

**CITY OF STUART, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

FINANCIAL STATEMENTS

Year Ended September 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
City of Stuart, Florida
Community Redevelopment Agency

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the CRA'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 CRA'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.

To the Board of Commissioners
City of Stuart, Florida
Community Redevelopment Agency

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the CRA as of September 30, 2021, and the respective changes in financial position thereof for the fiscal 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 and budgetary comparison schedule, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is 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 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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
May 25, 2022

Management's Discussion and Analysis

The purpose of financial reporting, in general, is to provide the readers of the financial statements with information that will help them make decisions or draw conclusions about an entity. As management of the City of Stuart, Florida Community Redevelopment Agency (the "CRA"), we offer readers of the CRA's financial statements this narrative overview and analysis of the CRA's financial activities for the fiscal year ended September 30, 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements. The CRA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the CRA's finances, in a manner similar to a private-sector business. The CRA's government-wide financial statements include the statement of net position and statement of activities.

The statement of net position presents information on the CRA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CRA is improving or deteriorating.

The statement of activities presents information showing how the CRA'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. Also, capital assets are capitalized and depreciated on the statement of net position whereas related purchases are expended on government fund financial statements.

General Fund. The General Fund is 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, the General 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 a government's near-term financing requirements.

Because the focus of the General Fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the General Fund with similar information presented for governmental activities 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 General Fund balance sheet and the General Fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between General Fund and governmental activities.

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

Other Information. The CRA adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Government-wide Financial Analysis

As noted earlier, 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 by \$6,775,983 at the close of the most recent fiscal year. This compares with \$6,102,596 at the close of the 2020, an increase of \$673,387. Cash and investments increased due to additional tax incremental revenue. Capital assets had a slight increase, current and other assets increased due to improvements to sidewalks, City riverwalk, and recreation improvements.

	Net Position	
	2021	2020
Assets		
Current and other assets	\$ 3,954,760	\$ 3,257,002
Capital assets	2,861,069	2,875,530
Total assets	<u>6,815,829</u>	<u>6,132,532</u>
Liabilities		
Current liabilities	<u>39,846</u>	<u>29,936</u>
Total liabilities	<u>39,846</u>	<u>29,936</u>
Net position		
Net investment in capital assets	2,861,069	2,875,530
Restricted	<u>3,914,914</u>	<u>3,227,066</u>
Total net position	<u>\$ 6,775,983</u>	<u>\$ 6,102,596</u>

Governmental Activities

The CRA’s net position increased by \$673,387 in fiscal year 2021. Both the City of Stuart (the “City”) and Martin County (the “County”) contributed to the CRA based on property values within the CRA. General government expenses increased slightly over 2020 with the majority being utilized for roadway and sidewalk projects within the CRA district.

	Changes in Net Position	
	2021	2020
Revenues		
Tax increment revenue	\$ 2,533,618	\$ 2,232,453
Other	20,123	64,449
Total revenues	<u>2,553,741</u>	<u>2,296,902</u>
Expenses		
Community redevelopment	<u>1,880,354</u>	<u>1,154,202</u>
Total expenses	1,880,354	1,154,202
Increase/(decrease) in net position	673,387	1,142,700
Net position - beginning	<u>6,102,596</u>	<u>4,959,896</u>
Net position - ending	<u>\$ 6,775,983</u>	<u>\$ 6,102,596</u>

Financial Analysis of the General Fund

As noted earlier, the CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The purpose of the CRA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The only difference between General Fund operations and governmental activities is the accounting presentation for capital outlay. Capital outlay is accounted for as an expenditure in the General Fund and, to the extent it relates to capital asset additions, is replaced by depreciation expense on the statement of activities.

General Fund Budgetary Highlights

Primary variances between the final budget and actual operating expenditure categories related to delays in projects due to unforeseen circumstances, pandemic related distribution shortages and backups. Projects were not started as planned and will be undertaken in the future.

Capital Asset Administration

The CRA's net investment in capital assets as of September 30, 2021, amounts to \$2,861,069, a decrease of \$14,461.

	Capital Assets (net of depreciation)	
	2021	2020
Land	\$ 998,369	\$ 998,369
Buildings and improvements	1,529,084	1,590,356
Improvements other than buildings	184,194	193,670
Equipment	39,636	52,077
Construction in progress	109,786	41,058
Total assets	<u>\$ 2,861,069</u>	<u>\$ 2,875,530</u>

Economic Factors and Conditions

An increase in area property values resulted in an increase in City and County contributions to the CRA Fund. Taxable values rose 7% in fiscal year 2021. Taxable values within the CRA are expected to see continued growth greater than taxable value growth in the remainder of the City.

Requests for Information

The 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. Additional information is also available on the City's website at www.cityofstuart.us. If you have any questions about this report or would like additional information, please contact:

Financial Services Director
City of Stuart
121 S.W. Flagler Avenue
Stuart, FL 34994

**CITY OF STUART, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

**STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET**

September 30, 2021

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 695,758	\$ -	\$ 695,758
Pooled investments	3,257,002	-	3,257,002
Accounts receivable	2,000	-	2,000
Capital assets			
Nondepreciable	-	1,108,155	1,108,155
Depreciable, net	-	1,752,914	1,752,914
TOTAL ASSETS	\$ 3,954,760	2,861,069	6,815,829
LIABILITIES			
Accounts payable	16,546	-	16,546
Due to other governments	201	-	201
Unearned revenue	3,099	-	3,099
Other	20,000	-	20,000
TOTAL LIABILITIES	39,846	-	39,846
FUND BALANCES/NET POSITION			
Fund balances:			
Restricted	3,914,914	(3,914,914)	-
TOTAL FUND BALANCES	3,914,914	(3,914,914)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,954,760		
Net position:			
Net investment in capital assets		2,861,069	2,861,069
Restricted		3,914,914	3,914,914
TOTAL NET POSITION		\$ 6,775,983	\$ 6,775,983

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

**CITY OF STUART, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

**STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

Year Ended September 30, 2021

	General Fund	Adjustments (Note 2)	Statement of Activities
REVENUES			
Intergovernmental	\$ 2,533,618	\$ -	\$ 2,533,618
Investment Income	-	-	-
Miscellaneous Revenues	20,123	-	20,123
TOTAL REVENUES	2,553,741	-	2,553,741
EXPENDITURES/EXPENSES			
Current			
Economic Environment	1,772,337	-	1,772,337
Capital Improvements			
Capital Outlay	93,556	(93,556)	-
Depreciation	-	108,017	108,017
TOTAL EXPENDITURES/EXPENSES	1,865,893	14,461	1,880,354
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	687,848	(687,848)	-
CHANGE IN NET POSITION	-	(14,461)	673,387
FUND BALANCES/NET POSITION			
Beginning of the year	3,227,066	2,875,530	6,102,596
End of the year	\$ 3,914,914	\$ 2,861,069	\$ 6,775,983

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

**CITY OF STUART, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Community Redevelopment Agency (the “CRA”) is a blended component unit of the City of Stuart, Florida (the “City”). The City Council appoints an advisory board to administer the activities. The seven-member governing board of the CRA consists of five members of the City Council and two additional at-large commissioners appointed by the City Council in accordance with Section 52.002, City of Stuart Code of Ordinances and Section 163.357(1) (c), Florida Statutes.

The CRA was created pursuant to Section 163.356, Florida Statutes, through ordinances passed by the City and Martin County. It was created by City Resolution 84-98, dated June 8, 1998. Its primary activities include the rehabilitation, conservation, or redevelopment of slum or blighted areas within the City. The City provides accounting and administrative support to the CRA without charge; the CRA does not have personnel or administrative facilities.

Pursuant to Florida Statute 163.387, the CRA is funded primarily by incremental ad valorem tax revenues levied and remitted in amounts proportionate to property tax values for each participating entity. The CRA is economically dependent on such revenue.

The accounting policies of the CRA conform to accounting principles generally accepted in the United States of America.

These financial statements present the financial position and results of operations controlled by or dependent upon the CRA. In evaluating the CRA as a reporting entity, management has addressed all potential component units for which the CRA may or may not be financially accountable and, as such, be includable in the CRA’s financial statements. No component units exist which would require inclusion in the CRA’s financial statements.

Government-wide and Fund Financial Statements

The CRA has only governmental activities and only one function, and, as such, it is eligible for special-purpose financial statement presentation; accordingly, the government-wide financial statements are presented together with the governmental fund financial statements, described below, with an adjustment column presented to reconcile the two sets of statements.

**CITY OF STUART, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental Fund Financial Statements - The CRA has one governmental fund type, which is the General Fund. The General Fund is the primary operating fund used to account for all resources and operations. Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position.

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.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized when 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 CRA considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred.

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 and are recognized as revenue when the amount is received with the availability period which is limited to 60 days after the end of the fiscal year.

When both restricted and unrestricted resources are available for use, it is the CRA’s policy to use restricted resources first, then unrestricted resources, as they are needed. When both assigned and unassigned resources are available for use, it is the CRA’s policy to use assigned resources first, then unassigned resources, as they are needed.

**CITY OF STUART, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and the Budgetary Process

The CRA's Board adopts an annual operating budget, which can be amended by the Board throughout the year.

At the fund level, actual expenditures cannot exceed the budgeted amounts; however, with proper approval by the Board, budgetary transfers between line items can be made.

The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual for the General Fund reflects the original and final budget authorization amounts, which includes all amendments. Appropriations lapse at the close of the fiscal year.

The CRA's management cannot amend or transfer appropriations.

For the fiscal year ended September 30, 2021, the CRA's budget was prepared on a modified accrual basis.

Pooled Cash and Equivalents and Investments

Cash reported in the financial statements includes interest-bearing, demand accounts and certificates of deposits stated at fair value.

Capital Assets

Capital assets purchased in the General Fund are recorded as expenditures at the time of purchase. It is the policy of the CRA to capitalize property and equipment over \$1,000 with an estimated useful life in excess of one year. Lesser amounts are expensed. The CRA does not have donated fixed assets.

Depreciation has been recorded over the following estimated useful lives using the straight-line method.

<u>Assets</u>	<u>Years</u>
Building and improvement	10-30
Infrastructure	10-100
Machine and Equipment	3-10

**CITY OF STUART, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

The CRA has classified governmental fund balances as follows:

- Restricted Fund Balance – includes items that are restricted by external creditors, grantors or restricted by legal constitutional provisions.

Estimates and Assumptions

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Adjustments were made to include capital assets (net of accumulated depreciation) and long-term liabilities on the statement of net position. This resulted in a net difference between the ending General Fund balances and the total net position of \$2,861,069.

Total fund balance	\$ 3,914,914
Capital assets, net	<u>2,861,069</u>
Total net position	<u>\$ 6,775,983</u>

Adjustments were made to include depreciation expense, eliminate capital outlay expenditures, and repayment of debt principal, on the statement of activities. This resulted in a net difference between “excess revenues over expenditures” and “change in net position” of \$673,387.

Excess of revenues over expenditures	\$ 687,848
Capital outlay	93,556
Less: Depreciation expense	<u>(108,017)</u>
Change in net position	<u>\$ 673,387</u>

**CITY OF STUART, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2021

NOTE 3 - POOLED CASH AND EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The CRA's cash and equivalents account is combined with the pooled cash of the City. The City's cash accounts consist of interest-bearing, demand accounts and certificates of deposit, all of which were entirely covered by federal depository insurance or by a multiple financial institution collateral pool pursuant to the Public Depository Security Act of the State of Florida (the "Act"). The Act requires that the City maintain deposits only in "qualified public depositories." All qualified public depositories must deposit eligible collateral with the State Treasurer in such amounts as required by the Act. In addition, qualified public depositories are required under the Act to assume mutual responsibility against loss caused by the default or insolvency of other qualified public depositories of the same type. Should a default or insolvency occur, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City.

Pooled Investments

The CRA pools its investments with the City. The CRA does not manage its own investments. The CRA's portion of the pooled investments is \$3,257,002. The CRA follows the City's Investment Policy, which is in accordance with Florida Statutes. Refer to Note 2 - Deposits and Investments in the City's Annual Comprehensive Financial Report for further information on the City's and the CRA's required disclosures for investments. This information is available on the City's website, www.cityofstuart.us.

**CITY OF STUART, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2021

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in the CRA's capital assets during the fiscal year ended September 30, 2021:

	Balance October 1, 2020	Additions and Transfers	Deletions and Transfers	Balance September 30, 2021
Governmental Activities				
Land	\$ 998,369	\$ -	\$ -	\$ 998,369
Construction in progress	41,058	68,728	-	109,786
Total capital assets, not being depreciated	<u>1,039,427</u>	<u>68,728</u>	<u>-</u>	<u>1,108,155</u>
Capital assets being depreciated:				
Building and Improvements	2,616,525	24,828	-	2,641,353
Infrastructure	287,425	-	-	287,425
Equipment	<u>222,258</u>	<u>-</u>	<u>(3,300)</u>	<u>218,958</u>
Less: Accumulated depreciation	<u>(1,290,105)</u>	<u>(108,017)</u>	<u>3,300</u>	<u>(1,394,822)</u>
Total capital assets being depreciated	<u>1,836,103</u>	<u>(108,017)</u>	<u>-</u>	<u>1,752,914</u>
Total capital assets	<u><u>\$ 2,875,530</u></u>	<u><u>\$ (14,461)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,861,069</u></u>

Depreciation expense amounted to \$108,017 during fiscal year 2021, which is included on the statement of activities.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF STUART, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
GENERAL FUND				
Revenues:				
Intergovernmental	\$ 2,573,935	\$ 2,571,235	\$ 2,533,618	\$ (37,617)
Investment Income	-	-	-	-
Miscellaneous Revenues	-	2,700	20,123	17,423
TOTAL REVENUES	<u>2,573,935</u>	<u>2,573,935</u>	<u>2,553,741</u>	<u>(20,194)</u>
EXPENDITURES				
Current:				
Economic Environment	2,448,935	2,299,077	1,772,337	526,740
Capital Improvements				
Capital Outlay	125,000	274,858	93,556	181,302
TOTAL EXPENDITURES	<u>2,573,935</u>	<u>2,573,935</u>	<u>1,865,893</u>	<u>708,042</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	687,848	687,848
FUND BALANCE - BEGINNING	-	-	3,227,066	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,914,914</u>	<u>\$ 687,848</u>

Note: This schedule is prepared on the basis of generally accepted accounting principles.

COMPLIANCE SECTION



Certified Public Accountants

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

To the Board of Commissioners
City of Stuart, Florida
Community Redevelopment Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Stuart, Florida Community Redevelopment Agency (the "CRA") as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's financial statements and have issued our report thereon dated May 25, 2022.

Internal Control over Financial Reporting

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

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

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

To the Board of Commissioners
City of Stuart, Florida
Community Redevelopment Agency

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements and contracts, 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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the CRA in a separate management letter and Independent Accountant's Report dated May 25, 2022.

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 CRA'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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
May 25, 2022



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Commissioners
City of Stuart, Florida
Community Redevelopment Agency

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA is in accordance with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the CRA's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of 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 fiscal year ended September 30, 2021.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
May 25, 2022



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Commissioners
City of Stuart, Florida
Community Redevelopment Agency

Report on the Financial Statements

We have audited the basic financial statements of the City of Stuart, Florida Community Redevelopment Agency (the "CRA") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 25, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing 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 May 25, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

To the Board of Commissioners
City of Stuart, Florida
Community Redevelopment Agency

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and 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 for the CRA. 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.

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.38(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific information of the CRA, a dependent district of the City of Stuart, Florida, that is required by Section 218.39(3)(c), Florida Statutes, and Section 10.544(1)(i)6, *Rules of the Auditor General*, is reported in the City of Stuart, Florida's management letter for the fiscal year ended September 30, 2021.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the CRA Board Members, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
May 25, 2022