



Florida Redevelopment Association  
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# CRA Issues



- Audit Requirements
- Tax Increment Revenues
- Expenditures
- Budgets
- Report of Activities

# CRA Audit Requirements



- Section 218.39, Florida Statutes, requires special districts meeting revenue or expenditure thresholds to provide for an annual financial audit. A dependent district (including a CRA) may be audited by being included with the audit of its local governing authority.

# CRA Audit Requirements



- Section 163.387(8), Florida Statutes, requires each CRA to provide for an audit of the redevelopment trust fund each year. Requires auditor's opinion on the CRA Trust Fund
- May be provided through:
  - A separate audit
  - Audit of its local governing authority, if redevelopment trust fund is included as a Major Fund

# CRA Audit Requirements



- Section 163.387(8), Florida Statutes, requires the audit to include:
  - Amount and source of deposits into trust fund
  - Purpose of withdrawals from trust fund
  - Principal and interest paid on any indebtedness to which tax increment revenues are pledged
  - Remaining debt to which tax increment revenues are pledged
  
- Report to be provided to each taxing authority

# CRA Audit Requirements



- Section 218.39, FS, audit requirement. As of 9/12/12, for the 2010-11 FY:
  - 193 were included in the audit of the local governing authority.
  - 3 submitted separate audits.
  - 7 did not meet the threshold in Section 218.39, FS.
  - 7 did not satisfy the audit requirement, provide proof that the threshold was not met, or the audit report from the local governing authority had not been received.
  
- Section 163.387(8), FS, audit requirement:
  - Of the 193 included in the local governing authority's audit, 51 were not reported as a Major Fund. Therefore, the audit requirement was not met unless the CRA had a separate audit not submitted to the AG.
  - The 14 in last 2 bullets above did not meet this audit requirement unless the CRA had a separate audit.



# Tax Increment Revenues

## Requirement – Tax Increment Funding:

### **Section 163.387(2)(b), Florida Statutes**

Taxing authorities must remit the annual tax increment to CRA by January 1. Unpaid amounts must include an additional 5% on the increment amount and 1% interest per month not paid, unless the penalty amounts are waived.

If a taxing authority has not remitted tax increment revenues to the CRA by January 1, and the penalties were not waived, the CRA should provide a billing to the taxing authority, including a calculation of the additional 5% and interest.

# CRA Expenditures



- Section 163.387(6), Florida Statutes, provides that moneys in the trust fund may be expended as described in the CRA Plan. Expenditures may include:
  - Administrative and overhead costs
  - Planning, surveys, and financial analysis
  - Land acquisitions, clearance, and preparation
  - Payment of financing costs and principal and interest on indebtedness
  - Development of affordable housing within the CRA area
  - Development of community policing innovations
- Expenditures may not include general operating expenses.



# CRA Expenditures



## CRA Expenditure Issues:

- Lack of invoices to support CRA expenditures
- Expenditures not in accordance with CRA Plan
- Lack of CRA Board approval for project payments
- Lack of documentation for salary payments for employees splitting time between CRA & county or city functions
- Lack of control over contributions to nonprofits
- General operating expenses paid with CRA funds

# CRA Expenditures



- All expenditures should be properly authorized and documented.
- All expenditures should be in accordance with the CRA Plan. Approved plan should be updated as needed to include all CRA projects.
- Actual time spent on CRA activities should be documented and salaries and benefits paid commensurate with the time spent. Use time records to track time spent on CRA activities.
- Contributions to private, nonprofits should be based on an agreement identifying a CRA purpose and CRAs should exercise control over the funds disbursed by the nonprofits.
- Ensure that any operating expenses intended to be paid by CRA funds are included in the CRA plan.



# CRA Budgets

## **Section 189.418, Florida Statutes:**

The CRA Board must adopt a budget by **resolution** each fiscal year.

Budgets for dependent special districts shall be contained within the general budget of the primary government but indicated as the budget of the district.

# CRA Budgets



## Section 189.418, Florida Statutes:

- The total amount available from taxation and other sources, including balances brought forward from prior fiscal years, must equal the total of appropriations for expenditures and reserves.
- Budgeted revenues and expenditures must be at least at the level of detail required for the annual financial report.
- Tentative budget must be posted on the special district's official Web site at least 2 days before the budget hearing. Final adopted budget must be posted on the special district's official Web site within 30 days after adoption.
  - Can be posted on the local governing authority's Web site if the CRA does not have a Web site



# CRA Budgets

## **Section 189.418, Florida Statutes:**

It is unlawful for the CRA to expend or contract for expenditures in excess of budgeted appropriations.

Budgets may be amended, by resolution, up to 60 days following the end of the fiscal year.



# CRA Report of Activities

- Section 163.356(3)(c), Florida Statutes, requires the CRA to file a report of its activities for the prior fiscal year to the local governing authority by March 31 each year and publish in the newspaper notice of availability of the report.
- Must include complete financial statements setting forth its assets, liabilities, income, and operating expenses as of the end of such fiscal year



# CRA Report of Activities

Examples of information that could be included in a Report of Activities:

- History of tax increment funding for the past 5 to 10 years
- Details of funding sources and uses by CRA project during the FY
- Plans for funding and spending for each of the next 5 to 10 years
- Proposed changes to CRA boundaries or the CRA Plan

# Florida Auditor General



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