Long-term liabilities are not due and payable in the current period and therefore are not reported in the General Fund.		
CRA Redevelopment Revenue Note, Series 2021		(3,080,198)
Accrued interest expense		<u>(14,412)</u>
		<u>(3,094,610)</u>
Total net position, governmental activities	\$	<u><u>4,378,571</u></u>

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

CITY OF CRYSTAL RIVER COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

REVENUES

Property taxes	\$	596,417
Intergovernmental - tax increment financing		95,200
Interest		3,806
Intergovernmental - grants		566,666
Total revenues		1,262,089

EXPENDITURES

Current		
Economic development		338,045
Debt service		
Principal		3,298,891
Interest		89,223
Capital outlay		590,801
Total expenditures		4,316,960

Deficiency of revenues under expenditures		(3,054,871)
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OTHER FINANCING SOURCE

Issuance of debt		3,167,344
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Net change in fund balance		112,473
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Fund balance, beginning		1,052,864
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Fund balance, ending	\$	1,165,337
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The accompanying notes are an integral part of the financial statements.

**CITY OF CRYSTAL RIVER COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE—GENERAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance, General Fund	\$	112,473
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The General Fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay	\$ 590,801	
Depreciation expense	<u>(143,040)</u>	
		447,761

Various miscellaneous transactions relating to capital assets reported in the statement of activities are not reported in the funds because they have no effect on current financial resources.

Contributions from City	88,460	
Disposal of capital assets	<u>(177,211)</u>	(88,751)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Current year includes principal paid on long-term debt.

Issuance of debt	(3,167,344)	
Principal payments	<u>3,298,891</u>	131,547

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are used. The net change associated with these expenses/expenditures is as follows:

Change in accrued interest		<u>(8,791)</u>
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Change in net position of governmental activities	\$	<u><u>594,239</u></u>
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The accompanying notes are an integral part of the financial statements.

CITY OF CRYSTAL RIVER COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL-GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual Amount	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 581,510	\$ 596,420	\$ 596,417	\$ (3)
Intergovernmental - tax increment financing	-	111,796	95,200	(16,596)
Intergovernmental - grants	4,445,000	5,011,667	566,666	(4,445,001)
Interest	3,000	3,000	3,806	806
Other revenues	2,764	2,764	-	(2,764)
Total revenues	<u>5,032,274</u>	<u>5,725,647</u>	<u>1,262,089</u>	<u>(4,463,558)</u>
Expenditures				
Current				
Economic development	301,699	481,767	338,045	143,722
Debt service				
Principal	372,812	354,812	3,298,891	(2,944,079)
Interest	-	-	89,223	(89,223)
Capital outlay	5,220,300	5,941,932	590,801	5,351,131
Total expenditures	<u>5,894,811</u>	<u>6,778,511</u>	<u>4,316,960</u>	<u>2,461,551</u>
Deficiency of revenues under expenditures	<u>(862,537)</u>	<u>(1,052,864)</u>	<u>(3,054,871)</u>	<u>(2,002,007)</u>
OTHER FINANCING SOURCE				
Issuance of debt	-	-	3,167,344	3,167,344
Change in fund balances	(862,537)	(1,052,864)	112,473	1,165,337
Fund balances, beginning	<u>1,052,864</u>	<u>1,052,864</u>	<u>1,052,864</u>	<u>-</u>
Fund balances, ending	<u>\$ 190,327</u>	<u>\$ -</u>	<u>\$ 1,165,337</u>	<u>\$ 1,165,337</u>

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

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**CITY OF CRYSTAL RIVER
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Crystal River Community Redevelopment Agency (the “CRA”) is governed by a board consisting of five commissioners who are the same individuals as those serving as the City of Crystal River (the “City”) City Commission. The terms of office of the commissioners are concurrent with the terms of the Mayor and the members of the City Commission. The CRA was established on December 1, 1988, through City Ordinance # 88-O-19. The Agency was created following the provisions of Florida Statute 163 based upon data compiled by a research team from the University of Florida/College of Architecture. Details regarding the data utilized are located in the City of Crystal River – Community Redevelopment Plan – 1988 (CR-CRP). The Redevelopment Area encompasses approximately 606 acres (page 6 of the CR-CRP), which includes much of the downtown area and roughly 7,500 lineal feet of waterfront. Funding for the CRA is provided through Tax Increment Financing (TIF). TIF revenues have shown a significant increase in recent years due to increased private sector investment and re-investment in the district.

Florida State Statute Chapter 163 allows a community redevelopment agency to be created for one or more of the following purposes: the elimination and prevention of blight; the reduction or prevention of crime; the provision of affordable housing; or the rehabilitation and revitalization of coastal resort and tourist areas that are deteriorating and economically distressed. The primary goal of the CRA is to provide a tool that will guide private and public initiatives for creating economic development, improved physical characteristics, encourage investment in Crystal River, improve the quality of life for residents, and establish a framework for the proper evolution of the CRA District.

The CRA was established in accordance with the Community Redevelopment Act of 1969. This state act allows municipalities to use increases in property tax revenue to finance the necessary public investments in the project area. In accordance with provisions of this act, the CRA developed and implemented a Community Redevelopment Plan to diversify its efforts in the area of economic development of the downtown by improving blighted properties and addressing properties with infrastructure problems. The CRA is also looking at new ways to draw people downtown, to potentially include a new downtown marina with continued growth in the restaurant and entertainment sectors.

Funding for redevelopment and restoration projects that are essential for the reduction of slum and blight and the stimulation of private sector revitalization efforts is provided primarily from the tax increment generated by the increased valuation of properties within the community redevelopment area. Increases in property tax revenue above the baseline assessment that was established upon adoption of the Community Redevelopment Plan is set aside in the Community Redevelopment Fund and can be utilized only for projects identified in the plan.

The CRA is a separate entity from the City. However, the City Commission of the City of Crystal River serves as the CRA Board and performs the legislative functions, governing duties and corporate responsibilities of the agency. The City Manager serves as the director of the agency, performs the administrative duties and oversees the day to day operations of the agency. Several City departments, including Development Services, Finance, and Public Works, provide assistance in planning and implementing project activities that are designed to revitalize and restore the identified blighted areas.

B. Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements.

The government-wide financial statements include a statement of net position and a statement of activities. These statements report on the CRA as a whole and provide a complete financial picture of the CRA.

**CITY OF CRYSTAL RIVER
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The government-wide statement of net position reports all financial and capital resources of the CRA's governmental activities. Governmental activities are those supported by taxes and intergovernmental revenue. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Although there were none, program revenues include charges for services that are recovered directly from customers for services rendered. Taxes and other items not properly included among program revenues are reported instead as general revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Since the CRA fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are provided that briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide governmental activities financial statements.

C. 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 reported when a liability is incurred, regardless of the timing of related cash flows. Tax increment financing from property taxes are recognized as revenue in the year when levied.

The governmental fund financial statements (the "General Fund") are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

D. Deposits

The CRA considers cash on hand, cash with fiscal agents, and overnight investments with original maturities of less than three months to be cash and cash equivalents. The CRA also maintains its own bank account which is used for the majority of CRA transactions.

E. Receivables

Receivables consist of trade receivables and amounts due from other governments and are recorded net of any allowance for uncollectible amounts, if applicable.

Activity between the CRA and the City that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year (if any) are reported as "advances to/from the primary government." All other outstanding balances between the CRA and City (if any) are reported as "due to/from the primary government."

**CITY OF CRYSTAL RIVER
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets, which are recorded at acquisition value at the date of contribution. The CRA uses a capitalization threshold of \$30,000 for infrastructure and \$1,000 for all other classes of capital assets.

In accordance with GASB Statement No. 34, the CRA has elected to report general infrastructure prospectively, effective October 1, 2003.

Depreciation of capital assets is provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

Buildings and improvements	10 - 40 years
Infrastructure	10 - 25 years
Equipment and vehicles	5 - 10 years

G. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position.

H. Fund Balance/Net Position

In fund financial statements, the General Fund reports fund classifications that comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints imposed on the use of resources reported. Amounts that are restricted to specific purposes either by: (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Directors through a resolution are classified as committed fund balances. These constraints remain binding unless removed or changed in the same manner employed to commit those resources by resolution. Amounts that are constrained by the CRA's intent to be used for specific purposes, however, are neither restricted, nor committed are classified as assigned fund balances. Assignments are approved by the Executive Director.

Non-spendable fund balances include amounts that cannot be spent because they are either: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents an amount that has not been restricted, committed, or assigned to specific purposes within the General Fund. When both restricted and unrestricted fund balances are available for use, it is the CRA's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Net position of the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. The first category represents capital assets net of accumulated depreciation, less outstanding debt related to the acquisition or construction of the capital assets.

The restricted category, if any, represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation. Unrestricted net position represents resources that are available for spending.

**CITY OF CRYSTAL RIVER
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Budgetary Data

On or before September 1 each year, the CRA Administrator submits to the City Commission a proposed operating budget for the fiscal year commencing October 1. A public hearing is conducted at City Hall to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance. Annual budgets are adopted for the General Fund on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at the end of each fiscal year for these funds.

Budgetary control is maintained at the department level. The CRA Administrator is permitted to transfer appropriations between line items within the General Fund. All other types of budget transfers or amendments must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the department level.

J. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, and liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

K. Risk Management

The CRA is insured, through the City's self-insurance program, for general liability, health, directors and officers, and property damage. There are no outstanding general liability claims related to the CRA.

NOTE 2 – TAX INCREMENT REVENUE

The primary source of revenue is tax increment funds received through the City of Crystal River and Citrus County. The revenue from the City is treated as property taxes, while the remainder is recorded as intergovernmental revenue – tax increment financing.

NOTE 3 – DEPOSITS AND INVESTMENTS

At September 30, 2021, the bank balances of the CRA's deposits were \$1,282,638. All of the CRA's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may vary depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

**CITY OF CRYSTAL RIVER
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)**

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2021:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 519,128	\$ -	\$ -	\$ -	\$ 519,128
Construction in progress	3,362,440	564,412	(177,211)	(24,331)	3,725,310
Total capital assets not being depreciated	<u>3,881,568</u>	<u>564,412</u>	<u>(177,211)</u>	<u>(24,331)</u>	<u>4,244,438</u>
Capital assets, being depreciated					
Buildings and improvements	2,125,296	19,649	-	24,331	2,169,276
Equipment and vehicles	10,781	95,200	-	-	105,981
Infrastructure	518,636	-	-	-	518,636
Total capital assets being depreciated	<u>2,654,713</u>	<u>114,849</u>	<u>-</u>	<u>24,331</u>	<u>2,793,893</u>
Less accumulated depreciation for					
Buildings and improvements	(523,728)	(120,271)	-	-	(643,999)
Equipment and vehicles	(5,274)	(10,307)	-	-	(15,581)
Infrastructure	(58,445)	(12,462)	-	-	(70,907)
Total accumulated depreciation	<u>(587,447)</u>	<u>(143,040)</u>	<u>-</u>	<u>-</u>	<u>(730,487)</u>
Total capital assets being depreciated, net	<u>2,067,266</u>	<u>(28,191)</u>	<u>-</u>	<u>24,331</u>	<u>2,063,406</u>
Capital assets, net	<u>\$ 5,948,834</u>	<u>\$ 536,221</u>	<u>\$ (177,211)</u>	<u>\$ -</u>	<u>\$ 6,307,844</u>

Depreciation expense in the amount of \$143,040 was charged to the economic development function for the year ended September 30, 2021.

NOTE 5 – CONTINGENT LIABILITIES

The CRA sometimes receives revenues from various federal grants. These grants would be for specific purposes and would be subject to review and audit by the grantor agencies. Such audits could result in disallowed expenditures under the terms of the grants. No such grants were received during the year ended September 30, 2021. Based upon prior experience, CRA management believes such disallowances, if any, would be immaterial.

**CITY OF CRYSTAL RIVER
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)**

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM LIABILITIES

Summarized below is the CRA's debt issued to finance the acquisition and construction of major capital facilities that is outstanding as of September 30, 2021:

1. Governmental activities debt (direct borrowings)

\$3,167,344 Community Redevelopment Agency Revenue Note, Series 2021 – This is a refinanced construction line of credit agreement which the full amount had been drawn down as of September 30, 2021. The note bears interest at 2.57%. Actual principal and interest payments of \$63,784 commenced on April 25, 2021, and are due quarterly through January 2036.

The following is a summary of long-term liabilities for the year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Notes Payable:					
CRA Redevelopment Revenue Note, Series 2016	\$ 3,211,745	\$ -	\$ (3,211,745)	\$ -	\$ -
CRA Redevelopment Revenue Note, Series 2021	-	3,167,344	(87,146)	3,080,198	177,677
Total governmental activities long-term liabilities	<u>\$ 3,211,745</u>	<u>\$ 3,167,344</u>	<u>\$ (3,298,891)</u>	<u>\$ 3,080,198</u>	<u>\$ 177,677</u>

A summary of annual debt service requirements as of September 30, 2021 is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 177,677	\$ 77,458	\$ 255,135
2023	182,287	72,847	255,134
2024	187,017	68,117	255,134
2025	191,870	63,264	255,134
2026	196,849	58,286	255,135
2027 - 2031	1,063,567	212,105	1,275,672
2022 - 2036	1,080,931	67,174	1,148,105
	<u>\$ 3,080,198</u>	<u>\$ 619,251</u>	<u>\$ 3,699,449</u>

**CITY OF CRYSTAL RIVER
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)**

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – DEPOSITS AND WITHDRAWALS

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits into, and the amount and purpose of withdrawals from the CRA for the fiscal year ended September 30, 2021:

	Revenues	Expenditures
Source of Revenues		
City property tax increment	\$ 596,417	\$ -
Intergovernmental - tax increment financing	95,200	-
Interest income	3,806	-
Intergovernmental - grants	566,666	-
Purpose of Expenditures		
Economic development	-	338,045
Capital improvements	-	590,801
Debt service	-	3,388,114
	\$ 1,262,089	\$ 4,316,960

NOTE 8 – RISK MANAGEMENT

The CRA is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the CRA has purchased commercial insurance.

NOTE 9 – SUBSEQUENT EVENTS

The CRA has evaluated all subsequent events through June 24, 2022, the date the financial statements were available to be issued.

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OTHER REPORTS

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

Board of Directors and Executive Director
City of Crystal River Community Redevelopment Agency
Crystal River, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the City of Crystal River Community Redevelopment Agency (the "CRA"), (a component unit of the City of Crystal River, Florida), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated June 24, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 24, 2022

**CRYSTAL RIVER COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards and State Financial Assistance Projects

The CRA did not expend \$750,000 in federal or state funds during its fiscal year ended September 30, 2021.

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**CRYSTAL RIVER COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Crystal River, Florida)**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

None.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Directors and Executive Director
City of Crystal River Community Redevelopment Agency
Crystal River, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Crystal River Community Redevelopment Agency (the "CRA"), (a component unit of the City of Crystal River, Florida) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 24, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standard* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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 CRA has made these disclosures in the notes to the financial statements. There are no component units.

Financial Condition and Management

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

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 the same.

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. 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 Board of Trustees and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida
June 24, 2022

Mauldin & Jenkins, LLC



INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors and Executive Director
City of Crystal River Community Redevelopment Agency
Crystal River, Florida

We have examined the City of Crystal River Community Redevelopment Agency (the "CRA"), (a component unit of the City of Crystal River, Florida) compliance with Sections 218.415, 163.387(6), and 163.387(7), Florida Statutes, during the year ended September 30, 2021. Management of the CRA is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

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

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

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

This report is intended solely for the information and use of the CRA and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida
June 24, 2022

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC". The signature is written in black ink and is positioned to the right of the date.

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