

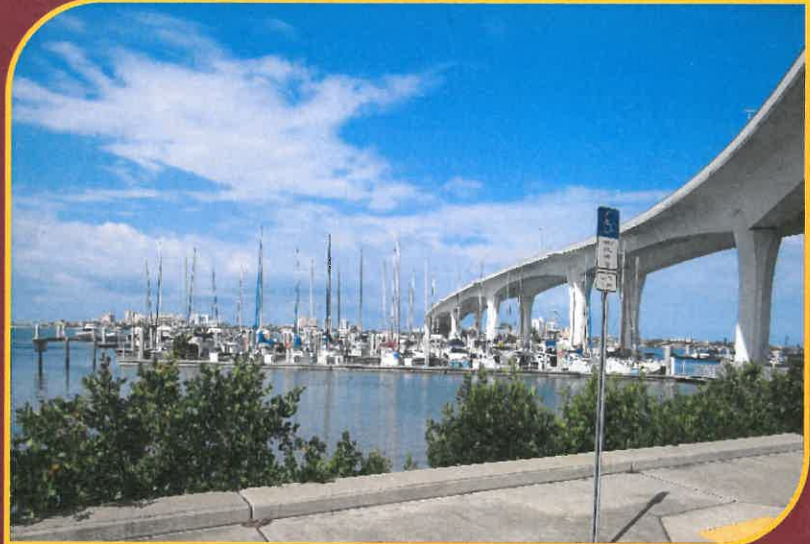
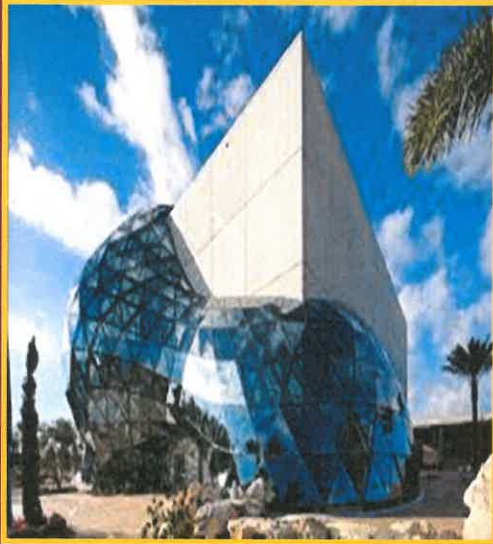


DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA

**CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA**

AUDIT OF TAX INCREMENT FINANCING OF COMMUNITY REDEVELOPMENT AREAS' PAYMENTS TO CITIES



**An Accredited Office of
Inspectors General**

**Hector Collazo Jr.
Inspector General/Chief Audit Executive**

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**OCTOBER 18, 2017
REPORT NO. 2017-17**



Ken Burke, CPA

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PINELLAS COUNTY, FLORIDA

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Recorder of Deeds
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October 18, 2017

The Honorable Chairman and Members of the Board of County Commissioners

We have conducted an audit of the Tax Increment Financing of Community Redevelopment Areas' Payments to Cities. Our audit objectives were to:

1. Determine if the procedures and internal controls used by the County and the municipalities for Tax Increment Financing (TIF) are adequate.
2. Determine if the identified cities are maintaining accurate funding and disbursement records for each Community Redevelopment Area (CRA) within each city funded by the County's TIF funds.
3. Determine if the identified cities are in compliance with applicable Florida Statutes and Pinellas County Codes.
4. Determine if the identified cities are in compliance with the Interlocal Agreements.
5. Determine if the identified cities have submitted timely Audited Financial Statements for the identified cities' Trust Funds.
6. Determine if the identified cities have submitted timely the Annual Progress Reports for the identified cities' Trust Funds.

We conclude that TIF funds are being adequately utilized by the respective cities for their Community Redevelopment Areas or Agencies.

Our audit resulted in findings in the following areas:

- Compliance with Interlocal Agreements.
- Audited Financial Statements for the identified cities' Trust Funds.
- Annual Progress Reports for the identified cities' Trust Funds.

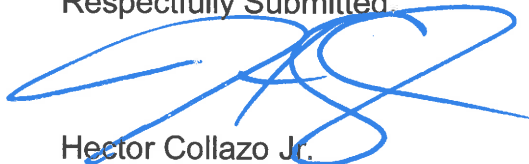
Opportunities for Improvement are presented in this report.



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Inspectors General

We appreciate the cooperation shown by the staff of the Planning and Development Services Department, the Office of Management and Budget, and the respective cities noted herein during the course of this review. We commend management for their responses to our recommendations.

Respectfully Submitted,



Hector Collazo Jr.
Inspector General/Chief Audit Executive

Approved:



Ken Burke, CPA*
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor
*Regulated by the State of Florida

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INTRODUCTION

Synopsis

Since 1982, Pinellas County has funded Community Redevelopment Areas (CRAs) designated by ten cities in the County. County funding has totaled approximately \$123.4 million. The respective cities have also contributed funding to their own CRAs. Funding is based on the increase in the tax values of the properties within the designated CRA from a unique start tax value Fiscal Year called Tax Increment Financing (TIF). Use of TIF funds are restricted by Florida Statutes to target economically, socially, and other deficient areas. The cities with TIF funded CRAs maintain adequate and transparent financial records proving an on-going record of neighborhood revitalization actions taken through the use of TIF funds. Our audit did not uncover any misapplication or misuse of TIF funds. However, the use of uniform reporting standards would advance the County's oversight of the cities' CRA investments. In addition, the County would decrease any possible deviation from acceptable costs and cost allocations by the use of standards that define such TIF cost principles.

Scope and Methodology

We have conducted an audit of the process for Tax Increment Financing by the County for the respective Municipalities ("Process"). Our audit covered the:

- Review and evaluation of procedures and internal controls for the Process.
- Review and evaluation of compliance with applicable Florida Statutes and Pinellas County Codes.
- Review and evaluation of compliance with the Interlocal Agreements with the identified cities.
- Review and evaluation of audited financial statements for the identified cities' trust funds.
- Review and evaluation of annual progress reports from the identified cities.

The objectives of the audit were to:

1. Determine that the procedures and internal controls used by the County and the municipalities for TIF were adequate.
2. Determine that the identified cities were maintaining accurate funding and disbursement records for each CRA within each city that are being funded by the County's TIF funds.
3. Determine that the identified cities were in compliance with applicable Florida Statutes and Pinellas County Codes.
4. Determine that the identified cities were in compliance with the Interlocal Agreements.

5. Determine that the identified cities had submitted timely Audited Financial Statements for the identified cities' Trust Funds.
6. Determine that the identified cities had submitted timely the Annual Progress Reports for the identified cities' Trust Funds.

In order to meet the objectives of the audit, we:

- Interviewed the Pinellas County Office of Management and Budget (OMB) management and staff to understand the processes and procedures used by OMB to determine the TIF available for funding the CRAs that have established a redevelopment trust fund within Pinellas County.
- Interviewed the management and staff of the Planning and Development Services Department (Planning) to understand the processes and procedures used by Planning to monitor the TIF funding of the CRAs that have established redevelopment trust funds.
- Reviewed and evaluated the cities of Clearwater, Gulfport, Oldsmar, Pinellas Park, and St. Petersburg's compliance with the Interlocal Agreements regarding the use of TIF funding for identified and approved CRA projects.
- Reviewed and evaluated the process for the identified cities' payments for the cost of CRA projects.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*, and, accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period was October 1, 2009 to April 30, 2015. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

In our opinion, Tax Increment Financing funds are being adequately utilized by the respective cities for their Community Redevelopment Areas or Agencies.

There is an opportunity for improvement in issuing certified financial statements for the cities' trust funds. The cities' CRA activities are not reported consistently by the independent auditors. In addition, CRA reporting guidelines formulated by the Planning Department would allow for consistent reporting of CRA activities.

Additionally, the annual financial reports provided by the cities to the County should include cumulative information from the inception of the CRA. Annual site tours by the Planning Department staff would improve CRA funded projects' oversight.

OMB and the Planning Department should reconcile their respective financial information prior to releasing CRA payments to the cities and issuing their own CRA reports.

There is an opportunity for improvement for the Planning Department to maintain the CRA documents in electronic format to allow for easy access to the reports and supporting documentation.

Action Plan

OFI NO.	OPPORTUNITIES FOR IMPROVEMENT CAPTIONS RECOMMENDATIONS	MANAGEMENT RESPONSES	IMPLEMENTATION STATUS
1	<i>Certified Financial Statements For Community Redevelopment Areas/Agencies Have Not Been Issued.</i>		
A	We recommend Planning Management: Discuss this lack of certified financial statements for each CRA with the appropriate County department Management.	Concur	Planned
B	Modify each County Code Sec. 38 to specifically respond to the appropriate County department Management's recommendations.	Concur	Planned
2	<i>There Is No Consistent Reporting Of Cities' CRA Activities By Independent Auditors.</i>		
	We recommend Planning Management: Discuss 'major fund/non-major fund' accounting treatment/reporting variance among cities with the appropriate County department Management and the respective cities' CPA firms and modify each city's County Code Sec. 38 language to reflect the County department Management's/CPA firms' language.	Concur	Planned
3	<i>CRA Financial Reporting Lacks Formal Guidelines.</i>		
A	We recommend Planning Management: Provide guidelines for the cities' CRA financial reports that (a) include the identification of each CRA in the auditors' scope and opinion, and (b) include a basic format for the accompanying CRA financial statements.	Concur	In Progress
B	Upon approval of CRA financial report guidelines, in compliance with County policies, modify CRA financial statement reporting practices allowing the cities to substitute their CAFRs for reporting separate certified CRAs financial statements with the appropriate scope, basis of reporting, and note disclosures.	Concur	In Progress
4	<i>TIF Funded CRA Annual Financial Reports Do Not Include Cumulative Information From Inception Of The CRA.</i>		

Introduction

Tax Increment Financing of Community Redevelopment Areas' Payments to Cities

OFI NO.	OPPORTUNITIES FOR IMPROVEMENT CAPTIONS RECOMMENDATIONS	MANAGEMENT RESPONSES	IMPLEMENTATION STATUS
A	<p>We recommend Planning Management:</p> <p>After consulting with the appropriate County department Management, issue a directive modifying Pinellas County Code Sec. 38 to provide for reporting cumulative amounts for TIF revenues and expenditures since the inception of each TIF funded CRA.</p>	Concur	Planned
B	<p>Include in the directive a requirement for the analysis of expenditures from inception by projects within each CRA.</p>	Concur	Planned
5	<p><i>Planning Department Personnel Do Not Perform Annual CRA Site Tours.</i></p>		
	<p>We recommend Planning Management annually arrange for a tour of each County TIF funded CRA with the respective city CRA director.</p>	Concur	Planned
6	<p><i>Some TIF Payments To Cities With TIF Funded CRAs Do Not Reconcile.</i></p>		
A	<p>We recommend OMB and Planning Management:</p> <p>Reconcile their respective financial information prior to releasing CRA payments to the cities and issuing their own CRA reports.</p>	Partially Concur	In Progress
B	<p>Reconcile annually the total amount of TIF payments made to each city with TIF funded CRAs.</p>	Partially Concur	In Progress
C	<p>Review each city's annual CRA report and CAFR report to ensure appropriate accounting and reporting practices are followed.</p>	Partially Concur	In Progress
7	<p><i>There Is No Sufficient Control Over Annual Reports.</i></p>		
A	<p>We recommend Planning Management:</p> <p>Research the feasibility of purchasing an electronic document filing software system. An electronic system would code and date each document for easy and efficient access.</p>	Concur	Planned
B	<p>Obtain electronically each CRA and CAFR report issued by the cities receiving TIF payments. An electronic record of receipt of each CRA and CAFR report would be part of the electronic system.</p>	Concur	In Progress

Background

Community Redevelopment Act of 1969

In 1969, the Florida Legislature enacted the “*Community Redevelopment Act of 1969*” (Act), (Chapter 69-305). This Act has been amended many times since its initial adoption and comprises Part III of Chapter 163 of the Florida Statutes. The Act is the enabling legislation that allows for the creation of Community Redevelopment Agencies and Community Redevelopment Areas (CRAs) within the State of Florida.

The primary purpose of the Act is to support redevelopment of slum or blighted areas through preparation of community redevelopment plans and their implementation. To assist in plan implementation, the Act provides the option of establishing a redevelopment trust fund that may receive moneys through the allocation of tax increment revenues.

Twenty-four CRAs have been created:

- Two expired:
 - City of St. Petersburg - Jamestown
 - City of Tarpon Springs - North Community
- Two have not established a CRA Plan and Redevelopment Trust Fund:
 - City of Belleair - Belleview Biltmore Hotel
 - City of St. Pete Beach - Gulf Boulevard/Downtown
- Six have not established a redevelopment trust fund:
 - City of Largo - Clearwater-Largo Road
 - City of St. Petersburg - 16th Street South
 - City of St. Petersburg – Central Plaza
 - City of St. Petersburg - Dome Industrial Park Pilot Project
 - City of St. Petersburg - Dome Industrial Park
 - City of St. Petersburg - Tangerine Avenue
- Fourteen have established a redevelopment trust fund:
 - City of Clearwater - Downtown and Gateway Area
 - City of Dunedin - Downtown
 - City of Gulfport - 49th Street Corridor
 - City of Gulfport - Waterfront District/Veterans Park
 - City of Largo - West Bay Drive
 - Lealman - Residential and Commercial
 - City of Oldsmar - Town Center



- City of Pinellas Park - Downtown
- City of Safety Harbor - Downtown
- City of St. Petersburg - Bayboro Harbor
- City of St. Petersburg - In Town
- City of St. Petersburg - In Town West
- City of St. Petersburg - South
- City of Tarpon Springs - Downtown and Former Pappas Restaurant



Redevelopment Powers

Since Pinellas is a county with a home rule charter, the powers conferred by the Act are the responsibility of the Board of County Commissioners (BCC), including the authority to approve the establishment of any CRA and redevelopment trust fund within Pinellas County. The BCC, however, has the discretion to delegate some or all of these redevelopment powers to the governing body of a municipality. Any redevelopment powers not specially delegated to a municipality remain with the BCC.

CRAs Established

CRAs have been established in ten municipalities, with three cities (Clearwater, St. Petersburg, and Largo) having two or more redevelopment areas. Most of the CRAs include the municipality's historic downtown area, which helps account for their distribution throughout the County from Tarpon Springs in the north to Gulfport in the south.

CRAs Receiving Tax Increment Revenue

Fourteen CRAs have established a redevelopment trust fund. Thirteen have been authorized to receive County Tax Increment Financing (TIF) contributions. Gulfport's 49th Street Corridor is the only CRA that has adopted a Plan and established a trust fund, but does not receive County TIF contributions.

County Review of the CRA's Use of TIF Contributions

Starting in 2002, a new CRA Plan approved by the BCC that has an accompanying redevelopment trust fund, contains a requirement that the County conduct a review of the CRA's use of County TIF contributions halfway through the duration of the redevelopment trust fund. When an existing CRA Plan was amended after 2002, this review requirement was also added if the halfway point of the trust fund had not yet been reached.

Based upon this comprehensive review, the BCC will determine whether the County's TIF contribution should be adjusted for the remaining years of the trust fund. Trust funds are normally established for 30 years, but the BCC has extended the length of three (St.

Tax Increment Financing of Community Redevelopment Areas' Payments to Cities

Petersburg – Intown, Clearwater - Downtown, and Dunedin - Downtown) at the municipalities' request.

Use of Tax Increment Financing

The use of TIF involves three fundamental components:

1. The current total taxable assessed value within a CRA.
2. The total taxable assessed value at the time the redevelopment trust fund was established (the base year).
3. The applicable County millage rate.

As the taxable assessed property value within the CRA increases above the value of the base year (i.e., the increment), the property taxes generated by the increment are allocated to the applicable redevelopment trust fund and must be spent on projects within the CRA that implement the adopted community redevelopment plan.

Overall Investment by Pinellas County

Overall, since Fiscal Year 1982/83 to Fiscal Year 2016/17, Pinellas County has invested approximately \$123.4 million dollars in the fourteen CRAs that receive TIF revenues. Six of the fourteen CRAs that receive County TIF contributions are at least halfway through the duration of their redevelopment trust funds.

TIF Payments to Cities with TIF-Funded CRAs Since Inception

Tax Increment Financing Payments to Pinellas County Cities with TIF Funded CRAs Fiscal Years 1983 to 2017*	
City / CRA	Amount
Clearwater – Downtown	\$15,554,000
Clearwater – Gateway	\$927,000
<i>Clearwater (Combined as one CRA)</i>	<i>\$16,481,000</i>
Dunedin – Downtown	\$4,319,000
Gulfport – Waterfront District / Veterans' Park	\$1,849,000
Largo – Clearwater-Largo Road / West Bay Drive	\$4,815,000
Lealman – Countywide	\$192,000
Lealman – MSTU **	\$69,000
<i>Lealman (Combined as one CRA)</i>	<i>\$261,000</i>
Oldsmar – Town Center	\$3,403,000

Tax Increment Financing of Community Redevelopment Areas' Payments to Cities

Tax Increment Financing Payments to Pinellas County Cities with TIF Funded CRAs Fiscal Years 1983 to 2017*	
City / CRA	Amount
Pinellas Park – Downtown	\$13,940,000
Safety Harbor – Downtown	\$3,123,000
St. Petersburg – Bayboro Harbor	\$580,000
St. Petersburg – Intown	\$68,877,000
St. Petersburg – Intown West	\$2,708,000
St. Petersburg – South	\$701,000
<i>St. Petersburg Combined (four CRAs)</i>	<i>\$72,866,000</i>
Tarpon Springs – Downtown	\$2,378,000
<i>Total (13 CRAs)</i>	<i>\$123,435,000</i>

* FY 2017: Budget

** Municipal Services Taxing Unit

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures, and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the *Opportunities for Improvement* presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Certified Financial Statements For Community Redevelopment Areas/Agencies Have Not Been Issued.

Separate audited financial statements for CRAs have not been issued by any city with a CRA since inception of the TIF funding program. The first advances of TIF funds were made in Fiscal Year 1983.

Since financial information for CRAs is included in the accounts of each respective city, city financial management has opted to have the outside independent auditors submit only one opinion letter for the respective city's Comprehensive Annual Financial Report (CAFR).

The lack of certified financial statements for each CRA is non-compliance with Florida Statute 163.387(8). This statute requires the certified financial statement to be issued annually for each CRA:

"Each community redevelopment agency shall provide for an audit of the trust fund each fiscal year and a report of such audit to be prepared by an independent certified public accountant or firm. Such report shall describe the amount and source of deposits into, and the amount and purpose of withdrawals from, the trust fund during such fiscal year and the amount of principal and interest paid during such year on any indebtedness to which increment revenues are pledged and the remaining amount of such indebtedness. The agency shall provide by registered mail a copy of the report to each taxing authority."

We recommend Planning Management:

- A. Discuss this lack of certified financial statements for each CRA with the appropriate County department Management.
- B. Modify each County Code Sec. 38 to specifically respond to the appropriate County department Management's recommendations.



Management Response:

- A. Management Concur. Staff acknowledges the recommendation and will consult with the appropriate county department(s) to make an applicable determination as to modifications, if any, to the existing processes, and if reporting requirements need addressing to maintain consistent reporting. However, it should be noted that as part of each municipality's Comprehensive Annual Financial Report (CAFR), an independent certified public accountant/firm audits and certifies the audit report, which includes a certified audit of the community redevelopment agency trust fund. All such reports provide a complete set of financial statements presented in compliance with GAAP and GASB and are audited in accordance with generally accepted best practices and auditing standards, as applicable.

- B. Management Concur. Staff acknowledges the recommendation and will make any modification(s) in response to specific recommendations by the appropriate County department Management's recommendation deemed necessary.

2. There Is No Consistent Reporting Of Cities' CRA Activities By Independent Auditors.

The Scope and Opinion paragraphs included in the independent auditors' letters accompanying the respective cities' financial statements are inconsistent with respect to the reporting of the cities' annual TIF/CRA financial activity. Four of the ten cities (Clearwater, Gulfport, Largo, and Pinellas Park) that have CRAs funded by Pinellas County TIF payments report their CRAs' financial activity as 'nonmajor funds,' whereas five cities (Dunedin, Oldsmar,

Safety Harbor, St. Petersburg, and Tarpon Springs) report their TIF/CRA activity as 'major funds.' (Lealman is a new CRA and its report is not yet due.)

We recommend Planning Management:

Discuss 'major fund/non-major fund' accounting treatment/reporting variance among cities with the appropriate County department Management and the respective cities' CPA firms and modify each city's County Code Sec. 38 language to reflect the County department Management's/CPA firms' language.

Management Response:

Management Concur. Staff acknowledges the recommendation and will discuss with the appropriate county department(s) to make applicable determination(s) as to if modifications to process, policy or otherwise are necessary to ensure accounting treatment/reporting is suitably consistent with major fund accounting and reporting in accordance with GAAP and/or GASB, regardless of each municipality's fund classification methodology.

3. CRA Financial Reporting Lacks Formal Guidelines.

CRA annual financial results and financial position are reported inconsistently and in a deficient manner. CRA financial reports reviewed have not complied with Florida Statute 163.387(8). Annual CRA disclosures in the respective cities' CAFR reports are mostly adequate. However:

- None of the five "CRA Annual Reports" reviewed contained an independent auditor's opinion/certification:
 - City of Clearwater
 - City of Gulfport
 - City of Oldsmar
 - City of Pinellas Park
 - City of St. Petersburg
- Clearwater's CRA Annual Report had no reference to its CAFR report.
- St. Petersburg's CAFR shows two different 2014 revenue amounts: \$3,954,789 and \$8,891,000.



Although Florida Statutes for CRAs require an auditor's certification, it does not set out specific guidelines for such certification and the related financial statement disclosures.

A review of five cities' compliance with the CRA sections of the applicable Florida Statutes shows that:

- In the City of Clearwater's CAFR, the auditor's opinion did not specifically identify Clearwater's CRA. However, the CRA was identified in the CAFR Transmittal Letter and in the Management Discussion & Analysis (MD&A). The CRA's relationship within the City's financial statements is explained in Notes I.A. and II.A. to its CAFR financial statements.
- The City of Gulfport's CRA was discussed in its CAFR's Transmittal Letter and disclosed in Notes 1 and 14 to its CAFR financial statements.
- The City of Oldsmar's CRA was discussed in the auditor's opinion in its CAFR, its MD&A, and in Notes A and N to its CAFR financial statements.
- The City of Pinellas Park's CRA was discussed in the auditor's scope and opinion in its CAFR, its MD&A, Notes I-A and IV-F to its CAFR financial statements.
- The City of St. Petersburg's CRAs were discussed in the auditor's opinion in its CAFR, in its MD&A, and in Notes 1-A and 1-C to its CAFR financial statements.

Annual CRA financial reports must comply with Florida Statute 163.387(8); see Opportunity For Improvement No. 1 above.

We recommend Planning Management:

- A. Provide guidelines for the cities' CRA financial reports that (a) include the identification of each CRA in the auditors' scope and opinion, and (b) include a basic format for the accompanying CRA financial statements.
- B. Upon approval of CRA financial report guidelines, in compliance with County policies, modify CRA financial statement reporting practices allowing the cities to substitute their CAFRs for reporting separate certified CRAs financial statements with the appropriate scope, basis of reporting, and note disclosures.

Management Response:

- A. Management Concur. Staff acknowledges the recommendation. At the Direction of the BCC, new CRA Policy guidelines have been drafted and approved. The need for uniform reporting requirements were discussed and have been directed by the BCC.
- B. Management Concur. Staff acknowledges the recommendation. At the Direction of the BCC, new CRA Policy guidelines have been drafted and approved. The need for uniform reporting requirements were discussed and have been directed by the BCC. It

is the opinion of staff that each municipality shall still provide their CAFR for reporting as long as all County reporting guidelines are met; however, providing separate certified CRA financial statements shall be permitted given it is consistent with the applicable section of the audited CAFR.

4. TIF Funded CRA Annual Financial Reports Do Not Include Cumulative Information From Inception Of The CRA.

By not requiring the cities with TIF funded CRAs to submit cumulative revenues and expenditures, both the County and the respective city have inadequate financial control over CRA expenditures.

Once each city with TIF funded CRAs submits cumulative financial information, the Planning Department management will be aware of the status of each CRA's progress to the 15-year and 30-year reporting periods.

The Pinellas County Code Sec. 38 discusses the need for a financial review at the fifteen-year point of the TIF funded CRA as follows:

"Fifteen-year review...the county may review its tax increment contribution to the fund to determine whether given the totality of the circumstances, it continues to be prudent to dedicate the county portion of the tax increment revenues at the existing level, beyond 15 years..."

We recommend Planning Management:

- A. After consulting with the appropriate County department Management, issue a directive modifying Pinellas County Code Sec. 38 to provide for reporting cumulative amounts for TIF revenues and expenditures since the inception of each TIF funded CRA.
- B. Include in the directive a requirement for the analysis of expenditures from inception by projects within each CRA.

Management Response:

- A. Management Concur. Staff acknowledges the recommendation and will consult with the appropriate county department(s) and staff to make applicable determination(s) as to if modifications to process or policy are necessary.
- B. Management Concur. Staff acknowledges the recommendation and will consult with the appropriate county department(s) and staff to make applicable determination(s) as to the most effective inception to completion analysis of expenditures for major projects.

5. Planning Department Personnel Do Not Perform Annual CRA Site Tours.

The County has distributed over \$123.4 million to ten cities for their CRAs since inception in 1983.

Planning staff does not perform annual physical verification of the TIF funded cities' CRA areas.

The lack of County oversight may lead to improper use of TIF funds. County oversight is needed to assure management that TIF funds are being spent properly.

We recommend Planning Management annually arrange for a tour of each County TIF funded CRA with the respective city CRA director.

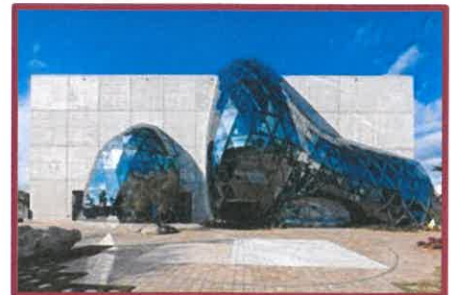
Management Response:

Management Concur. Understanding this is not a State of Florida or Pinellas County policy requirement, staff acknowledges the recommendation and will move towards touring a select number of TIF funded CRAs annually for the sole purpose of visually acknowledging their respective achievements.

6. Some TIF Payments To Cities With TIF Funded CRAs Do Not Reconcile.

TIF Payments

A number of differences were noted between Planning's *Comprehensive CRA Report of 2013* (Planning), OMB's schedule of TIF payments (OMB), and St. Petersburg's TIF receipt record:



1. St. Petersburg FY 1982: \$63,570 missing from OMB and Planning
2. St. Petersburg FY 1983: \$114,775 missing from OMB and Planning
3. St. Petersburg FY 1984: \$131,294 missing from OMB and Planning
4. St. Petersburg FY 1985: \$335,224 missing from OMB and Planning
5. St. Petersburg FY 1992: \$4,902 higher than OMB
6. St. Petersburg FY 1993: \$29,078 lower than OMB
7. St. Petersburg FY 2001: \$7,337 lower than OMB

We noted that financial information reported by the cities with TIF funded CRAs contained unclear accounting practices, such as transfers to other funds, reserves, and amounts due to other funds. We used alternative methods to verify the accuracy, sources, and uses of TIF funds by the cities with CRAs.

However, we would like to point out that the lack of reconciliation of the payment information between OMB and Planning and the cities receiving TIF payments caused the differences noted above to go undetected over years.

CRA financial statements and CAFR financial statements issued by the cities need to be thoroughly reviewed and cross-checked to guard against questionable accounting practices that need to be identified and investigated.

We recommend OMB and Planning Management:

- A. Reconcile their respective financial information prior to releasing CRA payments to the cities and issuing their own CRA reports.
- B. Reconcile annually the total amount of TIF payments made to each city with TIF funded CRAs.
- C. Review each city's annual CRA report and CAFR report to ensure appropriate accounting and reporting practices are followed.



Management Response:

- A. Management Partially Concurs. Staff acknowledges the recommendation; however, it is the opinion of OMB that this recommendation is already met with current practices.
- B. Management Partially Concurs. Staff acknowledges the recommendation; however, it is the opinion of OMB that this recommendation is already met with current practices.
- C. Management Partially Concurs. Staff acknowledges the recommendation; however, it is of the opinion of the staff that this recommendation is already met with current practices. Planning staff currently reviews CRA reports for compliance with the CRA plan and reporting requirements. OMB currently reviews/audits each applicable city's CAFR as standard practice. It is the opinion of OMB that the recommendation to assess "appropriate accounting and reporting practices" other than consistency in figures between the CRA plan report and the CAFR is unnecessary given that the CRA report is part of the CAFR, which is audited by an independent certified public accountant or firm.

7. There Is No Sufficient Control Over Annual Reports.

CRA's represent a significant legal recordkeeping endeavor to comply with Florida Statutes that require formal proposals, BCC resolutions, city resolutions, Interlocal Agreements, County Code updates, and other related documents. In addition, ongoing monitoring of each CRA requires the available formal CRA and other city financial reports that also are governed by Florida Statutes.

Florida Statutes Section 163.387(8) states:

"Each community redevelopment agency shall provide for an audit of the trust fund each fiscal year and a report of such audit to be prepared by an independent certified public accountant or firm... The agency shall provide by registered mail a copy of the report to each taxing authority."

Pinellas County Code Sec. 38 requires that financial reports from cities with TIF funded CRA's be filed annually:

"Copies of reports of audits required by F.S. § 163.387(8) shall be provided to the board of county commissioners each fiscal year."

The CRA documentation described above should be managed and maintained in electronic storage that is readily accessible. Downloading the CRA information that cities make available on the respective city's internet website is an efficient method for obtaining such documents.



We recommend Planning Management:

- A. Research the feasibility of purchasing an electronic document filing software system. An electronic system would code and date each document for easy and efficient access.
- B. Obtain electronically each CRA and CAFR report issued by the cities receiving TIF payments. An electronic record of receipt of each CRA and CAFR report would be part of the electronic system.

Management Response:

- A. Management Concur. Planning and OMB will research the use of existing document management systems, such as Sharepoint, WebExtender, and Granicus.
- B. Management Concur. Planning and OMB staff currently obtains and stores electronic copies of each CRA and CAFR report, respectively.

CHARTS

A. Pinellas County CRAs – General Information.

Chart A Tax Increment Financing Pinellas County CRAs General Information Location / Identification / Submission To / Review By BCC			
City	CRA	Submit By	BCC Review By
Belleair	Bellevue Biltmore Hotel	CRA plan not established	X
Clearwater	Downtown and Gateway Area	October 1, 2018	March 1, 2019
Dunedin	Downtown	BCC review not required	X
Gulfport	49th Street Corridor	BCC review not required	x
	Waterfront District / Veterans' Park	BCC review not required	x
Largo	Clearwater-Largo Road	BCC review not required	x
	West Bay Drive	July 1, 2016	December 31, 2016
Lealman	Residential and Commercial Redevelopment	CRA plan established	x
Oldsmar	Town Center	BCC review not required	x
Pinellas Park	Downtown	BCC review not required	x
Safety Harbor	Downtown	BCC review not required	x
St. Pete Beach	Gulf Boulevard / Downtown	CRA plan not established	x
St. Petersburg	16th Street South **	CRA plan not established	x
	Bayboro Harbor	BCC review not required	x
	Central Plaza	CRA plan not established	x
	Dome Industrial Park **	BCC review not required	x
	Dome Industrial Park Project (Midtown) **	BCC review not required	x
	Intown	October 1, 2019	April 7, 2020
	Intown West	BCC review not required	x
	Jamestown	CRA expired	x
	South	March 31, 2017	May 21, 2045
	Tangerine Avenue **	BCC review not required	x
Tarpon Springs	Downtown and former Pappas Restaurant	BCC review not required *	x
	North Community	CRA expired	x

* A three-year progress report is required.

** Four "sunsetted" CRAs in St. Petersburg are being "folded into" St. Petersburg's South CRA.

B. Pinellas County – Active TIF Funded CRAs.

Chart B Tax Increment Financing (TIF) Pinellas County: Active TIF Funded CRAs Information			
City	CRA	Acreage	TIF Expiration
Clearwater	Downtown	248	2034
	Gateway Area	202	
<i>Clearwater Combined</i>		450	
Dunedin	Downtown	217	2033
Gulfport	Waterfront District / Veterans' Park	84	2023
Largo	Clearwater-Largo Road	306	*
	West Bay Drive	445	2030
<i>Largo Combined</i>		751	
Lealman	Residential and Commercial Property Redevelopment	2,525	*
Oldsmar	Town Center	106	2026
Pinellas Park	Downtown	1,339	2020
Safety Harbor	Downtown	157	2022
St. Petersburg	Bayboro Harbor – Including the Waterfront Park System	193	2018
	Intown – Including the Mahaffey Theater, Pier, and Dali Museum	310	2035
	Intown West – Area Surrounding Tropicana Field	123	2021
	South – Midtown and Childs Park	4,700	2045
<i>St Petersburg Combined</i>		5,326	
Tarpon Springs	Downtown and former Pappas Restaurant property	227	2031
<i>Total</i>		11,182	

Sources: (1) "A Summary of Community Redevelopment Areas in Pinellas County," April 2013, Pinellas County Planning Department; and (2) subsequent city CRA reports.

* TIF not established.

C. Pinellas County – TIF Funded CRAs – Tax Values.

Chart C Tax Increment Financing Pinellas County Cities with TIF Funded CRAs (\$ in thousands)				
City / CRA	Tax Values			Tax Increment
	Base Tax Value Year	Base Tax Value Year Amount	FY 2017 Amount	From Base Tax Value Year
Clearwater – Downtown	1981	\$84,658	\$290,255	\$205,597
Clearwater – Gateway	2004	\$88,235	\$87,965	(\$270)
<i>Clearwater Combined</i>		\$172,893	\$378,220	\$205,327
Dunedin – Downtown	1988	\$35,412	\$98,742	\$63,330
Gulfport – Waterfront District / Veterans' Park	1993	\$8,444	\$37,099	\$28,655
Largo – Clearwater-Largo Road / West Bay Drive	2000	\$92,871	\$156,274	\$63,403
Lealman – Countywide	2016	\$476,996	\$514,882	\$37,886
Lealman – MSTU**		\$476,996	\$511,587	\$34,591
<i>Lealman Combined</i>		\$953,992	\$1,026,469	\$72,477
Oldsmar – Town Center	1996	\$16,876	\$78,196	\$61,320
Pinellas Park – Downtown	1997*	\$206,623	\$431,717	\$225,093
Safety Harbor – Downtown	1991	\$31,944	\$81,110	\$49,166
St. Petersburg – Bayboro Harbor	1988	\$28,051	\$36,309	\$8,258
St. Petersburg – Intown	1981	\$107,878	\$1,270,383	\$1,162,505
St. Petersburg – Intown West	1990	\$24,530	\$108,016	\$83,486
St. Petersburg – South	2015	\$530,060	\$641,849	\$111,789
<i>St. Petersburg Combined</i>		\$690,519	\$2,056,557	\$1,366,038
Tarpon Springs – Downtown	2000	\$41,038	\$77,691	\$36,653
<i>Total</i>		\$2,250,612	\$4,422,075	\$2,171,462

* Base Tax Value Year reset from Tax Value Year 1989 to Tax Value Year 1997, effective for FY 1999.

** Municipal Services Taxing Unit

D. Pinellas County – TIF Funded CRAs – Cumulative Payments Made To The Respective City Since The Respective CRA Inception To 2017.

Chart D			
Tax Increment Financing			
Pinellas County Cities with TIF Funded CRAs			
Percent of Total TIF Payments to Tax Value Increments from Base Years			
Fiscal Years 1983 to 2017*			
(\$ in thousands)			
City / CRA	Percent ***	TIF Payments **	Tax Increments
Clearwater – Downtown	7.57%	\$15,554	\$205,597
Clearwater – Gateway	0.00%	\$927	(\$270)
Clearwater Combined	8.03%	\$16,481	\$205,327
Dunedin – Downtown	6.82%	\$4,319	\$63,330
Gulfport – Waterfront District / Veterans' Park	6.45%	\$1,849	\$28,655
Largo – Clearwater-Largo Road / West Bay Drive	7.59%	\$4,815	\$63,403
Lealman – Countywide	0.51%	\$192	\$37,886
Lealman – MSTU ****	0.20%	\$69	\$34,591
Lealman Combined	0.36%	\$261	\$72,477
Oldsmar – Town Center	5.55%	\$3,403	\$61,320
Pinellas Park – Downtown	6.19%	\$13,940	\$225,093
Safety Harbor – Downtown	6.35%	\$3,123	\$49,166
St. Petersburg – Bayboro Harbor	7.02%	\$580	\$8,258
St. Petersburg – Intown	5.92%	\$68,877	\$1,162,505
St. Petersburg – Intown West	3.24%	\$2,708	\$83,486
St. Petersburg – South	0.63%	\$701	\$111,789
St. Petersburg – Combined %	5.33%	\$72,866	\$1,366,038
Tarpon Springs – Downtown	6.49%	\$2,378	\$36,653
Overall Percent / Totals	5.68%	\$123,435	\$2,171,462

* FY 2017 Budget

** TIF payments are made by applying the respective Millage Rate (see Chart F) times 95% of the respective Tax Value increment of each CRA in excess of the respective CRA's Base Tax Value Year with three exceptions. St. Petersburg's (1) Bayboro Harbor and (2) Intown CRAs apply 85% since FY 2016, and St. Petersburg's (3) South CRA applies 85% since 2016 to the respective Tax Value Increment.

*** Percent: TIF Payment to Tax Increment.

**** Municipal Services Taxing Unit

E. Pinellas County – TIF Funded CRAs – Annual Payment History – All Cities.

Chart E	
Tax Increment Financing Payments to Pinellas County Cities with TIF Funded CRAs Fiscal Years 1983 to 2017* (\$ in thousands)	
Fiscal Year	Amount
2017*	\$10,219
2016	\$8,421
2015	\$7,639
2014	\$6,850
2013	\$5,910
2012	\$5,868
2007 to 2011	\$39,498
2002 to 2006	\$21,892
1997 to 2001	\$5,412
1992 to 1996	\$5,124
1987 to 1991	\$5,763
1983 to 1986	\$839
Total	\$123,435

* 2017 Budget

F. Annual Millage Rates Applied To Tax Value Increments For TIF Funded CRA Payments.

Chart F Tax Increment Financing Millage Rates Used for TIF Payments to Pinellas County Cities with TIF Funded CRAs Tax Years 1982 to 2016**	
Tax Year	Millage Rate*
2016***	\$5.3377
2015	\$5.3377
2014	\$5.3377
2013	\$5.3377
2012	\$5.0727
2011	\$4.8730
2006 to 2010	\$4.8730 - \$5.4700
2001 to 2005	\$6.1410
1996 to 2000	\$5.5100 - \$6.0040
1991 to 1995	\$5.4290 - \$5.6450
1986 to 1990	\$4.2430 - \$5.2660
1982 to 1985	\$4.0730 - \$4.2900

** Per \$1,000 of Tax Values*

** 2016 Basis for 2017 Budget

*** Lealman's MSTU Millage Rate: \$2.0857



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