



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

FINANCIAL STATEMENTS

September 30, 2020



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INDEPENDENT AUDITORS' REPORT

Board of Commissioners of the
Chipley Redevelopment Agency
City of Chipley, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Community Redevelopment Agency of the City of Chipley, Florida (the "CRA"), a component unit of the City of Chipley, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's financial statements 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 each major fund of the CRA as of September 30, 2020, and the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in conformity 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 on pages 3–6 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 October 27, 2021, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
October 27, 2021

Community Redevelopment Agency of the City of Chipley, Florida Management's Discussion and Analysis

The Community Redevelopment Agency of the City of Chipley, Florida's (the "CRA") management's discussion and analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, provide an overview of the CRA's financial activity, identify changes in the CRA's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify fund issues or concerns.

Since the Management Discussion and Analysis is designed to present an overview of the CRA's current year's activities, resulting changes and currently known facts as well as the financial activities for the two fiscal years ended September 30, 2020 and September 30, 2019, please read in conjunction with the CRA's financial statements (beginning on page 7).

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$285,606 (net position). All of this amount is restricted net position for governmental activities.
- Total net position decreased by \$75,104.
- As of September 30, 2020, the general fund's restricted fund balance was \$285,606.
- Governmental activities' total revenues increased by \$1,372 or 1%, while governmental activities' total expenses decreased \$65,082 or 21%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the MD&A, basic financial statements, and notes to the financial statements. The basic financial statements include two kinds of statements that present different views of the CRA:

1. Government-Wide Financial Statements (Reporting the CRA as a whole)
2. Fund Financial Statements (Reporting the CRA's major and non-major funds)

Government-Wide Financial Statements

The government-wide financial statements focus on both long-term and short-term information about the CRA's overall financial status in a manner similar to those of a private-sector business. The statements include a Statement of Net Position and a Statement of Activities.

In the government-wide Statement of Net Position, the governmental activities are presented on a full accrual, economic resource basis, which recognizes all long-term assets and deferred outflows of resources as well as long-term obligations and deferred inflows of resources. Over time, increases or decreases in the CRA's net position are an indicator of whether its financial health is improving or deteriorating. The government-wide Statement of Activities reports both the gross and net cost of each of the CRA's functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants.

Community Redevelopment Agency of the City of Chipley, Florida Management's Discussion and Analysis

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Traditional users of governmental financial statements will find the fund financial statements' presentation more familiar.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, readers may better understand the long-term impact of the CRA's near-term financing decisions.

The CRA maintains one major governmental fund and information on this fund is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance.

The CRA adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget and is presented as part of the fund financial statements on page 11. The governmental fund financial statements can be found on pages 9 and 10 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found beginning on page 12.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This section is used to present condensed financial information from the government-wide statements that compares the current year to the prior year.

Statement of Net Position

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the CRA for the fiscal years ended September 30, 2020 and 2019. At the end of the fiscal year 2020, the CRA is able to report positive balances in its two categories of net position for its governmental activities.

Community Redevelopment Agency of the City of Chipley, Florida Management's Discussion and Analysis

The following schedule reflects the condensed Statement of Net Position as of September 30, 2020 and 2019:

<i>September 30,</i>	Governmental Activities		
	2020	2019	Change
Assets			
Current and other assets	\$ 287,681	\$ 372,804	\$ (85,123)
Liabilities			
Current liabilities	2,075	12,094	(10,019)
Net Position			
Restricted	285,606	360,710	(75,104)

Net position may serve over time as a useful indicator of a government's financial position. In the case of the CRA, assets exceeded liabilities at the close of the fiscal year by \$286 thousand for governmental activities.

All of the CRA's net position as of September 30, 2020, reflects its restricted net position. Restricted net position represents resources that are subject to external restrictions.

Statement of Activities

The following schedule summarizes revenues and expenses comparing the current year to the prior year, as derived from the government-wide Statement of Activities. Increases and decreases in net position measure whether the CRA's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities decreased \$75 thousand, or 21 percent.

<i>For the years ended September 30,</i>	Governmental Activities		
	2020	2019	Change
Revenues			
General revenues			
Taxes	\$ 167,969	\$ 160,085	\$ 7,884
Investment earnings	4,479	10,991	(6,512)
Total revenues	172,448	171,076	1,372
Expenses			
Governmental activities			
General government	247,552	312,634	(65,082)
Excess revenues over (under) expenses	(75,104)	(141,558)	66,454
Net Position - beginning	360,710	502,268	(141,558)
Net Position - ending	\$ 285,606	\$ 360,710	\$ (75,104)

Community Redevelopment Agency of the City of Chipley, Florida Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CRA'S FUNDS

This section provides analysis of the balances and transactions of the general fund. The CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The general fund is reported as a major governmental fund. The general fund is the general operating fund of the CRA. All general tax revenue and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the general fund. As of the end of the fiscal year 2020, the CRA's general fund reported a restricted fund balance of \$285,606.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the CRA adopted a budget to project their project expenditures. No budget amendments were made during fiscal year 2020.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The CRA's general fund is expected to continue as it has, with no additional revenue sources expected at this time.

Contacting the CRA's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the CRA's finances and to demonstrate the CRA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the CRA of Chipley, Post Office Box 1007, Chipley, Florida 32428.

Community Redevelopment Agency of the City of Chipley, Florida
Statement of Net Position

<i>September 30, 2020</i>	Governmental Activities
<hr/>	
Assets	
Receivables, net	\$ 76,171
Restricted cash	35,068
Restricted investments	176,442
<hr/>	
Total assets	287,681
Liabilities	
Accounts payable	2,075
<hr/>	
Net Position	
Restricted	\$ 285,606
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The accompanying notes are an integral part of these financial statements.

Community Redevelopment Agency of the City of Chipley, Florida
Statement of Activities

<i>For the year ended September 30, 2020</i>		Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Primary Government
		Governmental Activities
Primary Government		
Governmental activities:		
Economic environment	\$ 247,552	\$ (247,552)
General revenues		
Taxes:		
Ad valorem tax		167,969
Interest income		4,479
Total general revenues		172,448
Change in net position		(75,104)
Net position, beginning of year		360,710
Net position, end of year		\$ 285,606

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

Community Redevelopment Agency of the City of Chipley, Florida
Balance Sheet – Governmental Funds

<i>September 30, 2020</i>	General Fund
Assets	
Receivables, net	\$ 76,171
Restricted cash	35,068
Restricted investments	176,442
<hr/>	
Total assets	\$ 287,681
<hr/>	
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 2,075
Fund balances	
Restricted	285,606
<hr/>	
Total liabilities and fund balances	\$ 287,681
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The accompanying notes are an integral part of these financial statements.

Community Redevelopment Agency of the City of Chipley, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Funds

<i>For the year ended September 30, 2020</i>	General Fund
Revenues	
Taxes	\$ 167,969
Interest	4,479
<hr/>	
Total revenues	172,448
Expenditures	
Current	
Economic environment	247,552
<hr/>	
Net change in fund balances	(75,104)
Fund balance, beginning of year	360,710
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Fund balance, end of year	\$ 285,606
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The accompanying notes are an integral part of these financial statements.

Community Redevelopment Agency of the City of Chipley, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 167,969	\$ 167,969	\$ 167,969	\$ -
Interest	9,500	9,500	4,479	(5,021)
Total revenues	177,469	177,469	172,448	(5,021)
Expenditures				
Economic environment	472,235	472,235	247,552	224,683
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(294,766)	(294,766)	(75,104)	219,662
Fund balance, beginning of year	360,710	360,710	360,710	-
Fund balance, end of year	\$ 65,944	\$ 65,944	\$ 285,606	\$ 219,662

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

Community Redevelopment Agency of the City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Community Redevelopment Agency of the City of Chipley, Florida (the "CRA"), a component unit of the City of Chipley, Florida, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in accordance with the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the CRA's basic financial statements.

Reporting Entity

The CRA was formed in 1985 by the City of Chipley, Florida (the "City") pursuant to Florida Statute Chapter 163.356 to continue an ongoing process of revitalization in downtown Chipley. The CRA district encompasses approximately 430 acres and includes the historic downtown area and surrounding residential neighborhoods. Several landmarks are also located in the CRA district, such as Washington County Historical Museum, formerly an intercity railroad station, the Washington County Courthouse, Gilmore Park, and the Spanish Trail Playhouse. The CRA is governed by a seven member Board of Commissioners appointed by the City Council to four year terms.

The City gave authorization to the CRA to have power in its corporate capacity, in its discretion, to issue negotiable redevelopment revenue bonds to finance the undertaking of community redevelopment projects. The security of such bonds may be based upon the anticipated assessed valuation of the completed community redevelopment project. A Trust Fund was established pursuant to Florida Statute Chapter 163.387 for funds used by the CRA to finance or refinance each community redevelopment project it undertakes.

Basis of Presentation

The CRA's financial statements have been prepared solely for the purpose of complying with Chapter 2019-163, Laws of Florida, amended Section 163.387(8), Florida Statutes, that requires each community redevelopment agency meeting the specified \$100,000 threshold to provide for a separate audit and resultant audit report. In addition, Chapter 2021-116, Laws of Florida, amended Section 218.39(a)(h), Florida Statutes, requires a separate audit to be filed with the Auditor General.

Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Government-wide financial statements are comprised of the statement of net position and the statement of changes in net position which reports information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements.

Community Redevelopment Agency of the City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the 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 imposed by the provider have been met.

The 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the CRA.

Community Redevelopment Agency of the City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

Fund Financial Statements

The fund financial statements provide information about the CRA's funds. The emphasis of fund financial statements is on major governmental, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The CRA reports the following major governmental funds:

The *General Fund* of the CRA is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Budgetary Information

Budgetary Basis of Accounting

Each year formal budgets are legally adopted and amended as required by Section 163.387, Florida Statutes. Management can approve transfers within government function categories only. Transfers of appropriations or revisions between government function categories require the approval of the board. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the government function category level. The budget for each fund is adopted on the modified accrual basis of accounting consistent with GAAP.

Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid on goods on order or unperformed contracts in process at year-end. Because appropriations lapse at year-end, it is the CRA's policy to close encumbrances at year-end and to re-encumber those amounts, as needed, at the beginning of the next budget cycle.

Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand as well as demand deposits and certificates of deposit with original maturities of three months or less. This policy applies to the primary government and its component unit.

Investments

The CRA's investment policies are designed with the intent of ensuring the CRA's funds are invested in a manner that complies with Florida Statutes. Pursuant to Florida Statute 218.415 and the CRA's investment policy, the CRA may invest surplus funds in:

Community Redevelopment Agency of the City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balances (continued)

Investments (Continued)

- The Local Government Surplus Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Savings accounts in state-certified qualified public depositories, as defined in Section 280.02, Florida Statutes.
- Certificates of deposit in state-certified qualified public depositories, as defined in Section 280.02, Florida Statutes.
- Direct obligations of the U.S. Treasury.
- Federal agencies and instrumentalities.

Local Government Surplus Trust Fund - Florida PRIME - The CRA invests throughout the year in the Florida PRIME account, an investment pool administered by the Florida State Board of Administration (SBA), under the regulatory oversight of the State of Florida. Florida PRIME participants invest in a pool of investments whereby participants own a share of the respective pool, not the underlying securities.

Receivables

The CRA considers all revolving loan receivables collectible and as such, no allowance for uncollectibles is reported.

Restricted Assets

Certain assets of the CRA are required by resolution to be set aside and used for specific purposes; thus, they are not available for general operating purposes. It is the CRA's policy to use restricted assets before unrestricted assets when both are available to fund specific expenditures.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost with the exception of buildings, sidewalks, lighting, and infrastructure. Buildings with an original cost of \$50,000 or more, sidewalks and lighting with an original cost of \$25,000 or more, and infrastructure with an original cost of \$500,000 or more, are reported at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value as of the date of donation. The CRA has not reported infrastructure acquired prior to October 1, 2003. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed as incurred. Interest incurred during the construction phase on loans obtained for long-term construction projects are capitalized into the cost of the asset.

Community Redevelopment Agency of the City of Chipley, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balances (continued)

Capital Assets (continued)

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	20 – 50
Water and sewer system	15 – 50
Improvements	10 – 20
Machinery and equipment	5 – 10
Other infrastructure	10 – 50

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the CRA will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the CRA’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net position is reported on the government-wide financial statements into the following net position categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent proceeds at year-end related to capital assets are reported as restricted funds.

Restricted – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board of Commissioners.

Community Redevelopment Agency of the City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balances (continued)

Categories and Classification of Fund Equity (continued)

Fund balance flow assumptions – Sometimes the CRA will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the CRA's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balances are reported in the fund financial statements in two major categories: nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Spendable fund balances are reported based on a hierarchy of spending constraints in the following classifications:

Restricted – Fund balances that are constrained by external parties, constitutional provisions or enabling legislation. The CRA's restricted fund balance primarily includes property taxes restricted for use in accordance with the Chipley Redevelopment Plan.

Revenues and Expenditures/Expenses

Property Taxes - The CRA's ad valorem taxes are assessed by the Washington County Property Appraiser and collected by the Washington County Tax Collector in accordance with Florida Statutes. Property taxes are not recorded as receivables at September 30 because, though legally assessed as of January 1, they are not due and payable until after the close of the fiscal year ended the following September 30.

The current property tax calendar is as follows:

Lien date:	January 1, 2019
Levy date:	November 1, 2019
Due date:	March 31, 2020
Delinquent date:	April 1, 2020

Discounts of 1% for each month taxes are paid prior to March are granted.

Revenue recognition criteria for property taxes recognizes and accrues property taxes expected to be collected within 60 days of the current period. There were no outstanding property taxes accrued and recognized as revenue at year-end.

Community Redevelopment Agency of the City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from estimates used.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 27, 2021, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Issued and Implemented Accounting Pronouncements

In May 2020, the GASB issued Statement No. 95 (GASB 95), *Postponement of the Effective Date of Certain Authoritative Guidance*. GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. GASB 95 had no impact on the CRA's financial statements.

Pronouncements Issued But Not yet Effective

The GASB has issued statements that will become effective in future years. These statements are as follows:

In January 2017, the GASB issued Statement No. 84 (GASB 84), *Fiduciary Activities*. GASB 84 establishes specific criteria for identifying fiduciary activities and the requirements for financial statement reporting. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. GASB 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. In addition, recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred which compels the government to disburse fiduciary resources should also be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

Community Redevelopment Agency of the City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

In June 2017, the GASB issued Statement No. 87 (GASB 87), *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020.

In August 2018, the GASB issued Statement No. 90 (GASB 90), *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of GASB 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Community Redevelopment Agency of the City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

In May 2019, the GASB issued Statement No. 91 (GASB 91), *Conduit Debt Obligations*. The primary objectives of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of GASB 91 are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92 (GASB 92), *Omnibus 2020*. The objectives of GASB 92 are to enhance the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of GASB 92 are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*. The purpose of GASB 93 is to address accounting and financial reporting implications that result from the replacement of interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). GASB 93 achieves this objective by (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of the interest rate swap, and (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021.

Community Redevelopment Agency of the City of Chipley, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not yet Effective (continued)

In March 2020, the GASB issued Statement No. 94 (GASB 94), *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of GASB 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in GASB 94, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in GASB 94 as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in GASB 94, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. GASB 94 is effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB 96 (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB 96 is effective for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97 (GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements for GASB 97 are effective for reporting periods beginning after June 15, 2021.

The CRA is evaluating the requirements of the above statements and the impact on reporting.

Community Redevelopment Agency of the City of Chipley, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The CRA maintains its deposits with “Qualified Public Depositories” as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. The CRA’s Demand and time deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) and the multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

The CRA invests in the Florida State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME). The Local Government Surplus Funds Trust Fund is a “2a-7 like” pool and, therefore, the CRA’s pool account balance (amortized cost) is used as the fair value for financial reporting. At September 30, 2020, the fair value and the carrying value of these funds was \$176,442.

The funds are reported as restricted investments of \$176,442.

Florida PRIME is administered by the SBA, under the regulatory oversight of the State of Florida. Florida PRIME is rated by Standard and Poor’s as AAAM. At September 30, 2020, Florida PRIME’s investments dollar weighted average days to maturity (WAM) was 48 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM and weighted average life (WAL) is 63 days. Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2019 through September 30, 2020. As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the CRA’s daily access to 100 percent of their account value.

Florida PRIME is governed by Chapters 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration, (the “SBA”). These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (the “SEC”); however, the State has adopted operating procedures consistent with the requirements for a “2a-7 like” pool.

Custodial credit risk - Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the CRA will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The CRA’s current investments are limited to deposits in the Florida PRIME account.

Community Redevelopment Agency of the City of Chipley, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Concentration risk - Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single issuer. Investments in single issuers that equal or exceed 5% have reportable credit risk. The certificates of deposit are with one financial institution. All certificate of deposit balances in excess of FDIC coverage, when applicable, are covered by the multiple financial institutions' collateral pool in accordance with Florida Statutes Chapter 280.

Investment rate risk - Investment rate risk is the risk that changes in the interest rate will adversely affect the fair value of an investment. The CRA recognizes that the longer a maturity of an investment, the greater its price volatility. The CRA has limited its risk by requiring all investments to have a maturity of two years or less from the date of purchase.

Investments are comprised of the following, at amortized cost.

Investment Type	Fair Value	Purchase Date to Maturity			
		0 – 1 Year	1 – 2 Years	2 – 3 Years	3 – 5 Years
Florida PRIME	\$ 176,442	\$ 176,442	\$ -	\$ -	-

Receivables

Receivables as of year-end in the aggregate:

Revolving loans receivable	\$ 76,171
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Note 3: COMMITMENTS AND CONTINGENCIES

Grants - Grant funds received and disbursed by the CRA are for specific purposes and are subject to review by grantor agencies. Such reviews may result in requests for reimbursements due to disallowed expenditures. Based upon experience, the CRA does not believe that such disallowance, if any, would have a material effect on the financial position of the CRA. As of September 30, 2020, there were no questioned or disallowed costs as a result of reviews by grantor agencies in process or completed.

Construction Commitments - The CRA had no open contract commitments for improvements as of September 30, 2020.

Community Redevelopment Agency of the City of Chipley, Florida Notes to Financial Statements

Note 4: LITIGATION

The CRA was not involved in any litigations and claims arising in the ordinary course of operations. In the opinion of management, the range of potential recoveries or liabilities from litigation would not materially affect the financial position of the CRA at September 30, 2020. Accordingly, no accruals for loss contingency have been made in the accompanying financial statements.

Note 5: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain as of October 27, 2021.

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

Honorable Mayor and Members of
the City Council
City of Chipley, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Community Redevelopment Agency of the City of Chipley, Florida (the "CRA"), governmental activities and each major fund of the CRA fund information as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated October 27, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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* 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of 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, L.L.C.

Enterprise, Alabama
October 27, 2021



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**INDEPENDENT ACCOUNTANTS’ REPORT ON COMPLIANCE WITH SPECIFIED
FLORIDA STATUTE SECTIONS**

Honorable Mayor and Members of
the City Council
City of Chipley, Florida

We have examined Community Redevelopment Agency of the City of Chipley, Florida (the “CRA”) compliance with the following Florida Statute sections during the fiscal year ended September 30, 2020:

Section 218.415	Investment Guidelines
Section 163.387 (6) and (7)	Redevelopment Trust Fund

Management is responsible for the CRA’s compliance with the specified requirements. Our responsibility is to express an opinion on the CRA’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 CRA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the CRA’s compliance with specified requirements.

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements 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, L.L.C.

Enterprise, Alabama
October 27, 2021



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and
Members of the City Council
City of Chipley, Florida

Report on the Financial Statements

We have audited the financial statements of the Community Redevelopment Agency of the City of Chipley, Florida (the "CRA") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated October 27, 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 Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated October 27, 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. There were no findings 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 report the results of our determination as to whether or not the CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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, L.L.C.

Enterprise, Alabama
October 27, 2021