



PO Box 296
Largo, FL 33779
Largo.com

Community Development Department
Economic Development

July 23, 2021

Ken Burke, CPA
Pinellas County Clerk of the Circuit Court
Official Records
315 Court Street
Fifth Floor
Clearwater, Florida 33756

Re: Independent Audit – Largo Community Redevelopment Agency FY 2020 Annual Report

Dear Mr. Burke:

Enclosed, please find an independent audit that was completed of the City of Largo Community Redevelopment Agency Annual Report for Fiscal Year 2020.

The independent audit report is available for inspection during business hours via the office of the Largo City Clerk, and is available online, through the City of Largo's website at www.largo.com/redevelopment.

Should you have any questions regarding the document, please do not hesitate to contact me at the number below.

Sincerely,

Isabella Nunez, CEcD
Economic Development Coordinator
inunez@largo.com | (727) 586-7360, Option 1

Enclosure: Independent Audit of Largo Community Redevelopment Agency Annual Report for Fiscal Year 2020



YOUR COMMUNITY OF CHOICE
Naturally



September 30, 2020
ANNUAL FINANCIAL REPORT
City of Largo, Florida

LARGO
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AGENCY

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**Community Redevelopment Agency
City of Largo, Florida
Annual Financial Report
September 30, 2020**

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**Community Redevelopment Agency
City of Largo, Florida
Annual Financial Report
September 30, 2020**

Community Redevelopment Agency Board

(City of Largo City Commission)

Dr. Woody Brown, Mayor

Donna Holck, Vice Mayor

John L. Carroll

Samantha Fenger

Curtis Holmes

James Robinson

Michael Smith

Community Redevelopment Agency Staff

City Manager

Henry P. Schubert

Assistant City Manager

Margaret Paluch

Acting Community Development Director

Robert Klute

Economic Development Manager

Karisa Rojas-Norton

Economic Development Coordinator

Isabella Nunez

Finance Director

Kimball R. Adams

Assistant Finance Director

Rebecca Spuhler

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Commission, and City Management
City of Largo Community Redevelopment Agency

We have audited the accompanying financial statements of the governmental activities and major fund of the City of Largo Community Redevelopment Agency ("Agency") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 of the City of Largo Community Redevelopment Agency, as of September 30, 2020, and the respective changes in financial position and the respective budgetary comparison 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 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 June 30, 2021 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

June 30, 2021

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) INTRODUCTION

This MD&A summarizes key financial information for the Largo Community Redevelopment Agency (CRA), which is doing well, financially.

FINANCIAL OVERVIEW

Fund Balance & Net Position: *The accumulation of financial resources for the future.*

Fund balance and net position (called *equity* in the private sector) represent the financial capacity to respond to unexpected events, such as recessions and disasters or to seize unforeseen opportunities.

Fund balance increased \$529,000 to \$4.3 million, due to pandemic spending restraints. Revenue was slightly over-budget.

Debt: *The financial impacts of borrowing.*

The CRA had no long-term debt outstanding at year end.

Operating Results: *The degree to which revenue and expenditures/expenses met expectations.*

Several revenues were slightly over-budget and all expenditures were under-budget.

FINANCIAL STATEMENTS OVERVIEW (*"Primer" on governmental accounting and reporting.*)

This section is intended to help readers understand governmental financial statements and is essentially a primer on governmental financial reporting. It also provides an overview of the CRA's reporting structure.

Unlike private sector companies, state and local governments present **two sets** of financial statements, which provide two different financial perspectives: *Big picture (government-wide)* and *Small picture (fund level)*.

Government Financial Statements - State & local governments present two sets of financial statements:

- **Government-wide financial statements** (*long-term focus, big picture*)
 - Similar to, but not identical to consolidated financial reporting in the private sector
 - Reports Governmental Activities and Business-type Activities, not individual funds
 - Measures the flow of economic resources using the full-accrual basis of accounting similar to private sector accounting
- **Individual fund financial statements** (*small picture and usually most interesting to readers*)
 - Governmental funds ĩ Measures flow of current financial resources using the modified-accrual basis of accounting
 - Proprietary and Fiduciary funds ĩ Measures flow of economic resources (long-term focus) using the full-accrual basis of accounting similar to private sector accounting and identical to the Government-wide statements

Fund Accounting. The CRA uses fund accounting to enhance accountability over public resources and to demonstrate compliance with legal requirements. Fund accounting also helps maintain greater control over resources dedicated to specific activities.

**Community Redevelopment Agency
City of Largo, Florida
Management's Discussion and Analysis
September 30, 2020**

Governmental fund. The CRA is reported as a Special Revenue Fund. Governmental fund financial statements focus on short-term inflows and outflows of financial resources (mostly cash) and on available resources at year end. A budget schedule is presented.

Minimum Financial Reporting. Local governments must present the following financial information:

a. Management Discussion and Analysis (MD&A) - An MD&A is required supplementary information.

b. Government-wide statements. Government-wide statements (the CRA as a whole) include two statements, two Activities and information is reported using the accrual basis of accounting.

i. Statement of Net Position. Presents assets, liabilities and deferred inflows/outflows with the difference being *net position* ("equity").

ii. Statement of Activities. Presents the changes in net position from revenues and expenses, which are reported as soon as an event occurs, regardless of when cash is received or paid.

i. Governmental Activities. Activities primarily supported by taxes. The CRA's GA includes economic development activities.

ii. Business-type Activities. Activities primarily supported by charges for services (user fees). The CRA reports no BTA activities.

iii. Fund statements. The CRA reports one governmental type fund (Special Revenue Fund).

iv. Financial statement reconciliation. Governmental Activities and Governmental Fund statements are prepared with different bases of accounting; therefore, a reconciliation of the differences is provided for the position statements and operating statements.

v. Notes to the financial statements (the "notes"). The Notes provide information that is essential to gaining a full understanding of the government-wide and individual fund financial statements.

vi. Other Required Supplementary Information (RSI). The CRA reports no RSI.

GOVERNMENT-WIDE STATEMENTS SUMMARY (*The CRA as a whole, "big-picture" focus.*)

This section summarizes information from the government-wide statements (the CRA as a whole) by focusing on Governmental Activities not on individual funds (the CRA reports no Business-type Activities). *Governmental Activities* combine all governmental funds adjusted from the modified accrual basis of accounting to the accrual basis of accounting.

Government-wide Statement of Net Position. This statement flows downward to arrive at total net position. The largest change for *Governmental Activities* was cash and net position decreased \$1.8 million, due to excess expenses over revenue, which was budgeted.

**Community Redevelopment Agency
City of Largo, Florida
Management's Discussion and Analysis
September 30, 2020**

**Statement of Net Position
September 30
Governmental Activities**

	<u>2020</u>	<u>2019</u>
Assets		
Current	\$ 3,281,574	\$ 4,027,497
Total Assets	<u>3,281,574</u>	<u>4,027,497</u>
Deferred Outflows	-	-
Liabilities		
Current	700,832	543,943
Total liabilities	<u>700,832</u>	<u>543,943</u>
Deferred Inflows	-	-
Net Position		
Restricted	2,580,742	4,893,345
Total Net Position	<u>\$ 2,580,742</u>	<u>\$ 4,893,345</u>

Government-wide Statement of Activities. This statement summarizes revenues and expenses, which are responsible for the change in total net position reported above.

**Statement of Governmental Activities
September 30**

	<u>2020</u>	<u>2019</u>
Program revenue		
Charges for services	\$ 2,799	\$ -
Operating grants/contributions	-	-
Capital grants/contribution	580,485	-
Total program revenue	<u>583,284</u>	<u>-</u>
General revenue		
Property taxes	605,938	897,855
Other (net)	64,030	122,461
Total general revenue	<u>669,968</u>	<u>1,020,316</u>
Total revenue	<u>1,253,252</u>	<u>1,020,316</u>
Expenses		
Economic development	<u>3,021,912</u>	<u>491,506</u>
Total expenses	<u>3,021,912</u>	<u>491,506</u>
Change in net position	(1,768,660)	528,810
Net position - Oct 1	<u>4,349,402</u>	<u>3,820,592</u>
Net position - Sept 30	<u>\$ 2,580,742</u>	<u>\$4,349,402</u>

**Community Redevelopment Agency
 City of Largo, Florida
 Management's Discussion and Analysis
 September 30, 2020**

Actual to Budget Comparison - September 30, 2020

	Total Expenditures	Final Budget	Variance Under (Over) Budget \$	Variance Under (Over) Budget %
Economic development	\$ 157,533	\$ 269,900	\$ 112,367	41.6%
Capital outlay	2,864,379	5,298,105	2,433,726	45.9%
Total	\$ 3,021,912	\$5,568,005	\$2,546,093	45.7%

Fund Level Comparison. Most of the capital expenditure budget variance of \$2,433,726 is related to The West Bay Drive Trail-head project (a multi-modal transportation improvement), which was budgeted in FY2020 at \$2,142,000, but was not started until FY 2021, due primarily to coordination delays with the Florida Department of Transportation (FDOT). This project was re-budgeted in FY2021, construction began in November and the project was nearly complete as of July 2021.

Most of the Intergovernmental revenue budget variance of \$1,183,015 is also related to The West Bay Drive Trail-head project, which included a budgeted FDOT grant of \$1,182,600 that was not received, because the project was delayed, as discussed above. Excluding this item, total revenue was over-budget by \$31,652, or 2.6% of budget, due primarily to higher than budgeted interest earnings of \$29,991.

CAPITAL ASSETS & LONG-TERM DEBT

The CRA is reporting no capital assets or long-term debt.

ECONOMIC CONDITIONS, NEXT YEAR'S BUDGET AND NEXT YEAR'S RATES (FEES)

Economic Conditions. The CRA is cautiously optimistic about future economic conditions, excluding any potential impact from the Covid-19 pandemic on property values and revenues, which appears will be minimal at the present. The local housing market remains strong, property values are increasing, significant commercial and residential development is projected in the downtown and unemployment is relatively low.

Next Year's Budget and Rates.

- The City of Largo's FY21 property tax rate was held steady at 5.62 mills, which impacts the CRA's tax revenue.
- FY21 property tax growth is projected at 8% for the City of Largo as a whole, which impacts the CRA's tax base and tax revenue.

Long-term Projections. Private development is taking shape in the downtown area, including the eventual move of City Hall to the downtown area. Revenues are projected to grow at an above average rate, due to the strong housing market and increased development activity. Fund balance is projected to remain adequate to support enhanced development activity for the next several years.

ADDITIONAL INFORMATION

Additional information is available on the City's website, at www.largo.com. Telephone inquiries may be directed to the Finance Director at (727) 587-6747. Written requests for information may be addressed to the Finance Director, PO Box 296, Largo, FL 33779-0296 or may be emailed to: fidirector@largo.com.

**Community Redevelopment Agency
City of Largo, Florida
Statement of Net Position
September 30, 2020**

		Governmental Activities
Assets		
Cash and investments	\$	2,261,176
Accrued interest receivable		10,729
Property held for resale		<u>1,009,669</u>
Total assets		3,281,574
 Deferred outflows of resources		
		<u>-</u>
Total deferred outflows of resources		-
 Liabilities		
Accounts and accrued interest payable		167,313
Accrued payroll		1,519
Due to other funds		<u>532,000</u>
Total liabilities		700,832
 Deferred inflows of resources		
		<u>-</u>
Total deferred inflows of resources		-
 Net Position		
Restricted for economic development		<u>2,580,742</u>
Total net position	\$	<u><u>2,580,742</u></u>

**Community Redevelopment Agency
City of Largo, Florida
Statement of Activities
September 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Economic development	\$ 3,021,912	\$ 2,799	\$ -	\$ 580,485	\$ (2,438,628)
Total governmental activities	<u>3,021,912</u>	<u>2,799</u>	<u>-</u>	<u>580,485</u>	<u>(2,438,628)</u>
General revenues:					
Property tax					605,938
Investment earnings					64,001
Miscellaneous					29
Total general revenues					<u>669,968</u>
Change in net position					(1,768,660)
Net position - beginning					<u>4,349,402</u>
Net position - ending					\$ <u>2,580,742</u>

**Community Redevelopment Agency
City of Largo, Florida
Balance Sheet
September 30, 2020**

	<u>General Fund</u>
Assets	
Cash and investments	\$ 2,261,176
Receivables	
Accrued interest	10,729
Property held for resale	<u>1,009,669</u>
Total assets	<u>\$ 3,281,574</u>
Liabilities	
Accounts payable	\$ 167,313
Accrued payroll	1,519
Due to the City of Largo	<u>532,000</u>
Total liabilities	<u>700,832</u>
Fund balances	
Restricted	<u>2,580,742</u>
Total fund balances	<u>2,580,742</u>
Total liabilities and fund balances	<u>\$ 3,281,574</u>

The notes to the financial statements are an integral part of this statement.

**Community Redevelopment Agency
City of Largo, Florida
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
September 30, 2020**

Amounts reported for governmental activities in the statement of net position are the same:

Ending fund balance - governmental funds	\$ 2,580,742
Net position of governmental activities	<u>\$ 2,580,742</u>

**Community Redevelopment Agency
City of Largo, Florida**
**Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities**
Fiscal Year Ended September 30, 2020

Revenues	<u>General Fund</u>
Taxes	\$ 605,938
Intergovernmental	580,485
Investment earnings	64,001
Other	2,828
Total revenues	<u>1,253,252</u>
Expenditures	
Current:	
Economic development	157,533
Capital outlay	2,864,379
Total expenditures	<u>3,021,912</u>
Net change in fund balance	(1,768,660)
Fund balance - beginning	<u>4,349,402</u>
Fund balance - ending	<u>\$ 2,580,742</u>

**Community Redevelopment Agency
City of Largo, Florida**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

Fiscal Year Ended September 30, 2020

Amounts reported for governmental activities in the statement of net position are the same:

Net change in fund balances - total governmental funds	<u>\$ 1,768,660</u>
Change in net position of governmental activities (statement of activities)	<u>\$ 1,768,660</u>

**Community Redevelopment Agency
City of Largo, Florida**

**Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Budget and Actual**

Fiscal Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 605,700	\$ 605,700	\$ 605,938	\$ 238
Intergovernmental	1,763,500	1,763,500	580,485	(1,183,015)
Investment earnings	35,000	35,000	64,001	29,001
Other	-	-	2,828	2,828
Total revenues	<u>2,404,200</u>	<u>2,404,200</u>	<u>1,253,252</u>	<u>(1,150,948)</u>
Expenditures				
Economic development	269,900	269,900	157,533	112,367
Capital outlay	2,243,600	5,298,105	2,864,379	2,433,726
Total expenditures	<u>2,513,500</u>	<u>5,568,005</u>	<u>3,021,912</u>	<u>2,546,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(109,300)</u>	<u>(3,163,805)</u>	<u>(1,768,660)</u>	<u>1,395,145</u>
Net change in fund balance	<u>\$ (109,300)</u>	<u>\$ (3,163,805)</u>	<u>(1,768,660)</u>	<u>\$ 1,395,145</u>
Fund Balance - beginning			<u>4,349,402</u>	
Fund Balance - ending			<u>\$ 2,580,742</u>	

The notes to the financial statements are an integral part of this statement.

**Community Redevelopment Agency
City of Largo, Florida
Notes to the Financial Statements
September 30, 2020**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The Largo Community Redevelopment Agency (CRA) was established by the City of Largo, Florida Ordinance 1997-34, pursuant to Chapter 163, Part III, Florida Statutes. The purpose of the CRA is to organize and direct redevelopment activities of the City of Largo's West Bay Drive downtown area and Clearwater/Largo Road redevelopment area. The seven member City of Largo City Commission acts as the CRA's governing board, and as such, establishes the CRA's operating plan, operating budget, operating policies and conducts all official business of the CRA.

The CRA is a component unit to the City of Largo, which is a full-service municipality and a political subdivision of the State of Florida, located in Pinellas County on Florida's Sun-coast, located within the Tampa Bay metropolitan area. The City was incorporated in 1905, has a current permanent population of approximately 85,000 and is approximately 18.6 square miles in area.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit may be another organization for which the nature, and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include or exclude a potential component unit in the reporting entity is made by applying the criteria set forth in generally accepted accounting principles (GAAP) applicable to governmental entities, including whether the primary government is financially accountable, which is determined by: (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

In conformity with applicable Governmental Accounting Standards Board (GASB) requirements, the financial statements of the CRA are included as a blended component unit of the City of Largo. The financial activities of the CRA are reported in a special revenue fund in the City's Comprehensive Annual Financial Report, titled the Downtown Tax Increment Financing Fund. A blended component unit, although a legally separate entity is, in substance, part of the primary government's operations; therefore, the CRA's financial information is combined with information of the primary government, because of the significance of operational and financial relationships with the City.

**Community Redevelopment Agency
City of Largo, Florida
Notes to the Financial Statements
September 30, 2020**

B. Generally Accepted Accounting Principles

The financial statements of the CRA have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The GASB Board is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the CRA are described below.

The CRA uses fund accounting to report its financial position and results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate compliance with financially related legal requirements and to aid in financial management by segregating transactions related to certain activities.

C. Government-wide and individual fund financial statements

1. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the CRA as governmental activities, which normally are supported mostly by taxes and intergovernmental revenues. The statement of activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses are those that are clearly identifiable with a function.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the CRA, 2) operating grants and contributions that pay for operating activities and 3) capital grants and contributions that pay for the acquisition, construction or refurbishment of capital assets. Revenues that are not classified as program revenues are reported as general revenues.

2. Fund financial statements

The CRA only reports one fund, which is a General Fund.

3. Reconciliation of Government-wide and governmental fund statements

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided which briefly explains the adjustments necessary to reconcile the results of governmental fund accounting to the government-wide presentations.

Community Redevelopment Agency
City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

D. Measurement focus, basis of accounting and financial statement presentation

1. Government-wide financial statements

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

2. Governmental fund financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period (within 60 days of the end of the fiscal period). Grant revenues and donations are recognized in the fiscal year in which all eligibility criteria have been satisfied. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures (if any) are recorded when payment is due.

All other revenues are considered measurable and available when cash is received, including property taxes.

DI. Assets, liabilities, fund equity, deferred inflows and deferred outflows

1. Cash and investments

The CRA participates in the City of Largo's cash and investment pool (the Pool), whereby cash for City funds and the CRA are combined and invested similar to a mutual fund. Formal accounting records detail the daily equity of all participating funds, including the CRA. Interest earned is allocated based on the average equity in pooled balances. Each fund's individual equity in the Pool is considered to be a cash equivalent, since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

Florida Statute 218.261 authorizes the CRA and the City of Largo to invest in negotiable direct obligations of, or guaranteed by, the US Government; interest-bearing time or savings deposits in federal or state chartered banks or savings and loan associations provided that any such deposits are secured by collateral as may be prescribed by law; obligations of certain federal agencies and instrumentalities; and repurchase agreements.

Community Redevelopment Agency
City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

The Pool maintains a buy and hold investment strategy, the objectives of which are safety of principal, liquidity and investment earnings, in that order of priority. The Pool utilizes a laddered maturity policy, whereby investment purchases are made throughout the year to avoid any form of market timing, and to provide a relatively consistent maturity of investments throughout the year. This policy is intended to enhance liquidity and mitigate volatility in valuations. The policy limits interest rate risk by limiting the final maturity for any individual investment to no more than 60 months and by limiting the weighted average maturity for the portfolio to 24 months or less. All investments are reported at fair value.

2. Accounts receivable

All receivables are shown net of an allowance for uncollectibles, which is generally insignificant.

3. Due to/due from the City of Largo

During the course of normal operations, transactions may occur between the CRA and the City of Largo. These receivables and payables are classified as "due to/from the City of Largo".

4. Prepaid items

Advance payments to vendors, if any, reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and individual fund financial statements.

5. Unearned revenue

Inflows that do not meet the criteria for revenue recognition such as business taxes collected in advance, if any, are recorded as unearned revenue in the government-wide and the fund statements.

6. Fund equity

Fund equity at the governmental fund reporting level is referred to as "fund balance" and as "net position" for other reporting levels. Generally, fund balance represents the difference between current assets and current liabilities, while net position represents the difference between all assets and all liabilities.

7. Nature and purpose of classifications of fund balance

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on constraints on the purposes for which fund balance amounts can be spent.

Community Redevelopment Agency
City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

Restricted fund balances are constrained to specific purposes placed either by (a) creditors, grantors, contributors, and laws or regulations of other governments or (b) imposed by constitutional provisions or enabling legislation.

8. Fund balance reserve policy

The CRA maintains an adequate fund balance to accommodate unanticipated expenditures, expenditures of a non-recurring nature, unanticipated revenue declines, and cash flow needs.

9. Property taxes

Property taxes are levied on November 1 on non-exempt property assessed as of January 1 of the same year. Property taxes are payable in arrears beginning in November through the following March 31, with a 1% discount for each month paid prior to March (4% maximum discount), after which time the taxes become delinquent. A lien is placed against properties by the County Tax Collector's office if taxes are not paid prior to June 1 and tax certificates are eventually sold if the lien is not paid.

10. Property held for resale

Property held for resale reflects land intended to be sold for redevelopment purposes.

11. Capital Assets

The CRA does not hold any capital assets. Capital purchases made by the CRA are held by the City of Largo.

12. Deferred inflows of resources and deferred outflows of resources

A deferred inflow of resources represents a source of net position that applies to a future period; therefore, the amount is not recognized as an inflow of resources (revenue) until a future period.

A deferred outflow of resources represents a use of net position that applies to a future period; therefore, the amount is not recognized as an outflow of resources (expense or expenditure) until a future period.

**Community Redevelopment Agency
City of Largo, Florida
Notes to the Financial Statements
September 30, 2020**

II. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental funds balance sheets and the government-wide statement of net position (governmental activities column). The governmental fund balance sheet requires a reconciliation between 1) *fund balance – total governmental funds* and 2) *net position – governmental activities* as reported in the government-wide statement of net position.

There were no reconciling items for FY 2020.

B. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (governmental activities column)

The governmental funds statement of revenues, expenditures, and changes in fund balances requires a reconciliation between 1) *net changes in fund balances – total governmental funds* and 2) *changes in net position of governmental activities* as reported in the government-wide statement of activities.

There were no reconciling items for FY 2020.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets. An annual budget is prepared for all governmental funds on a basis consistent with GAAP and approved the CRA Board. Any change that alters the total expenditures/expenses must be approved by the CRA Board through a budget amendment. All budget amounts presented in the accompanying financial statements are adjusted for amendments; however, there were no supplemental appropriations enacted during the year.

Every appropriation, except a capital expenditure appropriation, lapses at the close of the fiscal year to the extent that the appropriation has not been expended or encumbered. Appropriations for capital expenditure continue in force until the purpose has been accomplished or abandoned, or if three years pass without any disbursement or encumbrance of the appropriation, whichever occurs first; however, it is Management's policy to request the CRA Board to re-appropriate unexpended or unencumbered appropriations in the succeeding year's budget.

Deficit Balances. The CRA did not report any deficit balances at September 30, 2020.

New Accounting Pronouncements. For Fiscal Year 2020, the CRA was not required to implement any new Governmental Accounting Standards Board (GASB) standards.

**Community Redevelopment Agency
City of Largo, Florida
Notes to the Financial Statements
September 30, 2020**

Future Accounting Pronouncements. The Governmental Accounting Board has issued statements that will become effective in FY 2021 and FY2022. The statements include:

- Statement No. 84, "Fiduciary Activities"
- Statement No. 90, "Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61"
- Implementation Guide No. 2019-2, "Fiduciary Activities"
- Statement No. 87, "Leases"
- Statement No. 91, "Conduit Debt Obligations"
- Implementation Guide No. 2019-1, "Implementation Guidance Update-2019"
- Implementation Guide No. 2019-3, "Leases".

The CRA is currently evaluating the effects these statements will have on future financial statements.

IV. DETAILED NOTES

A. Deposits and investments

The CRA participates in the City of Largo's Pooled Cash and Investment account (the Pool) for all operating cash needs. As a Pool member, the CRA receives interest on its Pool deposits at the same rate of return as other City funds, based on its proportional balance in the Pool. As a Pool member, the CRA has complete access to all of its Pool deposits without restrictions and can liquidate its total share in the Pool at any time without penalties.

At September 30, 2020, the CRA's proportional balance of the Pool was approximately 2%, or \$2,261,176. For more information on the Pool please refer to the City of Largo Consolidated Annual Financial Report for fiscal year 2020.

**Community Redevelopment Agency
City of Largo, Florida
Notes to the Financial Statements
September 30, 2020**

B. Construction commitments

The CRA has active construction projects as of September 30, 2020, including street and infrastructure improvements. All capital assets purchased or constructed by the CRA are transferred to the City of Largo, because the CRA does not use the capital assets in its operations.

The significant commitments below are financed from existing resources (amount below reflects 48.5% of the total project cost allocated to the CRA):

Project	Total Incurred	Remaining Commitment
Multimodal improvements, Clw/Largo Rd. to Missouri Ave.	\$1,710,760	\$312,132
Total	<u>\$1,710,760</u>	<u>\$312,132</u>

C. Leases

The CRA has no leases at year end.

D. Fund equity

All fund equity is restricted to CRA purposes in accordance with the enabling legislation.

E. Encumbrances

Purchase orders are issued throughout the fiscal year to encumber budgets. Significant encumbrances as of September 30, 2020 include:

Downtown multi-model improvements	\$312,132
West Bay Drive Trailhead improvements	101,570
Downtown Plaza improvements	46,687
Other	1,997
Total Encumbrances	<u>\$462,386</u>

**Community Redevelopment Agency
City of Largo, Florida
Notes to the Financial Statements
September 30, 2020**

V. OTHER DISCLOSURES

A. Contingent Liabilities

Litigation. The CRA is not a defendant in any lawsuits.

B. Tax Abatements

The CRA has not entered into any property tax abatements with local businesses under the s. 3, Article VII of the Florida State Constitution. This article provides the CRA the ability to grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses.

C. Subsequent Events

COVID-19, a novel coronavirus and a global health emergency reached the state of Florida in March 2020. Vaccine distribution has begun, however, interruptions to business has persisted. This pandemic will continue to have an impact on expenditures and future revenues. The full effects of this cannot be determined at this time.

**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***

Honorable Mayor, Members of the City Commission, and City Management
City of Largo Community Redevelopment Agency

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 Largo Community Redevelopment Agency (“Agency”), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency’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 Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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 Agency'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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

June 30, 2021

MANAGEMENT LETTER

Honorable Mayor, Members of the City Commission, and City Management
City of Largo Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the City of Largo Community Redevelopment Agency ("Agency"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 30, 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 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*; 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 June 30, 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 audit findings or recommendations were noted in the preceding annual financial audit report.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Agency has met one of more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Agency 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 Agency'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 do 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 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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

June 30, 2021



Carr, Riggs & Ingram, LLC
600 Cleveland Street
Suite 1000
Clearwater, FL 33755

727.446.0504
727.461.7384 (fax)
CRlcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor, Members of the City Commission, and City Management
City of Largo Community Redevelopment Agency

We have examined City of Largo Community Redevelopment Agency ("Agency"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management is responsible for the Agency's compliance with the requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Agency 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 management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

June 30, 2021

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH COMMUNITY TRUST FUND**

Honorable Mayor, Members of the City Commission, and City Management
City of Largo Community Redevelopment Agency


We have examined the City of Largo Community Redevelopment Agency's (the "Agency"), compliance with the requirements of Sections 163.387(6) and 163.387(7), Florida Statutes, *Redevelopment Trust Fund*, during the year ended September 30, 2020. Management of the Agency is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Agency 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 City Council, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
June 30, 2021