August 30, 2021 CRA Board Meeting

MONDAY, AUGUST 30, 2021
5:45 PM
Core Value of the Month - <INSERT>

Please turn off all Cell Phones and like devices prior to the start of the meeting.

1. **CALL TO ORDER**
2. **ROLL CALL/PLEDGE OF ALLEGIANCE**
3. **AGENDA APPROVAL** - (Matters not specifically listed on the agenda may be added and acted upon with a super-majority vote of the Council members present and eligible to vote on the matter)
4. **APPROVAL OF MINUTES**
   - **A. May 17, 2021**
5. **PUBLIC COMMENTS**
6. **NEW BUSINESS**
   - **A. FY-2020 Community Redevelopment Agency Annual Audit and Financial Statements**

   1. FY 2020 Destin Community Redevelopment Agency Audit Report
7. **PUBLIC COMMENTS**
8. **ADJOURNMENT**

If a person decides to appeal any decision made by the City Council, committee, board, panel, or agency with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she will may need to ensure that a record of the verbatim record of the proceedings is made, which record includes the testimony and evidence upon the appeal is to be based. "Persons with disabilities who require assistance to participate in this meeting are requested to notify the City Clerk's Office 850.837.4242 at least 48 hours in advance".

MINUTES
COMMUNITY REDEVELOPMENT AGENCY
BOARD OF DIRECTORS MEETING
MAY 17, 2021
ANNEX COUNCIL CHAMBERS
5:30 PM

The Community Redevelopment Agency met in a regular session with the following members and staff present:

Destin Community Redevelopment Agency
Boardmember Prebble Ramswell
Boardmember Johnny King
Boardmember Dewey Destin
Boardmember Terésa Hebert

City of Destin Staff
CRA Executive Director Lance Johnson
Grants/Project Manager Jeff Cozadd
IT Technician James Lauria
City Attorney Kyle Bauman
City Clerk Rey Bailey
Finance Director Krystal Strickland
Building Official Noell Bell

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

The City Attorney called the meeting to order at 5:30 p.m. for the purpose of nominating and appointing a Board Chair to preside over the meeting.

1. **APPOINTMENT OF COMMUNITY REDEVELOPMENT AGENCY (CRA) BOARD CHAIR AND VICE-CHAIR**

Boardmember Destin nominates Boardmember Ramswell, for appointment as CRA Board Chair; seconded by Boardmember Hebert. Motion passed 4-0 (Board members King, Hebert, Destin and Ramswell voted "yes"; Board members Schmidt and Braden were absent from the meeting).

Boardmember King nominates Boardmember Hebert for appointment as CRA Board Vice-Chair; seconded by Boardmember Destin. Motion passed 4-0 (Board members King, Hebert, Destin and Ramswell voted "yes"; Board members Schmidt and Braden were absent from the meeting).

2. **AGENDA APPROVAL**

Motion by Boardmember Destin, seconded by Boardmember King, to approve the agenda passed 4-0 (Board members King, Hebert, Destin and Ramswell voted "yes"; Board members Schmidt and Braden were absent from the meeting).

3. **PUBLIC COMMENTS -** None

4. NEW BUSINESS

A. Background Information for RFP 21-03-FIN Tax Exempt Loan Financing

The City Attorney announced that this item is presented as background information for the next agenda item which is approval of proposed CRA Resolution 21-01

B. CRA Resolution 21-01 – Approving the form of and authorizing the execution of an interlocal agreement with the City of Destin

Mr. Chris Roe of Bryant Miller Olive, Bond Counsel for the City of Destin, explained that adoption of proposed CRA Resolution 21-01 approves the interlocal agreement with the City of Destin. The purpose of the interlocal agreement is to document the agency's obligation to forward tax increment revenues to the city each year to an amount equal to the portion of the refinanced debt equal to the CRA project and CRA notes being refinanced as part of the transaction.

Boardmember Hebert moved to adopt CRA Resolution 21-01; seconded by Boardmember Destin. Motion passed 4-0 (Board members King, Hebert, Destin and Ramswell voted "yes"; Board members Schmidt and Braden were absent from the meeting).

5. PUBLIC COMMENTS - None

ADJOURNMENT:

Having no further business at this time, the meeting was adjourned at 5:45 PM.

ADOPTED THIS ___ DAY OF _____
By:

_____
Prebble Ramswell, Chairperson

ATTEST:

_____
Rey Bailey, City Clerk

ITEM # 2021-4091

CITY OF DESTIN

AGENDA ITEM

COUNCIL MEETING DATE: August 30, 2021
TYPE OF AGENDA ITEM: Special Presentation
AGENDA OUTLINE NUMBER: 6.A.

TO: City Council

THRU: Webb Warren, Deputy City Manager
Kyle Bauman, City Attorney
Lance Johnson, City Manager

FROM: Krystal Strickland, Finance Director

DATE: August 23, 2021

SUBJECT: 1. FY 2020 Destin Community Redevelopment Agency Audit Report

I. BACKGROUND: An annual audit of the City's financial operations is required in order to maintain legal reporting compliance for various State and Federal agencies and to comply with certain bond covenants within the City's debt instruments. The summer of 2020, the Rules of the Auditor General were updated to require a separate audit report for Community Redevelopment Agencies that have revenues or expenditures in excess of $100,000. This rule is reflected in the Chapter 10.550 Rules of the Auditor General effective 9-30-20.

II. DISCUSSION: The city's community redevelopment agency has traditionally been included in our Comprehensive Annual Financial Report. In the past, this report was sufficient to meet Florida Statutes regarding audit requirements. The two CRA districts will continue to be included in the Comprehensive Annual Financial Report, however, they now are required to be presented in a separate standalone report as well. City staff were made aware of this new requirement for a separate report on July 28, 2021. We have worked closely with EFPR Group to compile the required audit, examination, and financial statements in accordance with the new statutory requirements. In future years, the CRA audit report will be presented simultaneously with the Comprehensive Annual Financial Report.

Mr. Thomas Smith, CPA, Director, will present the independent auditor's report on behalf of EFPR Group, LLP, for the fiscal year ending September 30, 2020.

In addition to the regular audit, EFPR Group also audited the receipts and expenditures of funds related to the Deepwater Horizon Oil Spill (our National Fish & Wildlife Foundation

Grant), completed a Federal Single-Audit.

A. Link to Strategic Goals / Objectives: Goal #1: Financially sound city providing service excellence.

B. Effect on Budget (EOB): The presentation has no effect on the budget.

C. Level of Service (LOS):

III. CONCLUSION: The annual independent audit provides for legal compliance and confirms the sound financial condition of the City. The auditor's unmodified opinion confirms that the financial statements are fairly presented in all material respects.

IV. RECOMMENDED MOTION: I move to accept the 2020 Destin Community Redevelopment Agency Audited Financial Statement Report.

Attachments:

1. 2020 destin community redevelopment agency

Community Redevelopment Agency of the City of Destin, Florida

Financial Statements

For the Fiscal Year Ended
September 30, 2020

City of Destin, Florida
Finance Department
Krystal Strickland, Finance Director
4200 Indian Bayou Trail
Destin, Florida 32541
(850) 837-4242
CityofDestin.com

City of Destin, Florida
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EFPR GROUP LLP
Certified Public Accountants

1061 E. Indiantown Road, Suite 104
Jupiter, FL 33477

P 561.746.0999
TF 800.546.7556
F 561.575.9165
W EFPRgroup.com

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
Community Redevelopment Agency of the City of Destin, Florida:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Community Redevelopment Agency of the City of Destin, Florida, as of September 30, 2020, and the respective changes in financial position, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and statements of revenue, expenditures and changes in fund balance - budget to actual, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 20, 2021, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Jupiter, Florida
August 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Community Redevelopment Agency of the City of Destin, Florida (the "Agency") we offer readers of the Agency's financial statements this narrative overview and analysis of financial activities of the Agency for the fiscal year ended September 30, 2020.

FINANCIAL HIGHLIGHTS

The Agency's liabilities exceed the assets and deferred outflows by $15,680,974 (net position) and represents an increase in net position of $572,763, from prior year.

The Agency's governmental funds reported a combined ending deficit fund balance of $2,223,396, a decrease of $265,671. The fund balance decrease was the result for debt service expenditures being greater than revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

The focus of the Governmental Accounting Standards Board ("GASB") Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* financial statements is on both the Agency as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (such as year-to-year and government-to-government), and enhance the Agency's accountability.

This discussion and analysis intends to serve as an introduction to the Agency's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Designed to be corporate-like, the government-wide financial statements typically consolidate governmental and business-type activities into two columns, which add to a total for the primary government entity. However, the Agency has only governmental activities and, therefore, one column is presented that provides readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Agency's assets, deferred outflows and liabilities with the difference reported as net position. This statement combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the Agency.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

FUNDS

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 expendable resources, as well as on balances of expendable resources available at fiscal year-end.

Because the focus of governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental fund with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

OTHER INFORMATION

The combining statements, mentioned earlier in connection with nonmajor governmental funds, are presented immediately following the required supplementary information. The combining and individual nonmajor fund financial statements are found on pages 28 - 29 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as an indicator of a government's financial position. The Agency's liabilities exceeded the assets and deferred outflows by $15,680,974 (net position) for the fiscal year ended September 30, 2020.

The overall increase in the Agency's net position was $572,763 during fiscal year 2020.

FINANCIAL IMPACTS

NORMAL IMPACTS

There are four basic factors that impact revenues and expenses as reflected below.

Revenue

- Economic Condition - This can reflect a declining, stable, or growing economic environment and has a substantial impact on property.

- Market Impacts on Investment Income - The current market conditions have a significant influence on the Agency's investment income.

Expenses

- Salary Adjustments - The ability to attract and retain human resources requires the Agency to strive to approach a competitive salary range position in the marketplace.

Current Year Impact – Governmental Activities

- Ad valorem property taxes increased $104,485 (8%), which was caused by the increase of property values within the Agency.

- Millage rate maintained at 1.615 for each of the last four fiscal years.

- Interfund transfers out increased by $471,584 due to increases in debt service costs.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of the Agency's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2020, the Agency's governmental fund reported an ending deficit fund balance of $2,223,396, a decrease of $265,671, which has been financed by the City of Destin.

BUDGETARY HIGHLIGHTS

During fiscal 2020, the original expenditure budget was increased to account for interfund transfers to the City of Destin to pay for debt service costs.

DEBT ADMINISTRATION

At September 30, 2020, the Agency had total revenue notes payable of $13,326,169. The majority of the Agency's debt represents notes secured solely by specified revenue sources (i.e. revenue notes). The Agency has no general obligation or special assessment debt. For general obligation debt greater than one year, the Agency is required to conduct a voter referendum process for approval of this type of debt.

Table 4
Outstanding Debt
Notes Payable

	Governmental Activities		
	2020	2019	Change
Revenue notes	$ 13,326,169	$ 14,168,087	$ (841,918)

The Agency is repaying its outstanding obligations. The Agency has no legal debt margin requirements set forth by the Agency's Charter or the Florida Statutes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Agency is funded by ad valorem taxes through interlocal agreements with the City of Destin and Okaloosa County. The two districts within the Agency have different interlocal agreements which outline the different formulas to share ad valorem property revenues based upon the incremental increase in taxable property values. Revenue projections are based on data provided each summer from the County Property Appraiser. Expenditure projections are based upon the CRA master plans as directed by the CRA Board with support from staff and the CRA Committees. Until recent years, nearly all of the revenues were used to pay down debt, with a small amount dedicated to salaries and benefits of 0.5 full-time equivalents of staff support and a bit of infrastructure maintenance. The fiscal year 2021 budget is removing payment of salaries and benefits and will increase expenditures on infrastructure maintenance and debt service.

Regional economic indicators were also considered in preparing the 2020-2021 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 4200 Indian Bayou Trail, Destin, Florida, 32541. The Agency's website address is www.cityofdestin.com.

Community Redevelopment Agency of the City of Destin, Florida

Statement of Net Position

September 30,		**2020**
		Governmental Activities
Assets		
Restricted cash and cash equivalents	$	227,445
Total assets		227,445
Deferred outflows of resources		
Deferred charge on refunding		3,448
Total deferred outflows of resources		3,448
Liabilities		
Accounts payable		2,017
Accrued interest		134,857
Advance from the City of Destin		2,448,824
Noncurrent liabilities:		
Due within one year		855,721
Due in more than one year		12,470,448
Total liabilities		15,911,867
Net position		
Unrestricted		(15,680,974)
Total net position	$	(15,680,974)

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

Community Redevelopment Agency of the City of Destin, Florida

Statement of Activities

Year ended September 30, **2020**

Function/Program	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities:					
Economic environment	$ 78,964	$ -	$ -	$ -	$ (78,964)
Interest on long term debt	463,389	-	-	-	(463,389)
Total governmental activities	$ 542,353	$ -	$ -	$ -	(542,353)
General revenue:					
Property taxes					1,491,205
Investment income					2,825
Total general revenue					1,494,030
Interfund transfers out					(378,914)
Change in net position					572,763
Net position, beginning of year					(16,253,737)
Net position, end of year					$ (15,680,974)

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

Community Redevelopment Agency of the City of Destin, Florida

Balance Sheet - Governmental Fund

September 30,		**2020**
		Community Redevelopment Agency
Assets		
Restricted cash and cash equivalents	$	227,445
Total assets	$	227,445
Liabilities and fund balance		
Liabilities:		
Accounts payable	$	2,017
Advance from the City of Destin		2,448,824
Total liabilities		2,450,841
Fund balance:		
Restricted		167,124
Unassigned		(2,390,520)
Total fund balance (deficit)		(2,223,396)
Total liabilities and fund balance	$	227,445

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

Community Redevelopment Agency of the City of Destin, Florida

Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position

September 30,		**2020**
Total fund balance - governmental fund		$ (2,223,396)
Deferred amounts on refunding are not financial resources and, therefore are not reported as assets or liabilities in governmental funds. The Statement of Net Position includes these charges, net of amortization.		
Deferred outflow, net of amortization		3,448
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Notes payable	(13,326,169)	
Accrued interest	(134,857)	(13,461,026)
Total net position - governmental activities		$ (15,680,974)

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

Community Redevelopment Agency of the City of Destin, Florida

Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund

Year ended September 30,	**2020**
	Community Redevelopment Agency
Revenue	
Taxes	$ 1,491,205
Investment income	2,825
Total revenue	1,494,030
Expenditures	
Economic environment	78,964
Total expenditures	78,964
Excess of revenue over expenditures	1,415,066
Other financing uses	
Transfers out	(1,680,737)
Total other financing uses	(1,680,737)
Net change in fund balance	(265,671)
Fund balance (deficit), beginning of year	(1,957,725)
Fund balance (deficit), end of year	$ (2,223,396)

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

Community Redevelopment Agency of the City of Destin, Florida

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund to the Statement of Activities

Year ended September 30,		**2020**
Net change in fund balances - total governmental fund		$ (265,671)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Principal payments	$ 841,918	
Amortization of bond premium	(287)	
Change in accrued interest on long-term debt	(3,197)	838,434
Change in net position - governmental activities		$ 572,763

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

NOTE 1: NATURE OF ORGANIZATION & REPORTING ENTITY

The Community Redevelopment Agency of the City of Destin, Florida (the "Agency") consists of the Town Center Special Fund which was established on March 3, 1998 and the Harbor Special Revenue Fund which was established on June 3, 2003 as authorized by Chapter 163, Florida Statutes.

As required by generally accepted accounting principles (GAAP), these financial statements present only the Agency, which is a component unit of the City of Destin (the "City").

The Agency is governed by the members of the City Council.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Basis of Presentation

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and statement of activities, present information about the Agency as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Agency's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense is allocated to the department where the related asset is used.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Agency.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first and then unrestricted resources, as they are needed.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Fund Financial Statements - Fund financial statements report detailed information about the Agency in the governmental and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers all revenues as available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Agency and are recognized as revenue at that time.

When committed, assigned, or unassigned resources are available for use in governmental fund financial statements, it is the Agency's policy to use committed resources first, followed by assigned resources, and then unassigned resources as they are needed.

Cash and Cash Equivalents

For financial statement purposes, the Agency considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

Deposits

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Receivables and Payables

Transactions between the Agency and the City that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances from the City of Destin."

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

The Agency's ad valorem taxes are assessed by the Okaloosa County Property Appraiser and collected by the Okaloosa County Tax Collector in accordance with Florida Statutes. The Agency retains the right and duty to set millage rates. Property taxes are not recorded as receivables at September 30th because, though legally assessed as of January 1st, they are not due and payable until after the close of the current fiscal year. The following is the current property tax calendar:

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

Discounts of 1% for each month taxes are paid prior to March 2020 are granted. Revenue recognition criteria for property taxes under GASB requires that only property taxes expected to be collected within 60 days of the current period be accrued. Property taxes which are uncollected as of the end of the fiscal year are generally immaterial in amount and highly susceptible to uncollectibility; therefore, they are not recorded as a receivable at the balance sheet date.

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as current period expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At September 30, 2020, the Agency had $3,448 recorded as deferred charge on refunding.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

In the fund financial statements, governmental funds report equity as fund balance. The following is a description of the Agency's various fund balance accounts:

Nonspendable - Amounts that are not in a spendable form (prepaid insurance and advances to other funds, for example) or are legally or contractually required to be maintained intact.

Restricted - Amounts that are constrained by external parties constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of the resource provider.

Committed - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the government's highest level of decision-making authority which is the City Council. Commitments may be changed or lifted only by the government taking the same formal action (resolution) that imposed the constraint originally.

Assigned - Amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body (the City Council) or by an official or body (the City Manager) to whom the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. At the end of each fiscal period the Council commits an amount of fund balance for encumbrances which represent outstanding purchase orders intended to be fulfilled.

Unassigned - The residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned also contains deficit fund balances for government funds other than the general fund. Unassigned amounts are technically available for any other purpose.

Net Position

Net position in the government-wide financial statements is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to property, plant and equipment, net of any related debt. Restricted net position represents the net position restricted by external parties, constitutional provisions or enabling legislation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 differ from those estimates.

Budgetary Information

Budgets are adopted on a basis consistent with GAAP for the current fiscal year. For the year ended September 30, 2020, annual appropriated budgets were adopted by ordinance for the governmental funds. All appropriations lapse at year-end except for appropriations related to multi-year capital projects.

The Agency follows these procedures to establish the budgetary data reflected in the financial statements:

1. Prior to September 1st, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and revenue sources. The City Council requires changes as deemed necessary, sets proposed millages, and establishes dates for tentative and final public budget hearings as prescribed by Florida Statutes.

2. Proposed budgets are advertised in a newspaper of general circulation in the City. Public hearings are conducted for the purpose of receiving input, responding to complaints, and providing reasons and explanations for intended actions to all citizens participating.

3. Prior to October 1st, the budgets for all governmental funds are legally enacted through passage of an ordinance. Budget amendments are periodically passed through resolutions during the fiscal year. Budgeted beginning fund balance in the accompanying financial statements reflects planned utilization of prior years unassigned fund balance to the level required to accomplish current year objectives.

4. Budgetary control (the level which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level and may be amended as necessary during the fiscal year.

5. Budgeted amounts reflected in the financial statements are originally adopted amounts as amended by the City Council or by City Manager in accordance with applicable City ordinances.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

6. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are included in the reported components of fund balances and do not constitute expenditures or liabilities because the commitments will be appropriated and honored during the subsequent year.

NOTE 3: INTERFUND RECEIVABLES, PAYABLES, ADVANCES, AND TRANSFERS

The following is a summary of Interfund payables and receivables reported in the fund financial statements. The City of Destin advanced funds to the Community Redevelopment Agency in order to pay for debt.

	Advance To	Advance From
City of Destin	$ 2,448,824	-
Community Redevelopment Agency	-	2,448,824
	$ 2,448,824	2,448,824

All transfers are routine and are consistent with the activities of the funds making the transfer. The following presents the interfund transfers for the year ended September 30, 2020:

	Transfers in	Transfers out
City of Destin	$ 1,680,737	-
Community Redevelopment Agency	-	1,680,737
	$ 1,680,737	1,680,737

The CRA Town Center Special Revenue Fund transferred $973,001 to the City of Destin's 2014 Revenue Refunding Note Debt Service Fund to meet debt service requirements.

The CRA Harbor Special Revenue Fund transferred $707,736 to the City of Destin's 2009 Revenue Note Debt Service fund to meet annual debt service requirements.

NOTE 4: CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt of the Agency for the year ended September 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Harbor CRA Second Replacement Series 2009 Note As Restructured	$ 4,429,808	-	(442,981)	3,986,827	442,981
Town Center Area Redevelopment Refunding Revenue Note, Series 2014	9,738,279	-	(398,937)	9,339,342	412,740
	$ 14,168,087	-	(841,918)	13,326,169	855,721

NOTE 5: NOTES PAYABLE

Harbor CRA Second Replacement, Series 2009 Note, As Restructured September 18, 2015

On August 25, 2009, the City closed on an $8,500,000 note payable issued through the Harbor CRA. Interest payments are due semiannually on January 31 and July 31 with the principal payments due on July 31. On August 18, 2015, the City elected to restructure the note a second time in order to avoid the adjustment in interest rate from 4.2% to the market rate in fiscal year 2014. The interest rate is set at 2.84%, upon restructuring the remaining balance of $5,709,446. The final payment is due on July 31, 2029.

The net proceeds of the Series 2009 revenue note were deposited to a construction account to fund the City's five year improvement plan. This plan includes construction and reconstruction of Mountain Drive, related storm water drainage; installation and construction of multi-modal sidewalks; a boardwalk along the Harbor; a parking facility within the Harbor Community Redevelopment Area; the construction of Heritage Park; and any other projects as may be identified by the Council in accordance with the Redevelopment Plan.

The Capital Improvement Revenue Note, Series 2009 ordinance provides for:

A. Establishment and maintenance of various funds maintained by the City -

- Capital Improvement Revenue Note Series 2009 Special Revenue Fund records pledged revenues consisting of the ad-valorem tax increment revenue;

- Capital Improvement Revenue Note Series 2009 Debt Service Fund records all the debt service requirements of the issue which includes the principal, interest and reserve requirements.

NOTE 5: NOTES PAYABLE (Continued)

Harbor CRA Second Replacement, Series 2009 Note, As Restructured September 18, 2015 (Continued)

B. Restrictions on the use of cash accumulated in the Capital Improvement Revenue Note, Series 2009, Special Revenue Fund, in order of priority, are as follows:

- Deposits to the Sinking Fund accounts are required on or before the fifteenth day of January each year equal to all annual interest and principal payments;

- Balance remaining is to be used exclusively for funding associated with the Harbor CRA.

Town Center Area Redevelopment Refunding Revenue Note, Series 2014

Effective March 11, 2014, the City closed on a $11,871,000 note payable issued for the purpose of refunding certain outstanding debt of the City. Interest payments are due semiannually on June 1 and December 1 with the principal payments due on June 1. The note carries an interest rate of 3.41%. On June 8, 2015, the City reissued the bonds to extend the repayment period by ten years. The final payment is now due on June 1, 2037. The net proceeds of the Series 2014 revenue note were used to refund the Capital Improvement Revenue Bonds, Series 2005.

A. The Town Center Area Redevelopment Refunding Revenue Note, Series 2014 ordinance provides for establishment and maintenance of various funds maintained by the City:

- Town Center Area Redevelopment Revenue Special Revenue Fund records pledged revenues consisting of the ad-valorem tax increment revenue;

- Town Center Area Redevelopment Revenue Note Series 2014 Debt Service Fund records all the debt service requirements of the issue which includes the principal, interest and reserve requirements.

B. Restrictions on the use of cash accumulated in the Town Center Area Redevelopment Revenue Note, Series 2014, Special Revenue Fund, in order of priority, are as follows:

- Deposits to the Sinking Fund accounts are to be used to pay debt service on the 2014 Note and will be spent within a 12-month period beginning on the date of deposits. Moneys in the Sinking Fund will be depleted at least once a year except for a reasonable carryover amount not in excess of and one-twelfth (1/12) of the annual debt service on the 2014 Note for the preceding year.

NOTE 5: NOTES PAYABLE (Continued)

Principal and interest amounts due on notes payable are as follows:

Year ending September 30,				
Capital Improvement Revenue Note, Series 2009, As Restructured				
		Principal	**Interest**	**Total**
2021	$	442,981	114,798	557,779
2022		442,981	102,043	545,024
2023		442,981	89,288	532,269
2024		442,981	76,742	519,723
2025		442,981	63,777	506,758
2026-2030		1,771,922	127,624	1,899,546
Subtotal	$	3,986,827	574,272	4,561,099

Year ending September 30,				
Town Center Area Redevelopment Refunding Revenue Note, Series 2014				
		Principal	**Interest**	**Total**
2021	$	412,740	318,472	731,212
2022		427,021	304,397	731,418
2023		441,795	289,836	731,631
2024		457,081	274,771	731,852
2025		472,896	259,184	732,080
2026-2030		2,621,529	1,042,581	3,664,110
2031-2035		3,107,533	563,592	3,671,125
2036-2037		1,398,747	71,951	1,470,698
Subtotal	$	9,339,342	3,124,784	12,464,126

GRAND TOTAL				
		Principal	**Interest**	**Total**
2021	$	855,721	433,270	1,288,991
2022		870,002	406,440	1,276,442
2023		884,776	379,124	1,263,900
2024		900,062	351,513	1,251,575
2025		915,877	322,961	1,238,838
2026-2030		4,393,451	1,170,205	5,563,656
2031-2035		3,107,533	563,592	3,671,125
2036-2037		1,398,747	71,951	1,470,698
Subtotal	$	13,326,169	3,699,056	17,025,225

NOTE 6: COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Agency expects such amount, if any, to be immaterial.

Litigation and Other Matters

The Agency is also the defendant in various claims, generally concerning development issues. In the opinion of management, any future costs associated with these claims will not have a significant adverse effect on the accompanying financial statements, and accordingly, no provision for losses has been recorded.

Risk Management

The Agency purchases insurance coverage through commercial insurance carriers to cover liability, workers' compensation, automobile, personal property, marine equipment and crime/fidelity risks. The Agency's liability and workers' compensation policies are retrospective policies that require adjusted premium calculations following the end of the policy period; however, the Agency does not retain any risk of loss through these coverages. All policies have been maintained for several years without reductions in coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Remedies for Default

As part of notes payable there are terms in such agreements that state if the Agency were to default on such agreements that all payments are to become current.

NOTE 7: SUBSEQUENT EVENT

The Agency has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Agency and its future results and financial position is not presently determinable.

NOTE 8: ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

Statement No. 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61. Effective for fiscal years beginning after December 15, 2019.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

Community Redevelopment Agency of the City of Destin, Florida

Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual -
Community Redevelopment Agency - Town Center Special Revenue Fund

Year ended September 30,	**2020**			
	Budgeted Amounts			**Variance with Final Budget Positive**
	Original	**Final**	**Actual**	**(Negative)**
Revenue				
Taxes	$ 867,632	$ 867,632	$ 857,383	$ (10,249)
Investment income	150	150	1,359	1,209
Total revenue	867,782	867,782	858,742	(9,040)
Expenditures				
Economic environment	102,583	102,583	45,108	57,475
Total expenditures	102,583	102,583	45,108	57,475
Excess of revenue over expenditures	765,199	765,199	813,634	(48,435)
Other financing uses				
Transfers out	-	(731,013)	(973,001)	(241,988)
Net other financing uses	-	(731,013)	(973,001)	(241,988)
Net change in fund balance	765,199	34,186	(159,367)	(193,553)
Fund balance, beginning of year	(2,231,153)	(2,231,153)	(2,231,153)	-
Fund balance, end of year	$ (1,465,954)	$ (2,196,967)	$ (2,390,520)	$ (193,553)

Community Redevelopment Agency of the City of Destin, Florida

Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual -
Community Redevelopment Agency - Harbor Special Revenue Fund

Year ended September 30,	2020			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenue				
Taxes	$ 638,348	$ 638,348	$ 633,822	$ (4,526)
Investment income	200	200	1,466	1,266
Total revenue	638,548	638,548	635,288	(3,260)
Expenditures				
Economic environment	118,439	118,439	33,856	84,583
Total expenditures	118,439	118,439	33,856	84,583
Excess of revenue over expenditures	520,109	520,109	601,432	(81,323)
Other financing uses				
Transfers out	-	(568,788)	(707,736)	(138,948)
Net other financing uses	-	(568,788)	(707,736)	(138,948)
Net change in fund balance	520,109	(48,679)	(106,304)	(57,625)
Fund balance, beginning of year	273,428	273,428	273,428	-
Fund balance, end of year	$ 793,537	$ 224,749	$ 167,124	$ (57,625)

Community Redevelopment Agency of the City of Destin, Florida

Nonmajor Governmental Funds
Combining Balance Sheet

September 30,	2020		
	Special Revenue Fund		
	CRA Harbor	CRA Town Center Special Revenue Fund	Total CRA Governmental Funds
Assets			
Restricted cash and cash equivalents	$ 168,768	$ 58,677	$ 227,445
Total assets	$ 168,768	$ 58,677	$ 227,445
Liabilities and fund balances			
Liabilities:			
Accounts payable	1,644	373	2,017
Advance from other funds	-	2,448,824	2,448,824
Total liabilities	1,644	2,449,197	2,450,841
Fund balances:			
Restricted	167,124	-	167,124
Unassigned	-	(2,390,520)	(2,390,520)
Total fund balances	167,124	(2,390,520)	(2,223,396)
Total liabilities and fund balances	$ 168,768	$ 58,677	$ 227,445

Community Redevelopment Agency of the City of Destin, Florida

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures and Changes in Fund Balance

Year ended September 30,	**2020**		
	Special Revenue Funds		
	CRA Harbor	**CRA Town Center Special Revenue Fund**	**Total CRA Governmental Funds**
Revenue			
Taxes	$ 633,822	$ 857,383	$ 1,491,205
Investment income	1,466	1,359	2,825
Total revenue	635,288	858,742	1,494,030
Expenditures			
Economic environment	33,856	45,108	78,964
Total expenditures	33,856	45,108	78,964
Excess of revenue over expenditures	601,432	813,634	1,415,066
Other financing uses			
Transfers out	(707,736)	(973,001)	(1,680,737)
Total other financing uses	(707,736)	(973,001)	(1,680,737)
Net change in fund balances	(106,304)	(159,367)	(265,671)
Fund balances, beginning of year	273,428	(2,231,153)	(1,957,725)
Fund balances, end of year	$ 167,124	$ (2,390,520)	$ (2,223,396)

EFPRGROUP LLP
Certified Public Accountants

1061 E. Indiantown Road, Suite 104
Jupiter, FL 33477

P 561.746.0999
TF 800.546.7556
F 561.575.9165
W EFPRgroup.com

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

The Honorable Mayor and Members of the City Council
Community Redevelopment Agency of the City of Destin, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Community Redevelopment Agency of the City of Destin, Florida, (the Agency), as of and for the year ended September 30, 2020, and the related notes to the Agency's basic financial statements which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated August 20, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Jupiter, Florida
August 20, 2021

EFPR GROUP LLP
Certified Public Accountants

1061 E. Indiantown Road, Suite 104
Jupiter, FL 33477

P 561.746.0999
TF 800.546.7556
F 561.575.9165
W EFPRgroup.com

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor and Members of the City Council
Community Redevelopment Agency of the City of Destin, Florida:

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

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

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

Our examination disclosed that the Agency's expenditures were in excess of budgeted amounts.

In our opinion, except for the deviation of overspending the budget described in the preceding paragraph, the Agency complied, in all material respects, with the State of Florida Statutes 163.387(6) and 163.387(7) 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.

EFPR Group, CPAs, PLLC

Jupiter, Florida
August 20, 2021

EFPR GROUP LLP
Certified Public Accountants

1061 E. Indiantown Road, Suite 104
Jupiter, FL 33477

P 561.746.0999
TF 800.546.7556
F 561.575.9165
W EFPRgroup.com

MANAGEMENT LETTER

The Honorable Mayor and Members of the City Council
Community Redevelopment Agency of the City of Destin, Florida:

We have audited the financial statements of the Community Redevelopment Agency of the City of Destin, Florida (the Agency), as of and for the year ended September 30, 2020, and have issued our report thereon dated August 20, 2021.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in this report, which is dated August 20, 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. This is the first reporting requirement for the Agency, therefore this is not applicable.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity to be disclosed in this management letter, unless disclosed in the noted to the financial statements. The information required is disclosed in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Agency 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 Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Additional Matters

Other Matters

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 findings.

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 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 Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

EFPR Group, CPAs, PLLC

Jupiter, Florida
August 20, 2021