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Outline
REDEVELOPMENT 101

1. History of Redevelopment in Florida

    A. 1969 – Chapter 163 Part III passed by the legislature
    B. Prior to Home Rule (1978)
    C. 1980 – DCA level Challenge Miami Beach v. State of Florida
    D. Florida Supreme Court 2007 Strand v. Escambia County
    E. Redevelopment 101 = Chapter 163 Part III
    F. Revitalization = can include much broader topics, programs and statutes

2. Other Programs for Redevelopment

    A. Main Street (Department of State, Bureau of Historic Preservation)
    B. Business Improvement Districts (usually not statutory)
    C. Independent Taxing Districts -DDA/DIB/DIA (Local Bills Passed by Legislature)
    D. Neighborhood Improvement Districts Chapter 163, Part IV (local initiative)
    E. Special Assessments for Promotion and Marketing (Chapter 170. F.S.)

3. CRAs as Dependent Special Districts

    A. Chapter 189 – all CRAs are Dependent Special Districts
    B. Reporting requirements
    C. Budgets and online presence

4. Creating and Managing a Community Redevelopment Agency under Ch. 163, Part III, F.S.

    A. Creation
        1. Chapter 163, Part III – Creating the Agency
        2. Findings and Declaration of Necessity
        3. Definitions
        4. Notice to taxing authorities
        5. Workable program
        6. Powers of taxing authorities
        7. Hiring staff and engaging consultants
        8. Creation of the CR Agency
        9. Coastal resort area redevelopment pilot project

    B. Community Redevelopment Plans
        1. Contents of redevelopment plan
        2. Modifications to redevelopment plans
        3. Consistency with comprehensive plan
        4. Expenditures consistent with redevelopment plan
        5. Phasing the Plan
        6. Planning for borrowing

C. Governance

1. Three forms – advantages and disadvantages:
    a. Governing body as CR Agency Board
    b. Governing body and two community members as CR Agency Board
    c. Community members as CR Agency Board
    d. Contrast differences in CR Agencies based on mission, budget issues, community, history, etc.
2. Exercise of powers
3. Powers of CR Agencies.
4. Eminent Domain
5. Disposal of Property
6. Issuance of revenue bonds
7. Increment Revenue Trust Account
8. Staffing issues
9. Coordination with City/County management
10. Working with legal counsel
11. Working with city departments such as public works, planning and zoning, utilities.
12. Negotiating Interlocal Agreements

5. State Statutory Requirements

a. Government in the Sunshine: ethics, public meetings and records
b. Reporting Requirements
c. Audits
d. Annual Report to Citizens March 31

6. Redevelopment Organization Resources

A.	International Council of Shopping Centers	www.icsc.org
B.	Florida Community Development Association	www.fcdaonline.com
C.	National Community Development Association	www.ncdaonline.org
D.	Florida Economic Development Council	www.fedc.net
E.	Florida Housing Coalition	www.flhousing.org
F.	Florida Special District Program	www.floridaspecialdistricts.org
G.	Florida Institute of Government	www.iog.fsu.edu
H.	International Downtown Association	www.ida-downtown.org
I.	Florida Regional Planning Councils	www.ncfrpc.org/state.html
J.	American Planning Association	www.planning.org
K.	Council of Development Finance Agencies	www.cdfa.net
L.	Florida Redevelopment Association	www.redevelopment.net
M.	California Redevelopment Association	www.calredevelop.org
N.	Urban Land Institute	www.uli.org
O.	Planetzin	www.planetzin.com
P.	Florida Main Street Program	http://www.flheritage.com/preservation/architecture/mainstreet/florida_main.cfm

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REDEVELOPMENT ACADEMY

Redevelopment 101
October 23, 2018

ADMINISTRATION: Please rate the process and study materials provided for this course.

	Excellent		Average		Poor
Administration/staff explained the process clearly	5	4	3	2	1
Printed information was informative	5	4	3	2	1
Handling of questions from students were satisfactory	5	4	3	2	1
Study guide and materials were appropriate and adequate	5	4	3	2	1

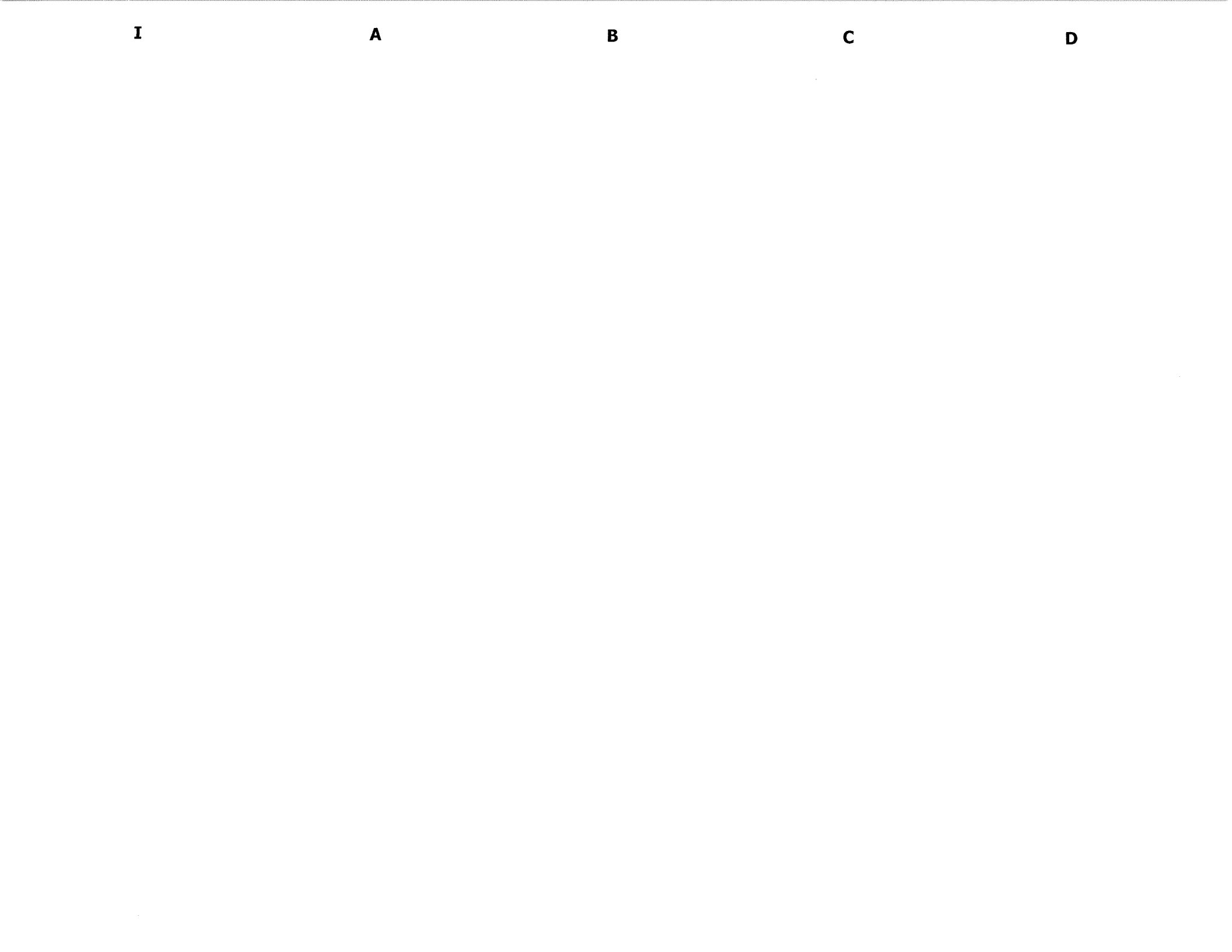
INSTRUCTION: Please rate the instructor's presentation of this course.

	Excellent		Average		Poor
Explained material clearly	5	4	3	2	1
Appeared to be prepared for class	5	4	3	2	1
Handling of questions and student ideas	5	4	3	2	1
Apparent rapport with class	5	4	3	2	1
Encouraged critical thinking and analysis	5	4	3	2	1
Maintained class interest	5	4	3	2	1
Class time was well used	5	4	3	2	1
Reaction to opinions different from his/her own	5	4	3	2	1
Encouraged relevant student involvement in class	5	4	3	2	1
Voice level and quality	5	4	3	2	1
Effective use of teaching aids (blackboard, machines, etc.)	5	4	3	2	1
Handled exams	5	4	3	2	1
Attitude of students in class toward instructor	5	4	3	2	1
Teaching methods	5	4	3	2	1

Instructor: How did they handle interaction and student involvement? Questions, discussion, and openness to suggestions/ideas?

Presentation style: How did the instructor do concerning verbal and non-verbal communication skills; use of audio-visual techniques, handouts and other materials?

Generally: What helped or hindered your ability to learn today? Do you have suggestions on how to improve this class/course? Were the classroom and facilities comfortable and adequate?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REDEVELOPMENT ACADEMY

Summary of Florida CRA Annual Reporting Requirements

Community Redevelopment Agencies in Florida are required by state law to prepare these six ***annual reports****:

1) *Annual Audit (can be independent of the creating entity or included in the creating entity's audit) (www.myflorida.com/audgen) **Chapter 163.387(8), Florida Statutes**

2) Annual reconciliation of the CRA trust fund balance at the end of the fiscal year. **Chapter 163.387 (7), Florida Statutes**

3) *Annual Fees and Updates to the Office of Special District Accountability at the Florida Department of Economic Opportunity (http://floridajobs.org/community-planning-and-development/special-districts/special-district-accountability-program) **Chapter 189.016, Florida Statutes**

4) *Comprehensive Annual Financial Report (Uniform Accounting System for Florida Municipalities (https://www.myfloridacfo.com/Division/AA/Manuals/LocalGovernment/2011UASManualMunicipalities122910.pdf) **Chapter 218.33, Florida Statutes**

5) Annual March 31 Report to the public (posted online or on file at the Clerk and CRA office) **Chapter 163.356(3)(c).**

6) Annual Budget (proposed and adopted) and Board, contact information updated and posted each September online on CRA pages. **Chapter 189.016**

*State agency must receive a copy or forms must be submitted. Penalties may apply for non-compliance.

Introduction

Section 218.33, Florida Statutes (F.S.), states that the Department of Financial Services "...shall make such reasonable rules and regulations regarding uniform accounting practices and procedures by local governmental entities in this state, including a uniform classification of accounts, as it considers necessary to assure the use of proper accounting and fiscal management techniques by such units." Additionally, Section 218.32, F.S., requires that each local government reporting entity submit annual financial information to the Department of Financial Services.

The Department of Financial Services, assisted by representatives of various local governments, developed the Uniform Accounting System Chart of Accounts to be used as the standard for recording and reporting financial information to the State of Florida. Implementation of the standard Chart of Accounts and Standard Annual Reporting Form began in 1978. Since then, there have been minor changes and updates to the Chart of Accounts and the Annual Reporting Form.

As mandated by Section 218.33, F.S., reporting units should use this chart of accounts as an integral part of their accounting system so that the preparation of their annual financial reports will be consistent with other local reporting entities. This does not preclude local entities from maintaining more detailed records for their own use.

FS 189.016 Reports; Budgets; Audits (2016)

(1) When a new special district is created, the district must forward to the department, within 30 days after the adoption of the special act, rule, ordinance, resolution, or other document that provides for the creation of the district, a copy of the document and a written statement that includes a reference to the status of the special district as dependent or independent and the basis for such classification. In addition to the document or documents that create the district, the district must also submit a map of the district, showing any municipal boundaries that cross the district's boundaries, and any county lines if the district is located in more than one county. The department must notify the local government or other entity and the district within 30 days after receipt of the document or documents that create the district as to whether the district has been determined to be dependent or independent.

(2) Any amendment, modification, or update of the document by which the district was created, including changes in boundaries, must be filed with the department within 30 days after adoption. The department may initiate proceedings against special districts as provided in s. 189.067 for failure to file the information required by this subsection. However, for the purposes of this section and s. 175.101(1), the boundaries of a district shall be deemed to include an area that has been annexed until the completion of the 4-year period specified in s. 171.093(4) or other mutually agreed upon extension, or when a district is providing services pursuant to an interlocal agreement entered into pursuant to s. 171.093(3).

(3) The governing body of each special district shall adopt a budget by resolution each fiscal year. 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. At a minimum, the adopted budget must show for each fund, as required by law and sound financial practices, budgeted revenues and expenditures by organizational unit which are at least at the level of detail required for the annual financial report under s. 218.32(1). The adopted budget must regulate expenditures of the special district, and an officer of a special district may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget.

(4) The tentative budget must be posted on the special district's official website at least 2 days before the budget hearing, held pursuant to s. 200.065 or other law, to consider such budget and must remain on the website for at least 45 days. The final adopted budget must be posted on the special district's official website within 30 days after adoption and must remain on the website for at least 2 years. This subsection and subsection (3) do not apply to water management districts as defined in s. 373.019. .

(5) The proposed budget of a dependent special district must be contained within the general budget of the local governing authority to which it is dependent and be clearly stated as the budget of the dependent district. However, with the concurrence of the local governing authority, a dependent district may be budgeted separately. The dependent district must provide any budget information requested by the local governing authority at the time and place designated by the local governing authority.

Ch 189.016, F.S.

(6) The governing body of each special district at any time within a fiscal year or within 60 days following the end of the fiscal year may amend a budget for that year as follows:

(a) Appropriations for expenditures within a fund may be decreased or increased by motion recorded in the minutes if the total appropriations of the fund do not increase.

(b) The governing body may establish procedures by which the designated budget officer may authorize certain amendments if the total appropriations of the fund do not increase.

(c) If a budget amendment is required for a purpose not specifically authorized in paragraph (a) or paragraph (b), the budget amendment must be adopted by resolution.

(7) If the governing body of a special district amends the budget pursuant to paragraph (6)(c), the adopted amendment must be posted on the official website of the special district within 5 days after adoption and must remain on the website for at least 2 years.

(8) A local general-purpose government may review the budget or tax levy of any special district located solely within its boundaries.

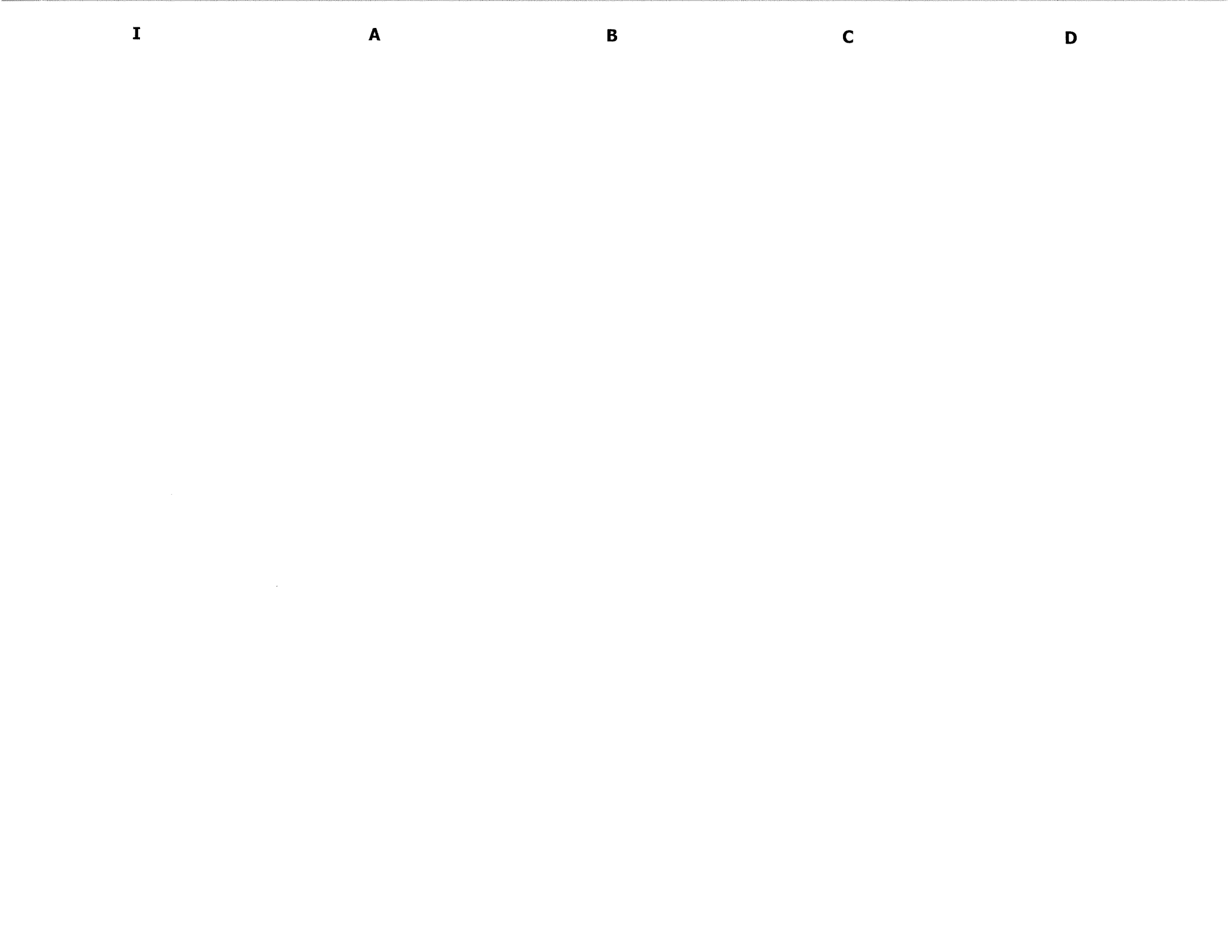
(9) All special districts must comply with the financial reporting requirements of ss. 218.32 and 218.39. A local general-purpose government or governing authority may request, from any special district located solely within its boundaries, financial information in order to comply with its reporting requirements under ss. 218.32 and 218.39. The special district must cooperate with such request and provide the financial information at the time and place designated by the local general-purpose government or governing authority.

(10) All reports or information required to be filed with a local general-purpose government or governing authority under ss. 189.014, 189.015, and 189.08 and subsection (8) must:

(a) If the local general-purpose government or governing authority is a county, be filed with the clerk of the board of county commissioners.

(b) If the district is a multicounty district, be filed with the clerk of the county commission in each county.

(c) If the local general-purpose government or governing authority is a municipality, be filed at the place designated by the municipal governing body.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FLORIDA REDEVELOPMENT ASSOCIATION

HOW TO CALCULATE TAX INCREMENT IN FLORIDA

Overview

Valuation of property in Florida starts on January 1 of each year, per Chapter 193, Florida Statutes. There are milestones and processes during the year which ultimately yield the amount of annual "increment revenue" under Chapter 163, Part III. This increment revenue must be paid by the taxing authorities (city, county) from their general revenue, by December of each year. However, the amount of increment that is paid into the CRA Trust Fund in any given year is based on numbers from up to 18 months ago. This is because the statutes specify that the tax rolls must be verified, appealed, and adjusted, and taxpayers have until May of the next year to remit. So the CRA trust fund money is paid in arrears, so to speak. For reference, here is the link to the assessment statutes. http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&URL=0100-0199/0193/0193.html

Notes

1) **Redevelopment "Increment" is annual revenue collected from property value INCREASES in the redevelopment area only.**
2) **The amount of local property tax revenue collected before the creation of a CRA is "frozen" and is not considered in calculating annual increment.**
3) **The property value increases are calculated from a starting point, i.e. "base year", to the current year.**
4) **The millage rate/millage and roll back processes do not impact the timing of a CRA creation or CRA payments, and CRAs do not impact the millage setting process. The only common denominator is they both involve calculating amounts of property taxes, using millage rates. The big difference is that CRA increment is a calculation based on the taxes *after* they are paid.**
5) **CRA payments are not included on the TRIM notice (because they are not a separate tax levy), and do not include debt service.**
6) **Taxpayers are billed for the whole amount of ad valorem taxes levied each year* whether their property is in a redevelopment area or not. This is because the increment is a calculation based on the taxes after they are paid.**
7) **The calculation of increment is based on the most recent assessment roll** available at the time the CRA/**redevelopment Trust Fund is** established*. **The county**

appraiser has until July 1 to certify the current year's assessed value to the taxing districts. So, **the** most recent assessment roll **until July 1 of each year** is the previous year's assessment roll.

8) **There is nothing in statute that requires the creation of a CRA trust fund by any date certain.**
9) **There is nothing in statutes that specifies whether the "assessment roll" needs to be the preliminary or the final; that is usually determined by the appraiser and / or the local government.**
10) **The 95% number for increment is believed to be due to an understanding that the administering local government may take 5% as an administrative fee, but this is anecdotal.**

Statutory Reference

s. 163.387(1)(a)2 The annual funding of the redevelopment trust fund shall be in an amount not less than that increment in the income, proceeds, revenues, and funds of each taxing authority derived from or held in connection with the undertaking and carrying out of community redevelopment under this part. Such increment shall be determined annually and shall be that amount equal to 95 percent of the difference between:

(a) **The amount of ad valorem taxes levied each year*by each taxing authority, exclusive of any amount from any debt service millage, on taxable real property contained within the geographic boundaries of a community redevelopment area; and**

(b) **The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for each taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the community redevelopment area *as shown upon the most recent assessment roll** used in connection with the taxation of such property by each taxing authority prior to the effective date of the ordinance providing for the funding of the trust fund.**

Generally, once the governing body does the plan, they may establish a trust fund. There are no CRAs in the state currently, however, who have not established a trust fund. When they do (by enacting an ordinance that provides for the funding of the redevelopment trust fund by increment revenues), the funding is provided for the time certain set in the plan, under 163.362(10).

If you are a CRA administrator, there is most likely a process already in place or established by your appraiser, tax collector and finance director for calculating increment each year. If you have questions, as an FRA member you may ask a question of other members, under the questions section at MyFRA. We encourage you to share your implementing documents or internal memos as samples of how to communicate effectively on increment calculations. As always, consult with legal counsel for accurate information based on the facts of your situation. For further general information, contact FRA at cwestmoreland@flcities.com.

2016

FLORIDA

Reset Form | Print Form

DR-420TIF
R. 6/10
Rule 12D-16.002
Florida Administrative Code
Effective 11/12

TAX INCREMENT ADJUSTMENT WORKSHEET

Year: 2016	County: MADISON
Principal Authority: CITY OF MADISON	Taxing Authority: CITY OF MADISON
Community Redevelopment Area: Citiy of Madison Community Redevelopment Area	Base Year: 1990

SECTION I: COMPLETED BY PROPERTY APPRAISER

1.	Current year taxable value in the tax increment area	$ 11,437,105	(1)
2.	Base year taxable value in the tax increment area	$ 3,899,279	(2)
3.	Current year tax increment value *(Line 1 minus Line 2)*	$ 7,537,826	(3)
4.	Prior year Final taxable value in the tax increment area	$ 10,479,854	(4)
5.	Prior year tax increment value *(Line 4 minus Line 2)*	$ 6,580,575	(5)

SIGN HERE	**Property Appraiser Certification**	I certify the taxable values above are correct to the best of my knowledge.
	Signature of Property Appraiser: Electronically Certified by Property Appraiser	Date: 6/29/2016 11:51 AM

SECTION II: COMPLETED BY TAXING AUTHORITY Complete EITHER line 6 or line 7 as applicable. Do NOT complete both.

6. If the amount to be paid to the redevelopment trust fund IS BASED on a specific proportion of the tax increment value:

6a.	Enter the proportion on which the payment is based.	95.00 %	(6a)
6b.	Dedicated increment value *(Line 3 multiplied by the percentage on Line 6a)* ***If value is zero or less than zero, then enter zero on Line 6b***	$ 7,160,935	(6b)
6c.	Amount of payment to redevelopment trust fund in prior year	$ 43,761	(6c)

7. If the amount to be paid to the redevelopment trust fund IS NOT BASED on a specific proportion of the tax increment value:

7a.	Amount of payment to redevelopment trust fund in prior year	$ 0	(7a)
7b.	Prior year operating millage levy from Form DR-420, Line 10	0.0000 per $1,000	(7b)
7c.	Taxes levied on prior year tax increment value *(Line 5 multiplied by Line 7b, divided by 1,000)*	$ 0	(7c)
7d.	Prior year payment as proportion of taxes levied on increment value *(Line 7a divided by Line 7c, multiplied by 100)*	0.00 %	(7d)
7e.	Dedicated increment value *(Line 3 multiplied by the percentage on Line 7d)* ***If value is zero or less than zero, then enter zero on Line 7e***	$ 0	(7e)

SIGN HERE	**Taxing Authority Certification**	**I certify the calculations, millages and rates are correct to the best of my knowledge.**	
	Signature of Chief Administrative Officer: Electronically Certified By Taxing Authority	Date: 7/14/2016 1:11 PM	
	Title: TIM BENNETT, CITY MANAGER	Contact Name and Contact Title: TIM BENNETT, CITY MGR	
	Mailing Address: 321 SW RUTLEDGE STREET	Physical Address: 321 SW RUTLEDGE STREET	
	City, State, Zip: MADISON, FL 32340	Phone Number: 8509735081	Fax Number: 8509735084

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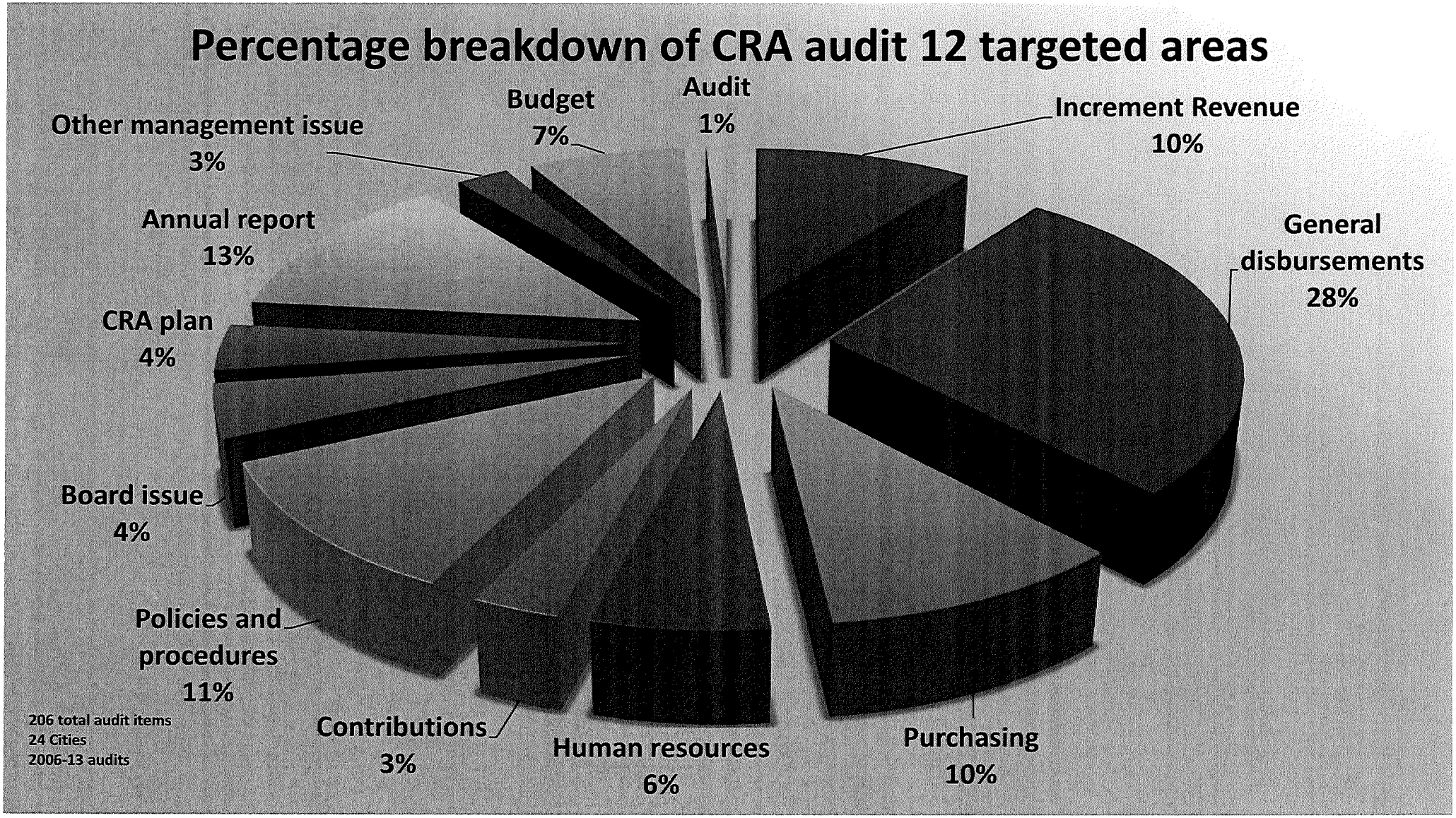

Source: Jeffrey Burton
Posted: www.redevelopment.net/MyFRA/Resources

AUDITOR GENERAL

WILLIAM O. MONROE, CPA

STATE OF FLORIDA
LOCAL GOVERNMENT FINANCIAL REPORTING SYSTEM

Performance Audit

STATE OF FLORIDA
LOCAL GOVERNMENT FINANCIAL REPORTING SYSTEM

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SUMMARY OF FINDINGS

Our performance audit of the State of Florida local government financial reporting system (System) disclosed the following:

Finding No. 1: Several taxing authorities did not timely pay tax increment funding to CRAs and CRAs did not bill the taxing authorities for additional moneys and interest, contrary to Section 163.387(2)(b), Florida Statutes.

Finding No. 2: Two CRAs could not demonstrate that redevelopment trust fund expenditures were in compliance with the CRA Plan and Sections 163.387(6) and 163.370(2), Florida Statutes, or that all expenditures were properly authorized.

Finding No. 3: Five CRAs did not maintain documentation, such as time records, to demonstrate that employees whose salaries and benefits were partially paid from CRA funds were paid commensurate with the percentage of time spent on CRA-related activities.

Finding No. 4: Two CRAs made contributions to private, nonprofit organizations without the use of a formal agreement that clearly identified and demonstrated a public purpose that benefited the CRA, and did not exercise sufficient control over the disbursement of funds by the nonprofit organizations.

Finding No. 5: Four CRAs did not adopt budgets by resolution, contrary to Section 189.418(3), Florida Statutes.

Finding No. 6: Three CRAs overexpended their budgets for the 2002-03 or 2003-04 fiscal years, contrary to Section 189.418(3), Florida Statutes.

Finding No. 7: CRAs are not obtaining the financial audits required by Section 163.387(8), Florida Statutes.

Finding No. 8: The information required to be included in the report of activities required by Section 163.356(3)(c), Florida Statutes, has been inconsistently interpreted by the CRAs.

Finding No. 9: DFS should continue its efforts to enhance the local government database and electronic filing system to increase local government participation.

Finding No. 10: Procedures for monitoring the timely submission and completeness of the AFRs from unaudited local governments could be improved. Although procedures were established to identify local governments that did not meet the audit requirement in the prior year and provide them with the necessary reporting package and instructions, procedures were not established to identify and notify local governments that did not file the AFR by April 30 as required by law.

Finding No. 11: Our examination of the records of local governments that did not file required balance sheet information with DFS disclosed significant misstatements in the amounts reported. As a result of these significant misstatements, we did not have sufficient, reliable data upon which to identify significant financial trends for many of these local governments.

Finding No. 12: The Division of Bond Finance report on special districts that are not in compliance with the requirements of Section 218.38, Florida Statutes, could be improved to better meet the needs of the Department of Community Affairs.

Finding No. 13: The Division of Retirement had not adopted written procedures covering its review of actuarial reports and impact statements. The Division's status report of reviews of actuarial reports and impact statements received did not accurately indicate the number of plans received and subject to be reviewed.

Finding No. 14: The Division of Retirement had not established procedures to implement notifications to pension plan administrators of incomplete filings of pension plan information and withholding of certain funds for failure to provide the needed information.

This audit was conducted in accordance with applicable standards contained in *Government Auditing Standards* issues by the Comptroller General of the United States. This audit was conducted by Daniel P. Owens, CPA. Please address inquiries regarding this report to Jim Dwyer, CPA, Audit Manager, via e-mail at jimdwyer@aud.state.fl.us or by telephone at (850) 487-9031.

This report, and other reports prepared by the Auditor General, can be obtained on our Web site at www.state.fl.us/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

FINDINGS AND RECOMMENDATIONS

Community Redevelopment Agencies

Chapter 163, Part III, Florida Statutes, also known as the "Community Redevelopment Act of 1969" (Act) authorizes the creation of redevelopment agencies for the purposes of redevelopment of slums and blighted areas that are injurious to the public health, safety, morals, and welfare of residents and for which there is a shortage of housing affordable to residents of low or moderate income, including the elderly. This Part provides requirements that address the manner in which such an agency may be established, the powers of the agency, the funding of the agency, expenditure restrictions and reporting and audit requirements.

Community redevelopment agencies (CRAs) are funded through tax increment financing whereby the CRA is to receive annually 95 percent of the difference between the amount of ad valorem taxes levied by each taxing authority (exclusive of amounts derived from debt service millages) on taxable properties within the designated community redevelopment area, and the amount of taxes that would have been produced by the millage rates levied by the taxing authorities prior to the effective date of the ordinance providing for the funding.

Our objectives included determining whether CRAs complied with various requirements of Chapter 163, Part III, Florida Statutes.

Finding No. 1: Tax Increment Funding

Section 163.387(1), Florida Statutes, provides for the establishment of a redevelopment trust fund for each CRA after approval of a community redevelopment plan (Plan) and for the funding of the trust fund through tax increment revenues from each taxing authority. Funds allocated to and deposited into this fund are required to be used by the CRA to finance or refinance any community redevelopment it undertakes pursuant to the approved Plan. In addition, the law provides that no CRA may receive or spend any tax increment revenues unless and until the governing body has, by ordinance, provided for the funding of the redevelopment trust fund for the duration of the Plan. Our review indicated that the agencies included in our sample generally provided for a Plan and the establishment of a redevelopment trust fund pursuant to the law.

Section 163.387(2)(b), Florida Statutes, provides that the taxing authorities must provide the annual tax increment funding by January 1, and amounts not paid by that date, must include an additional 5 percent on the amount of the increment and 1 percent interest for each month the increment is not paid.

Our review of a sample of 20 CRAs indicated that tax increment revenue paid by taxing authorities for the 2002 and 2003 tax years were generally calculated in accordance with Section 163.387(1), Florida Statutes; however, payments to 11 CRAs for the 2002 tax year and 9 CRAs for the 2003 tax year were not made timely by taxing authorities. In addition, as of the date of our review, none of these CRAs assessed the additional 5 percent and interest required by law.

2002 Tax Year

CRA: Tax Authority	Annual Contribution	Date Paid	Additional 5 Percent	Interest	Amount Due
Auburndale CRA:					
Polk County	$231,553	01/21/03	$11,578	$1,494	$13,072
City of Auburndale	$135,330	01/31/03	$6,767	$1,310	$8,077
Bartow CRA:					
Polk County	$334,996	01/21/03	$16,750	$2,161	$18,911
City of Bartow	$151,890	01/09/03	$7,595	$392	$7,987
Bradenton CRA:					
City of Bradenton	$653,474	01/09/03	$32,674	$1,686	$34,360
City of Port St. Lucie CRA:					
St. Lucie County Fire District	$105,394	01/17/03	$5,270	$544	$5,814
City of Tampa CRA:					
City of Tampa	$4,771,984	01/07/03	$238,599	$9,236	$247,835
City of Winter Haven CRA:					
Polk County	$342,543	01/23/03	$17,127	$2,431	$19,558
City of Winter Haven	$299,232	01/20/03	$14,962	$1,834	$16,796
CRA of Stuart:					
Martin County	$186,124	02/03/03	$9,306	$1,994	$11,300
Hallandale Beach CRA:					
Children's Services Council of Broward County	$49,938	03/03/03	$2,497	$1,031	$3,528
Jacksonville Beach CRA:					
City of Jacksonville Beach	$1,036,978	01/31/03	$51,849	$10,035	$61,884
West Palm Beach CRA:					
West Palm Beach Downtown Development Authority	$486,313	01/13/03	$24,316	$1,883	$26,199
Winter Garden CRA:					
City of Winter Garden	$174,052	01/31/03	$8.703	$1,684	$10,387
Totals	**$8,959,801**		**$447,993**	**$37,558**	**$485,551**

2003 Tax Year

CRA: Tax Authority	Annual Contribution	Date Paid	Additional 5 Percent	Interest	Amount Due
Auburndale CRA:					
City of Auburndale	$155,174	01/31/04	$7,759	$1,502	$9,261
Bartow CRA:					
City of Bartow	$168,200	01/22/04	$8,410	$1,139	$9,549
Bradenton CRA:					
City of Bradenton	$685,624	01/15/04	$34,281	$3,096	$37,377
City of Port St. Lucie CRA:					
City of Port St. Lucie	$316,301	04/22/04	$15,815	$11,703	$27,518
City of Tampa CRA:					
Tampa Port Authority	$231,695	01/16/04	$11,585	$1,121	$12,706
CRA of Stuart:					
Martin County	$186,124	02/18/04	$9,306	$2,991	$12,297
City of Stuart	$144,566	01/29/04	$7,228	$1,306	$8,534
Daytona Beach CRA:					
Volusia County	$2,090,498	01/08/04	$104,525	$4,720	$109,245
Jacksonville Beach CRA:					
City of Jacksonville Beach	$1,180,125	01/30/04	$59,006	$11,040	$70,046
West Palm Beach CRA:					
West Palm Beach Downtown Development Authority	$588,526	01/15/04	$29,426	$2,658	$32,084
Total	**$5,746,833**		**$287,341**	**$41,276**	**$328,617**

Note: The additional 5 percent and interest were calculated for both years based on the amounts paid by the taxing authority.

Recommendation: Local government taxing authorities should ensure that tax increment revenues are timely paid to CRAs in accordance with Section 163.387, Florida Statutes. In addition, for any tax increment revenues not timely paid, CRAs should assess and collect any additional moneys and interest imposed by law, including the amounts noted above.

Auditor General Clarification

In his response, the City of Tampa CRA Chief Accountant indicated that the City and the CRA share a common accounting system, bank account, and pooled cash system and that the funds are immediately available to the CRA when received by the City. Therefore, the CRA does not believe the City's tax increment payment was late. However, the CRA Chief Accountant did not provide documentation to support his contention that no interest or the additional five percent is owed for payments that are late.

In its response, the City of Winter Haven CRA indicated that it did not seek the additional five percent and interest from the County or the City because staff did not believe the actions were intentional and it did not cause interruption of programs/operations of the CRA. However, we are unaware of any authority within Section 163.387, Florida Statutes, for the CRA not to collect the additional money and interest.

In his response, the Jacksonville Beach CRA Administrator acknowledged that the City did not transfer the tax increment funding to the CRA as required on January 1st but stated that "the monetary effect of the transaction was none because all interest earned on funds is computed based on the last day of the month; therefore no interest was lost, and there was no financial impact whatsoever." However, the CRA Administrator did not provide documentation to support his contention that no interest or the additional five percent is owed for payments that are less than one month late.

Finding No. 2: General Disbursements

Section 163.387(6), Florida Statutes, states that moneys in the redevelopment trust fund may be expended for undertakings of a community redevelopment agency which are directly related to financing or refinancing of redevelopment in a community redevelopment area pursuant to an approved Plan. Section 163.370(2), Florida Statutes, provides that increment revenues may not be used to pay for or finance expenditures related to certain specified projects or for general government operating expenditures unrelated to the planning and carrying out of a Plan.

Our review indicated the following instances where it was not apparent that redevelopment trust fund expenditures were for the benefit of the CRA and complied with the Plan and Sections 163.387(6) and 163.370(2), Florida Statutes:

- For the Bartow CRA, we noted payments totaling $3,465 relating to attendance at the Florida Redevelopment Conference for which detailed invoices could not be provided. We also noted a payment of $3,000 for the rental of 500 chairs for a City event entitled, "Juneteenth Celebration," that did not appear to relate to the CRA Plan and Sections 163.387(6) and 163.370(2), Florida Statutes.
- For the Orlando CRA, we noted that:
    - CRA approval was not documented for 2 of 20 expenditures reviewed, totaling $696,746, consisting of one payment of $549,630 for the West Church Street Garage construction project, and one payment of $147,116 for the Orlando Expo Center improvement project. Although the projects were approved by the CRA Board, the payments relating to those projects were not approved by the CRA;
    - An invoice was not provided for one payment of $82,157 to the City for trash removal; and,
    - The Orlando Downtown Development Board was overpaid by an estimated $300,000 for the 2002-03 and 2003-04 fiscal years, based on the terms of a cost-sharing agreement between the two entities.

Recommendation: To ensure that redevelopment trust fund expenditures are in compliance with the CRA Plan and Sections 163.387(6) and 163.370(2), Florida Statutes, all expenditures should be properly authorized and adequately documented. In addition, the Orlando CRA should request reimbursement from the Orlando Downtown Development Board for the overpayment noted.

Auditor General Clarification

The Executive Director of the Bartow CRA provided with his response invoices for $1,590 of the $3,465 of unsupported payments noted in our finding.

Finding No. 3: Salary and Benefit Disbursements

For 13 of the 20 CRAs included in our review, we noted that salary payments were made from tax increment revenues. Our review indicated that employees whose salaries were paid entirely from CRA funds generally performed duties 100 percent related to CRA activities. However, we noted that for 5 of the 13 CRAs (38 percent), documentation such as employee timesheets, position descriptions or other cost accumulation records, was not adequate to demonstrate that employees whose salaries and benefits were partially paid from CRA funds were paid commensurate with the percentage of time they spent on CRA-related activities (i.e., activities related to CRA-approved projects as specified in the CRA Plan). Absent such documentation, it was not apparent, of record, as to whether redevelopment trust fund expenditures properly benefited the CRA. The 5 CRAs and the amounts paid for salaries and benefits unsupported by time records were as follows:

CRA	2002-03 FY Amount	2003-04 FY Amount
City of Winter Haven CRA	$83,325	$63,814
Daytona Beach CRA	$294,896	$736,572
Jacksonville Beach CRA	$101,131	$92,457
Northeast CRA	$54,947	$40,349
Winter Garden CRA	$80,549	$45,537

Recommendation: Actual time spent by employees on CRA activities should be supported by documentation, such as timesheets, and salaries and benefits paid from CRA funds should be commensurate with this documentation.

Auditor General Clarification

In their response regarding the City of Winter Haven CRA, the Finance and Support Services Director and the Community and Economic Development Director stated, "If a final determination is made by the Auditor General's Office on this matter, the City/CRA will implement such controls." With the issuance of this report, we have made a final determination that the City/CRA should implement controls to document the time City employees spend on CRA activities to provide a basis for salary expenditures charged to the CRA.

Finding No. 4: Contributions to Nongovernmental Entities

Article VII, Section 10, of the State Constitution, prohibits municipalities from giving, lending, or using their taxing power or credit to aid a corporation, association, partnership or person. According to Attorney General Opinion No. 96-90, the purpose of this provision is "to protect public funds and resources from being exploited in assisting private ventures when the public would be at most incidentally benefited." According to Attorney General Opinion No. 79-56, the Supreme Court has held that a governmental entity may use a nonprofit corporation as a medium to accomplish a public purpose provided that certain conditions are met. First, there must be a clearly identified and concrete public purpose as the primary objective and a reasonable expectation

that such purpose will be substantially and effectively accomplished. Also, the governmental entity must retain sufficient control over the use of the public funds by the nonprofit corporation to assure accomplishment of the public purpose.

Our review indicated that two CRAs made contributions during the period of October 1, 2002, through September 30, 2004, to private nonprofit corporations without clearly identifying the public purpose as the primary objective, or exercising the necessary control, to ensure that contributions benefited the community redevelopment area. The Winter Haven CRA made contributions totaling $67,000 to Main Street Winter Haven, Inc. (Main Street), a private, nonprofit corporation during the 2002-03 and 2003-04 fiscal years. According to the Community and Economic Development Director, the public purpose for partnering with Main Street was to undertake projects and programs tied to the redevelopment or revitalization of the downtown district. Our review indicated that no formal agreement existed between the entities. In addition, adequate procedures were not performed by the Winter Haven CRA to determine the ultimate use of these funds. The Auburndale CRA made contributions totaling $38,000 to the Auburndale Chamber of Commerce (Chamber), a private nonprofit corporation, during the 2003-04 fiscal year. Our review indicated that, during the period, no formal agreement existed between the entities for the expenditure of the contributed funds. In addition, adequate procedures were not performed by the Auburndale CRA to determine the ultimate use of these funds.

Without an agreement specifying the authorized use of contributed funds and monitoring of the ultimate use of such funds, CRAs can not be assured that the funds contributed were expended for a clear public purpose that benefited the CRA.

Recommendation: Contributions of CRA funds to private, nonprofit organizations should be made in accordance with a formal agreement that clearly identifies and demonstrates a clear public purpose which benefits the CRA. Additionally, CRAs should exercise sufficient control over the disbursement of funds through timely review of the uses of those funds.

Finding No. 5: Budget Adoption

Section 189.418(3), Florida Statutes, requires the governing body of each special district to adopt a budget by resolution each fiscal year. We noted that 4 of the 20 (20 percent) CRAs reviewed did not adopt budgets by resolution, contrary to Section 189.418(3), Florida Statutes, as follows:

CRA	Fiscal Year(s)
Bartow CRA	2002-03 and 2003-04
Bradenton CRA	2002-03
City of Tampa CRA	2002-03 and 2003-04
Fort Myers CRA/Downtown Development Authority	2002-03

Recommendation: To comply with Section 189.418(3), Florida Statutes, CRAs should adopt a budget by resolution.

Auditor General Clarification

In his response, the City of Tampa CRA Chief Accountant indicated that the CRA approved budgets for the Ybor City CRA for the 2003 and 2004 fiscal years, but did not provide documentation to support this statement. He also indicated that since the City Council is the oversight board for the CRA, and since the City Council adopted budgets related to CRA activity, the CRA believes the City Council's adoption of said budgets were appropriate authorization of CRA activity. The City and the CRA are two legally separate entities and, though their governing boards may be comprised of the same individuals, these individuals, in their capacity as the CRA Board, are required by Section 189.418(3), Florida Statutes, to adopt a budget by resolution for each fiscal year.

Finding No. 6: Budget Overexpenditures

Section 189.418(3), Florida Statutes, requires that the budget be adopted by the CRA each fiscal year; that the total amount available from taxation and other sources, including amounts carried over from prior fiscal years, must equal total appropriations for expenditures and reserves; and that it is unlawful for the CRA to expend or contract for expenditures except in pursuance of budgeted appropriations.

We noted budget overexpenditures for 3 of 20 (15 percent) CRAs reviewed, contrary to law, as follows:

- The Gulf Breeze CRA exceeded its 2003-04 fiscal year budget by $93,339, or 9.4 percent of budgeted expenditures.
- The City of Winter Haven CRA exceeded its 2002-03 fiscal year budget by $30,942, or 5.3 percent of budgeted expenditures.
- The City of Tampa's CRA budget was included within the City of Tampa's general budget for the 2002-03 and 2003-04 fiscal years. The CRA is comprised of blighted areas in the downtown vicinity and Ybor City. Only the expenditures applicable to Ybor City were budgeted. Additionally, the budget did not include debt service expenditures, which exceeded $9 million in each fiscal year.

Recommendation: To comply with Section 189.418(3), Florida Statutes, CRAs should ensure that budgets are adopted for all expenditures and that actual expenditures do not exceed budgeted expenditures for any given fiscal year.

Auditor General Clarification

In his response, the City of Tampa CRA Chief Accountant indicated that the CRA "authorized the City to use funds from the Downtown Core and Non-Core CRA districts toward debt service payments," but acknowledged that debt service expenditures were not budgeted. As noted in our finding, Section 189.418(3), Florida Statutes, states that it is unlawful for the CRA to expend or contract for expenditures except in pursuance of budgeted appropriations. Therefore, the CRA's "authorization" should be documented via the adopted budget.

Finding No. 7: Audit Compliance

Section 163.387(8), Florida Statutes, requires each CRA to provide for an independent financial audit of its redevelopment trust fund each fiscal year and a report of such audit. The law requires that the audit report

describe the amount and sources of deposits into, and the amount and purpose of withdrawals from, the redevelopment trust fund during the fiscal year. Also, the law requires that the audit report describe the amount of principal and interest paid during the year on any indebtedness to which is pledged increment revenues and the remaining amount of such indebtedness. The CRA must provide a copy of the audit report to each taxing authority.

We contacted 148 active CRAs, as of September 30, 2003, to determine whether an independent audit of its redevelopment trust fund was provided for the 2002-03 fiscal year pursuant to Section 163.387(8), Florida Statutes. Of the 114 CRAs for which we obtained this information, 104 CRAs (91 percent) indicated that the audit requirement was met by the CRA being included as a component unit of the municipality or county primary government audit report, prepared pursuant to Section 218.39, Florida Statutes. Additionally, 9 CRAs were audited pursuant to Section 218.39, Florida Statutes, independent of the primary government, and 1 CRA was not audited at all.

We noted from discussions with CRA staff, that most CRAs believe that the audit requirements contained in Section 163.387(8), Florida Statutes, were met if the CRA was included within the local governing authority's financial audit. Although 91 percent of the CRAs that responded to our inquiry were included in the 2002-03 fiscal year audit report of the primary government, the audit reports for the primary governments included expressions of opinions on the financial statements of the primary governments, but did not include opinions specifically on the financial statements of the redevelopment trust funds. Furthermore, these audit reports generally did not include all of the specific information required by Section 163.387(8), Florida Statutes, such as the amount and sources of deposits into, and the amount and purpose of withdrawals from, the redevelopment trust fund during the fiscal year. Also, the amount of indebtedness to which increment revenues was pledged, including the payments thereon, was generally not included.

Recommendation: CRAs should provide for annual audits of the redevelopment trust fund in accordance with Section 163.387(8), Florida Statutes. When such audits are included in the primary government's audit, they should include all of the information required by the law and copies of the audit reports should be provided to each taxing authority.

Auditor General Clarification

In many of the responses received, the CRA indicated that the financial statements were audited as a part of, and included in, the primary government's report. Therefore, the CRA believed that the requirements of Section 163.387(8), Florida Statutes, were met. Since under Governmental Accounting Standards Board Statement No. 34 the auditor is required to express an opinion at the major fund level, the requirements of Section 163.387(8), Florida Statutes, would be met for these CRAs as long as the CRA redevelopment trust fund was included in the primary government's report as a major fund, or the independent auditor's report provided a separate opinion on the trust fund, and the rest of the required elements were included in the report. However, this was not done in most instances.

Finding No. 8: Report of Activities

Section 163.356(3)(c), Florida Statutes, requires each CRA to file with its governing body, on or before March 31 of each year, a report of its activities for the preceding fiscal year, which report shall include a complete financial

statement setting forth its assets, liabilities, income, and operating expenses as of the end of such fiscal year. In addition, the law requires that, at the time of filing the report, the CRA shall publish in a newspaper of general circulation in the community a notice to the effect that such a report has been filed with the county or municipality and that the report is available for inspection during business hours in the office of the clerk of the city or county commission and in the office of the CRA.

Our review disclosed that 11 and 12 of 20 CRAs did not prepare a report of activities for the 2002-03 and 2003-04 fiscal years, respectively, as follows:

CRA	Fiscal Year(s)
Auburndale CRA	2002-03 and 2003-04
Bartow CRA	2002-03 and 2003-04
Boca Raton CRA	2002-03 and 2003-04
City of Port St. Lucie CRA	2003-04
CRA of Stuart	2003-04
Daytona Beach CRA	2002-03 and 2003-04
Fort Myers CRA/Downtown Development Authority	2002-03 and 2003-04
Gulf Breeze CRA	2002-03 and 2003-04
International Drive CRA	2002-03 and 2003-04
Jacksonville Beach CRA	2002-03
Northeast CRA	2002-03 and 2003-04
Palatka Downtown Redevelopment Agency	2002-03 and 2003-04
Winter Garden CRA	2002-03 and 2003-04

Of the CRAs that did prepare a report of activities, all included information regarding the CRA's non-financial activities, such as progress on specific CRA projects and future activities planned. Five CRAs responded that the financial statement information was included in the audited financial statements of the local governing authority and, in their opinions, that satisfied the requirements of Section 163.356(3)(c), Florida Statutes. However, only two of the five CRAs complied with the requirement to publish the availability of the information in the newspaper.

As noted above, the CRAs had varied interpretations of the requirements of Section 163.356(3)(c), Florida Statutes. Since "activities" is not defined in the law, clarification may be necessary to ensure that the intent of the law is fulfilled.

Recommendation: CRAs should ensure that a report of activities is filed as required by Section 163.356(3)(c), Florida Statutes. In addition, CRAs should confer with their governing bodies regarding the nonfinancial information to be included in the report of activities. For example, the report could include progress on CRA projects and future activities planned.

Auditor General Clarification

In his response, the Bartow CRA Executive Director indicated that a copy of the CRA's 2002-03 fiscal year report of activities was provided to our auditor on-site and he indicated that copies of the 2002-03 and 2003-04 fiscal year reports were attached to his response. In his response, the Executive Director actually included the CRA's 2001-02 and 2002-03 fiscal year reports. Although the CRA's 2002-03 fiscal year report was included with his response, this report had not been previously provided to us. The 2002-03 fiscal year report provided was not dated and did not include the financial statement information required by Section 163.356(3)(c), Florida Statutes.

In her response regarding the City of Port St. Lucie CRA, the Port St. Lucie Assistant City Attorney indicated that the 2003-04 fiscal year report of activities for the CRA was provided for our review on June 30, 2005, transmitted to us through the City Manager, and included a copy of this report in her response. However, we show no record of receipt of this report in 2005. Additionally, the City Manager concurred with our findings when they were verbally discussed with him in April 2006, and this report was not furnished to us at that time. The Assistant City Attorney also indicated that copies of the required notices were included in her response. However, no such notices were included or received by us with her response. The report provided with her response was not dated. As a result, we could not determine the date on which the report was prepared or noticed.

In his response, the Finance Director indicated that the City of Daytona Beach, as the Daytona Beach CRA, prepared and advertised the report of activities in the newspaper. The documentation submitted to support his position did indicate advertisement that a report of activities had been prepared and was available for public inspection. However, the "report of activities" the CRA provided in response to this finding was a copy of the City of Daytona Beach's Comprehensive Annual Financial Report, which included the financial statements of the CRA, but no other information regarding the CRA's activities. While Section 163.356(3)(c), Florida Statutes, requires that the report of activities include the financial statements of the CRA, it does not appear that the Legislature intended for this report to be only the financial statements of the CRA.

In his response, the Chairman of the Winter Garden CRA indicated that the CRA's financial statement information was included in the audited financial statements of the City and, therefore, satisfied the requirements of Section 163.356(3)(c), Florida Statutes. As noted in finding No. 7, the audited financial statement requirement is contained in Section 163.387(8), Florida Statutes. Although, as the Chairman indicates in his response, "activities" is not defined in Section 163.356(3)(c), Florida Statutes, it would be duplicative if both requirements were identical and merely required financial statements.

Local Government Financial Reporting

Finding No. 9: Electronic Filing of Annual Financial Reports

Section 218.32(1), Florida Statutes, requires that local governments submit to the Department of Financial Services (DFS) an Annual Financial Report (AFR) covering their operations for the preceding fiscal year. DFS made available to local governments an electronic filing system that accumulates the financial information reported on the AFR in a database and makes the information available in an electronic format. DFS established links on its Web site to the database and electronic filing system and provided electronic filing instructions in the AFR package mailed to local governments.

In our report No. 2004-06, we recommended that DFS continue its efforts to enhance the local government database and electronic filing system so that they are more user-friendly and survey local governments to determine why they chose not to use the electronic filing system and what changes would be necessary for them to use the system. Our current review indicated that although DFS conducted a limited telephone survey of 31 local governments that filed their AFR manually for the 2000-2001 fiscal year, the survey represented only 3.4 percent of all local governments filing manually at that time and included only two counties. Of the 24 local governments that responded to the telephone survey, 19 (approximately 79 percent) responded favorably that they were interested and willing to learn more about the possibility of electronic filing; however, DFS did not, of record, follow through with these local governments or conduct additional surveys during our audit period.

DFS records indicated that the percentage of total local governments that submitted their AFR electronically has continued to increase each year for the past three fiscal years, from 15 percent for the 2000-01 fiscal year to 20 percent for the 2003-04 fiscal year, as of August 2005. Additionally, we were informed by DFS that it is in the preliminary stages of a feasibility analysis for converting the local government database to a new computer software system. Although DFS staff informed us that there were no current plans to do another survey specifically concerning electronic filing by local governments, we were informed that a survey of users would certainly be a part of any decision by DFS to upgrade or change its electronic filing system.

Recommendation: Given the increase in local governments filing electronically, DFS should continue its efforts to enhance the local government database and electronic filing system. Such efforts, at a minimum, should include a survey of all local governments that continue to file manually to determine what changes, if any, would be necessary for them to use the electronic filing system.

Finding No. 10: Reporting by Unaudited Local Governments

Section 218.32(1)(e), Florida Statutes, requires local governments not required to provide for an audit pursuant to Section 218.39, Florida Statutes, to submit an AFR to DFS no later than April 30 of each year. Local governments required to provide for an audit must submit an AFR no later than September 30. Pursuant to Section 218.32(1)(f), Florida Statutes, if DFS does not receive a completed AFR from the local government within the required period, DFS shall notify the Legislative Audit Committee (LAC) of the local government's failure to

comply with the reporting requirements. LAC shall proceed in accordance with Section 11.40(5), Florida Statutes, which provides for withholding State funds payable to such local government until it complies with the law.

Section 218.32(1)(e), Florida Statutes, requires that the AFR include balance sheet information (e.g., assets, liabilities, fund balances, and net assets) for use by us pursuant to Section 11.45(7)(f), Florida Statutes, in identifying and reporting significant financial trends. The format of the AFR for such local governments was developed by DFS, in consultation with us, and included sufficient information to allow us, or other interested parties (including local government management), to perform a preliminary financial condition assessment of the local government.

Using our local government audit report database and the information received from DFS, we identified 146 local governments (13 municipalities and 133 special districts) that were not required to provide for audits for the 2002-03 fiscal year and should have filed an AFR with DFS by April 30, 2004, pursuant to Section 218.32(1)(e), Florida Statutes. Our review indicated that 40 (27 percent) of these local governments (36 special districts and 4 municipalities) did not submit the required information to DFS. We contacted these local governments and were subsequently provided with the information from all of the special districts; however, we were not provided with the required information by any of the 4 municipalities.

Our review of DFS actions taken for the 2002-03 fiscal year disclosed that DFS established procedures to identify local governments that did not meet the audit threshold in the prior year and provided those local governments with the necessary reporting package (i.e., including balance sheet information) and instructions. However, DFS had not established procedures to timely verify whether such local governments filed the AFR by April 30, as required by law. Rather, the local governments that failed to file AFRs by April 30, 2004, were reported to the LAC with those that were required to, but did not, file AFRs by September 30, 2004. The report, dated January 21, 2005, made no distinction between local governments that should have filed by April 30, 2004, and September 30, 2004, respectively. The effectiveness of reporting those local governments that did not file AFRs by April 30 could be enhanced by reporting them in a more timely manner.

Recommendation: DFS should establish procedures to more timely identify local governments that are required to, but do not, file AFRs by April 30. Additionally, the required notification to the LAC should be made in a more timely manner.

Finding No. 11: Significant Financial Trends Reporting

Section 11.45(7)(f), Florida Statutes, requires the Auditor General to annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee a summary of significant findings and financial trends identified in local government audit reports. The summary must include financial information included in local government AFRs not required to provide for an audit pursuant to Section 218.32(1)(e), Florida Statutes, so that we may identify and report significant financial trends.

As required by law, DFS provided us with financial information obtained from local governments' AFRs for the 2002-03 fiscal year. For local governments not required to provide for an audit, information reported on the AFR must include balance sheet information. However, as noted in our report No. 2005-175, because many of the local governments did not furnish DFS with the required information, we were not provided with sufficient information to identify financial trends for these local governments.

We attempted to verify the accuracy and completeness of the information for local governments not required to provide for an audit supplied to us, either by DFS from AFR information or by the local governments through our inquiries, by examining the accounting ledgers and supporting documentation for each account for the 146 local governments that were not required to file an audit report (see finding No. 10). We were unable to verify the information for 7 local governments (3 municipalities and 4 special districts) that provided the needed information because of: the inadequacy of the accounting records (2 special districts and 1 municipality), the inability to contact the local governments (1 special district and 1 municipality), and the failure of the local governments to provide the supporting records upon our request (1 special district and 1 municipality). The results of our review of the remaining 139 local governments (10 municipalities and 129 special districts) are presented below.

Our review disclosed several instances where balances existed in various accounts for which the local governments indicated there were no balances. For example, we noted 6 of 58 special districts (approximately 10 percent) indicated zero balances in assets/investments and unreserved fund equity accounts, and 12 of 63 special districts (approximately 19 percent) indicated no balances in revenues and expenditures accounts, even though we identified balances in these various accounts when we examined the local governments' accounting records. Further, our review disclosed that several local governments significantly misstated account balances (i.e., 5 percent or more of the total account balance). The following table indicates the number of accounts that were significantly misstated by entity type:

Misstated Account	Special Districts	Municipalities	Total
Cash/Investments	18	1	19
Current Liabilities	6	0	6
Fund Equity	20	1	21
Revenues	23	1	24
Expenditures	20	1	21

The errors in reporting, in many instances, may be attributable to employees lacking the technical expertise or education and training necessary to accomplish the accounting and reporting responsibilities. By definition, the special districts included in our review had revenues and expenditures of less than $100,000 (the amount requiring

an audit). Our review disclosed average revenues and expenditures of $16,200 and $15,200, respectively, for these special districts and an average cash/investments balance of $19,700. As such, these local governments may not be able to acquire the needed expertise to properly complete the AFRs.

Recommendation: To ensure that AFRs filed for unaudited local governments are complete and reasonably accurate, DFS should consider providing technical assistance to smaller local governments to assist them on proper completion of the AFR. Such technical assistance could include educational training sessions and more detailed instructions in the AFR package mailed to these local governments by DFS. Further, DFS should review AFRs received for reasonableness and, if necessary, request additional information from the local governments.

Finding No. 12: Reporting of Noncompliant Special Districts

Section 218.37(1)(g), Florida Statutes, requires that the State Board of Administration, Division of Bond Finance (DBF), by January 1 each year, provide the Department of Community Affairs (DCA) with a list of special districts that are not in compliance with the requirements of Section 218.38, Florida Statutes. Section 218.38(1)(a), Florida Statutes, requires that local governments provide DBF advance notice of the impending sale of any new issue of bonds. Section 218.38(1)(c), Florida Statutes, also requires that local governments file certain information with DBF within 120 days after the delivery of the bonds.

We noted in our report No. 2004-006 that DBF timely provided DCA with the required lists of special districts not in compliance with Section 218.38, Florida Statutes; however, a significant number of noncompliant districts were erroneously omitted. Our current review disclosed that DBF timely provided the required lists of special districts to DCA, and errors were significantly reduced (only 3 exceptions noted for 198 bond issues). However, we were informed by DCA staff that the information on the lists of noncompliant special districts could be improved to better meet the needs of DCA, as follows:

DBF's current list of noncompliant special districts consists of a transmittal letter and three attachments. Comments from DCA relative to the attachments include:

- Attachment one is a printout of all special district bond issues reported to DBF, without regard to instances of noncompliance. The reporting of all special district bond issues is not required by law, and was not considered useful.

- Attachments two and three provide lists of special districts not complying with Sections 218.38(1)(a) and 218.38(1)(b)(1.) and (1)(c)(1.), Florida Statutes; however, the attachments list the special district for each instance of noncompliance with the law. As such, when a special district has multiple instances of noncompliance, the same special district appears multiple times on the same attachment, which is confusing. Additionally, the two attachments did not always include the correct name of the special district as listed in the DCA Official List of Special Districts and, in some instances, included districts that were not considered special districts pursuant to Section 189.403, Florida Statutes. Consideration should be given to providing two lists of special districts, one list for each type of noncompliance, and both lists should only include special districts as identified in the DCA Official List of Special Districts.

Recommendation: **To improve the usefulness of the lists of noncompliant special districts provided to DCA pursuant to law, DBF should consider the information needs of DCA and modify the reported information, as appropriate. DBF should also ensure that all entities reported to DCA are, in fact, special districts as identified in the DCA Official List of Special Districts.**

Auditor General Clarification

In his response regarding reporting an incorrect name for special districts, the Director of the Division of Bond Finance indicated that the Division relies on the information as reported by those involved in the bond financings and that it is outside the scope of the Division's authority to require a local entity to change its practices in this regard. Regarding the reporting of entities to DCA that are not special districts, the Director indicated that the determination as to whether an entity is a special district is a legal conclusion based on its powers and method of creation , and that the Division is not in a position to know the details of a particular entity which presents itself to the Division as a special district. For both of these issues, the Director indicated that they are matters that should be between DCA and the entity. However, it is the Division's responsibility to report to DCA noncompliant special districts as defined in Section 189.403, Florida Statutes. The Division is not responsible for determining which entities are special districts as this is DCA's responsibility. However, the Division is responsible for maintaining bond information for local governmental entities. To determine whether an entity is a valid local government that should be reporting to the Division, it would seem incumbent upon the Division to validate the fact that the entity is truly recognized as a local government by the State. Given that DCA publishes the Official List of Special Districts on its Web site, it is not apparent why the Division cannot ensure that (1) only those special districts contained on DCA's List are included, and (2) the correct name is reported to DCA. For entities for which bond information is received and the entity is not listed by DCA, the Division should consult with DCA.

Finding No. 13: Review of Actuarial Reports and Impact Statements

Pursuant to Chapter 112, Part VII, Florida Statutes, the Department of Management Services, (DMS) receives copies of local government retirement system or plan (pension plan) actuarial reports and statements of actuarial impact (impact statements). Pursuant to Section 112.63(4), Florida Statutes, DMS is responsible for reviewing and commenting on the actuarial soundness of local government pension plans, specifically the actuarial valuations and impact statements, at least on a triennial basis. Section 112.665, Florida Statutes, requires DMS to gather, catalog and maintain complete computerized data information on all public employee retirement systems or plans in the State.

In our report No. 2004-006, we noted that DMS did not perform timely reviews of actuarial reports and impact statements submitted for local government pension plans, and did not timely follow up on responses received from local governments. We also noted that DMS hired an actuarial consulting firm to assist them in reviewing the actuarial reports and impact statements; however, as of September 30, 2002, DMS records indicated a total of 1,160 actuarial reports and impact statements (716 actuarial reports and 444 impact statements) were received but not reviewed pursuant to law. In addition, DMS records indicated 190 reports (91 actuarial valuations and 99 impact statements) were reviewed and correspondence received from the local governments, but not resolved by DMS. We noted that a contributing factor to the untimely reviews was the fact that many local government actuarial reports were submitted to DMS on an annual basis, and DMS attempted to review them all annually, rather than reviewing them on a triennial basis, as provided by law.

Our current review disclosed that DMS had not adopted written procedures for the review of actuarial reports and impact statements. Consequently, no written guidance existed regarding DMS procedures for acknowledging and recording receipt of the reports, determining report review priorities, and documenting the progress of DMS's review to its completion. Our review disclosed that DMS recorded the receipt of actuarial reports and impact statements in its database; however, prior to September 30, 2005, DMS's policy had been to record the completion of a review only for plans with outstanding issues that were resolved. DMS typically documented this by providing a letter of "state acceptance" to the pension plan administrator and by recording "state acceptance" in the database.

Our review of DMS's status report of actuarial valuations and impact statements not yet state accepted (status report) indicated that, as of June 30, 2005, 2,909 actuarial reports and impact statements (1,802 actuarial reports and 1,107 impact statements) had been received but not reviewed by DMS. In addition, DMS records indicated 263 reports (107 actuarial reports and 156 impact statements) were reviewed and correspondence was received from the local governments, but not resolved by DMS. We were informed by DMS staff that the records supporting DMS's review of actuarial reports and impact statements could not be relied upon as an indicator of whether a report had been reviewed and accepted. With regard to the 2,909 actuarial reports and impact statements that had been received, but not reviewed, as of June 30, 2005, DMS staff stated that:

- 577 reports reviewed by DMS's actuarial consultant were not recorded as "state accepted."
- 1,805 reports were for periods that were not required to be reviewed under the provisions of law and DMS's current policy, effective September 30, 2005, which require only a triennial review; and
- 527 reports were pending review by DMS.

Our review of the 1,805 reports identified by DMS as not requiring review, disclosed that reports for 12 of 20 plans tested had not been reviewed within the past 3 years and that a review should have been scheduled as of June 30, 2005. In view of this result, as well as DMS's practice of not recording on the status report the reviews conducted by the consultant, the status report did not accurately indicate the number of plans that have been received and are subject to be reviewed. To demonstrate compliance with Section 112.63(4), Florida Statutes, DMS's review of actuarial reports and impact statements should be sufficiently documented to evidence the completed review and "state acceptance" of each report. Absent such documentation, the public has little assurance that local government pension plans have been reviewed and accepted by the State.

Recommendation: DMS should adopt written procedures for reviewing local government pension plans from acknowledging and recording receipt of an actuarial report or impact statement to completion of the review, including "state acceptance." Such procedures should be implemented to ensure that reviews by DMS are thoroughly documented and evidence all aspects of such reviews.

Finding No. 14: Actuarial Report Information Requests

As noted in our report No. 2004-006, many local governments did not timely respond to written requests from the Department of Management Services, Division of Retirement (DMS) for additional information. Chapter 2004-305, Laws of Florida, effective June 17, 2004, amended Section 112.63(4), Florida Statutes, to provide DMS with the authority to notify the pension plan administrator and request the additional information needed in instances in which a local government does not submit complete and adequate data necessary for DMS to perform its statutorily required functions. In addition, the amended law provides DMS with the authority necessary to compel local governments to respond timely to DMS requests for additional information or concerns regarding the actuarial soundness of general pension plans. This includes requiring the Department of Revenue and the Department of Financial Services to withhold certain funds. However, our current review disclosed that DMS had not established procedures to implement the authority provided.

DMS's Bureau Chief of Local Retirement Systems responded in a memorandum dated August 25, 2005, that the reason for not enacting a new procedure to implement this authority was that the 2004 amendment required "that any needed additional information must be **material**-a term that is **not defined in the Statute.** 'Material' has numerous meanings and connotations; therefore it is highly probable that the involved parties will have differences of opinion as to what constitutes 'material' information. In the absence of an appropriate definition, a request for information may very well become divisive, regarding whether the requested information is 'material' and/or how it is 'material' to the instant situation. The amendment certainly gives the Division leverage for obtaining timely responses, but the 'material' qualification is disturbing. Any requests are, and always have been, related to the requirements of section 112.665(1), or to satisfying the concern that the promised benefits are being correctly evaluated and funded." The Bureau Chief went on to say that "it is the Division's intent to amend/restate Chapter 60T-1, F.A.C., during this year. We anticipate providing therein a policy/procedure for notifying the affected pension plan's administrator and sponsor of the statutory requirements and the consequences for failing to comply. The Division intends to propose a definition of 'material' that is sufficient to fulfill our responsibility with respect to protecting the benefits of the members of Florida's local government pension plans. It is also the Division's intent to establish a reasonable period of time for response to the Division's request for additional information."

Recommendation: DMS should establish procedures to implement the provisions of Section 112.63(4), Florida Statutes, including the proper notification of pension plan administrators when requesting additional information necessary for DMS to perform its responsibilities under the law and, if necessary, by enforcing the consequences for failure to provide the required information in a timely manner.

SCOPE AND OBJECTIVES

Section 11.45(2)(h), Florida Statutes, requires the Auditor General to make a performance audit of the local government financial reporting system (System) at least every two years to determine the accuracy, efficiency, and effectiveness of the System in achieving its goals and to make recommendations to the local governments, the Governor, and the Legislature as to how the reporting system can be improved and program costs reduced. The "System" means any statutory provisions related to local government financial reporting and is intended to provide for timely, accurate, uniform, and cost-effective accumulation of financial and other information that can be used by members of the Legislature and other appropriate officials to accomplish the following goals:

1. Enhance Citizen participation in local government;
2. Improve the financial condition of local governments;
3. Provide essential government services in an efficient and effective manner; and
4. Improve decision making on the part of the Legislature, state agencies and local government officials on matters relating to local government.

The scope and objectives of this audit included System components as defined by Section 11.45(2)(h), Florida Statutes, particularly as related primarily to findings included in audit report No. 2004-006 and community redevelopment agency audits.

METHODOLOGY

The methodology used to develop the findings in this report included the examination of pertinent records in connection with the application of procedures required by generally accepted auditing standards and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

AUTHORITY

Pursuant to the provisions of Section 11.45(2)(h), Florida Statutes, I have directed that this report be prepared to present the results of our performance audit of the local government financial reporting system.

Respectfully submitted,

William O. Monroe

William O. Monroe, CPA
Auditor General

Appendix A
Management Responses

In accordance with Section 11.45(4)(d), Florida Statutes, our preliminary and tentative audit findings were submitted for response to applicable community redevelopment agencies and State agency officials responsible for administering the local government financial reporting system. The community redevelopment agencies; Department of Financial Services; State Board of Administration, Division of Bond Finance; Department of Community Affairs; and Department of Management Services provided the responses included on pages 20 through 66. Several community redevelopment agencies furnished additional information with their written responses. The additional information was too voluminous to include within this report. To obtain copies of such information, please contact the community redevelopment agency.

Auburndale CRA, Bartow CRA, Boca Raton CRA, Bradenton CRA, City of Port St. Lucie CRA

City of Tampa CRA, City of Winter Haven CRA, CRA of Stuart, Daytona Beach CRA, Ft. Myers CRA/DDA

Gulf Breeze CRA, Hallandale Beach CRA, International Drive CRA, Jacksonville Beach CRA, Northeast CRA

Northwood/Pleasant City CRA, Orlando CRA, Palatka CRA, West Palm Beach CRA,
Winter Garden CRA

State Board of Administration, Division of Bond Finance; Department of Financial Services; Department of Management Services, Division of Retirement

Joint Legislative Auditing Committee

October 7, 2013

Operational Audit of the Delray Beach Community Redevelopment Agency

Audit Overview

Period audited: October 2011 through March 2013

19 AUDIT FINDINGS

- Compliance with the Community Redevelopment Act (4 findings)
- Grant and Funding Administration (2 findings)
- Fraud and Ethics Controls (2 findings)
- Budgetary Controls (2 findings)
- Cash Controls and Administration (1 finding)
- Procurement of Goods and Services (4 findings)
- Real Property Acquisitions (1 finding)
- Contractual Services (2 findings)
- Travel (1 finding)

Community Redevelopment Agencies

- Community Redevelopment Agency (CRA) may be created by a county or municipality after making a legislative finding that the area to be redeveloped contains slum or blighted conditions or has a shortage of affordable housing and redevelopment is necessary.

- CRAs are special districts (special purpose local governments) that are limited to the authority expressly granted in law.

- CRAs must adopt a CRA Plan in accordance with the Community Redevelopment Act (Part III, Chapter 163, FS).

- Generally, moneys may only be spent for undertakings described in the approved CRA Plan.

Community Redevelopment Act Part III, Chapter 163, FS

- Community Redevelopment Act (Act) primarily focuses on physical restoration of the slum or blighted area, including acquisition and preparation of land or other real property and construction of buildings or affordable housing.

- Act also provides for community policing innovations, which are policing techniques or strategies designed to reduce crime by reducing opportunities for, and increasing the perceived risks of engaging in, criminal activity through visible presence of police in the community.

Authorized Expenditures for CRAs

- Limited guidance to CRAs as to what constitutes authorized expenditures other than the language in the Act.
- Section 163.387(6), FS, indicates CRAs may expend moneys pursuant to the CRA Plan for the specific purposes, "including but not limited to . . ."
- Attorney General has issued opinions regarding authorized expenditures for CRAs. For example:
  - Opinion #82-86 – CRAs may make areawide improvements such as sidewalks and utilities.
  - Opinion #2010-40 – Indicates that CRAs may expend moneys to promote the redeveloped area but grants to entities which promote tourism and economic development, and nonprofits providing socially beneficial programs would appear outside the scope of the Act.

Finding 1: Promotional Activities and Socially Beneficial Programs

- During the period October 2011 through March 2013, the CRA paid a total of $2,084,183 to various nonprofit organizations to fund their operations and for promotional activities or socially beneficial programs, and contributed $1,070,000 to the City of Delray Beach as a sponsor for tennis tournaments.
- Neither the CRA Plan nor CRA records clearly demonstrated the CRA Board's determination of the extent to which the funds provided to the organizations had been appropriately restricted to activities authorized by the Community Redevelopment Act.

RECOMMENDATION: If it is the CRA's intent to continue funding the above-noted organizations on an ongoing basis, the CRA Board should seek guidance from the Attorney General as to whether the use of CRA funds for these funding arrangements is allowable under the Act. Additionally, the CRA should document in its records that these organizations' use of the funding is restricted to activities authorized by the Act.

Finding 2: Property Leased from the City

- In January 2010, CRA entered into 5-year lease (beginning in February) with City for approx. 10,000 sq. ft. of space for $150,000 annual rent ($14.58 per sq. ft.).
- Space was divided and CRA subleased to two arts organizations for 96 cents and $1.06 per sq. ft., respectively.
- From February 2010 through January 2013, the CRA paid the City $450,000 and received $26,167 in rents from arts organizations. The net cost to CRA was $423,833, which in effect, appears to be a subsidy of the City's operations.

RECOMMENDATION: The CRA should ensure that any future transactions with the City do not have the effect of subsidizing the City's operations.

Finding 3: Support for CRA Expenditures

- CRA entered into two interlocal agreements with the City to fund a portion of salaries and benefits for Project Manager and Neighborhood Planner positions for their work on CRA-related projects.
- From October 2011 to March 2013, CRA paid $160,625 to City for these services.
- Payments were based on budgeted amounts rather than documentation supporting time and effort spent by the City employees on CRA-related projects.

RECOMMENDATION: To ensure that CRA funds are used only for allowable purposes, the CRA should ensure that amounts paid to the City are limited to actual salary expenditures based on actual time spent by these employees on CRA-related activities.

Finding 4: Ending Balances in CRA Trust Fund

- Section 163.387(7), FS, provides that moneys in the CRA Trust Fund at the end of the fiscal year must be:
  - Returned to taxing authorities,
  - Used to reduce indebtedness or deposited into an escrow account to later reduce indebtedness, or
  - Appropriated to specific redevelopment projects included in the CRA Plan, which projects will be completed within three years.
- For the fiscal years ended September 30, 2009, through 2012, CRA did not return moneys to taxing authorities, reduce indebtedness, place moneys in an escrow to later reduce indebtedness, and only appropriated a portion of the ending balance to redevelopment projects.

Finding 4: Ending Balances in CRA Trust Fund

Analysis of ending balances as of September 30, 2009, 2010, 2011, and 2012:

September 30	Ending Fund Balance Designated/Assigned for Appropriation in the Subsequent Fiscal Year	Less: Amount Used in Subsequent Fiscal Year	Unused Amount	Plus: Ending Fund Balance Undesignated/ Unassigned	Total Unused
2009	$5,980,620	($2,723,293)	$3,257,327	$4,450,685	$7,708,012
2010	5,283,569	(486,637)	4,796,932	2,516,788	7,313,720
2011	5,019,518	0	5,019,518	2,473,620	7,493,138
2012	7,528,433	(1)	(1)	2,126,764	(1)

Note (1): The amounts used and unused during the 2012-13 fiscal year were not finalized as of the completion of our field work in August 2013.

Finding 4: Ending Balances in CRA Trust Fund

- CRA indicated ending balances are reviewed and provided an analysis of tax increment funding revenues and cumulative expenses. However, the ending balances include all deposits in the CRA trust fund, including leases, land sales, event revenues. Thus the CRA records did not demonstrate compliance with Section 163.387(7), FS.

RECOMMENDATION: The CRA should document in its records that unused funds have either been obligated for purposes authorized by law or return such funds to the taxing authorities.

Finding 5: Business Development Grants

- The CRA made some business development grant awards in excess of program guidelines, as follows:
  - For three grants providing rent subsidies, the CRA agreed to provide a total of $6,000 more than allowed by program guidelines.
  - For one grant for providing partial reimbursement for the costs of exterior commercial building improvements, the CRA provided $3,700 more than allowed by program guidelines.

RECOMMENDATION: The CRA should ensure that grant awards are made in accordance with program guidelines.

Finding 6: Monitoring of Funding Agreements

- Funding agreements did not require organizations to return unexpended funds.
- Some quarterly payments to the organizations were issued prior to receipt of required reports.
- Several reports were submitted late to the CRA.

RECOMMENDATION: The CRA should amend funding agreements to require that moneys unexpended, or expended for unauthorized purposes, be refunded to the CRA. The CRA should also enhance controls over monitoring funding agreements to ensure that required reports are submitted and reviewed timely. Additionally, the CRA should not provide quarterly funding if required reports have not been submitted.

Finding 7: Fraud Policies

- While the CRA Board had adopted ethics policies, it had not adopted policies for the mitigation, detection, and reporting of fraud.

RECOMMENDATION: The CRA Board should establish fraud policies and procedures that clearly identify actions constituting fraud, incident reporting procedures, responsibility for fraud investigation, and consequences of fraudulent behavior.

Finding 8: Statement of Financial Interests

- Certain CRA Board members did not timely file statements of financial interests, contrary to Section 112.3145(2), Florida Statutes. For the 2011 calendar year, one CRA Board member did not file a statement and four Board members filed late. As of July 15, 2013, only three of the seven Board members had filed 2012 statements, although they were required to be filed by July 1.

RECOMMENDATION: The CRA should ensure that all Board members required to file a statement of financial interests are advised of the filing requirements, and ensure that the applicable names and positions are communicated to the appropriate coordinator.

Finding 9: Budget Preparation

- The CRA's adopted budget did not include all prior year balances brought forward, contrary to law. For the 2011-12 and 2012-13 budgets, the CRA did not include $1.4 and $2.1 million, respectively, available from the prior fiscal years.
- The CRA's adopted budget did not reflect the true cost of the Green Market program (program to attract visitors to the CRA area) because the Green Market Manager's salary of $51,000 was not included. Had the salary been included, net losses of $61,000 would have been reflected.

RECOMMENDATION: The CRA should ensure that all balances brought forward from prior fiscal years are included in the adopted budgets for the CRA trust fund. In addition, budgets should accurately present all direct Green Market program expenditures to provide the CRA Board with accurate and complete information from which it can make informed decisions regarding the program.

Finding 10: Budget Overexpenditures

- Although the CRA's total budget was not overexpended, five line items were each overexpended by amounts ranging from approximately $5,700 to $119,000 (total of $198,000).

RECOMMENDATION: The CRA should enhance budgetary controls to timely amend budgets as necessary to ensure that expenditures are limited to budgeted amounts as required by law.

Finding 11: Electronic Funds Transfers

- The CRA had not entered into agreements with several financial institutions regarding electronic funds transfers. Of the seven accounts the CRA had with four financial institutions, the CRA had agreements for only two, from 2008 and 2009.

RECOMMENDATION: The CRA should ensure that it has current EFT agreements with each of its financial institutions.

Finding 12: Disbursement Processing

- Purchase orders or contracts were not always used to document prior authorization of purchases. Also, we noted instances in which invoices were dated prior to the purchase order or contract date.
- The CRA did not maintain documentation to evidence the receipt of goods or services prior to payment.

RECOMMENDATION: The CRA should ensure that written contracts or purchase order forms are used to document the authorization of purchases prior to incurring an obligation for payment. The CRA should also enhance controls over disbursements to ensure that documentation is retained to demonstrate the receipt of goods and services prior to payment.

Finding 13: Competitive Selection Process

- Documentation evidencing the times and dates bids were received was not always retained. Nor were completed evaluation sheets used and signed by selection committee members retained.
- Contract provisions required by law were not always included in the written agreements for architectural and landscape architectural services.
- Some services were not competitively bid and a selection process had not been conducted for General Counsel services since 2006.

RECOMMENDATION: For those purchases requiring competitive bids or proposals, the CRA should ensure that documentation is retained evidencing the date and time bids or proposals are received, and the selection committee's evaluations of bids or proposals. In addition, procedures for evaluating bids or proposals for professional services should include consideration regarding certified minority businesses as required by law. The CRA should also consider using a competitive selection process for acquiring General Counsel services.

Finding 14: Credit Cards

- The CRA Board did not approve, of record, the issuance of CRA credit cards or adopt policies, procedures, or other guidance as to the proper use of CRA-assigned credit cards.
- CRA employees assigned credit cards were not required to, and did not, sign written agreements specifying acceptable uses of credit cards.

RECOMMENDATION: The CRA Board should determine whether credit cards should be issued to CRA employees; set appropriate limits on the types of goods and services that can be purchased and the amounts of transactions; and implement appropriate policies and procedures regarding the issuance, use, and monitoring of credit cards. Such policies and procedures should include a requirement for each cardholder to sign a statement certifying that he or she accepts the terms and conditions set by the CRA on credit card usage.

Finding 15: Questioned Expenditures

- Our tests disclosed $1,900 in expenditures for items such as flowers, food, gift cards for employees, and promotional items for which the CRA's records did not evidence the public purpose served by the expenditures.

RECOMMENDATION: The CRA should strengthen its procedures to require documentation that expenditures serve an authorized public purpose, and comply with the CRA Plan and Section 163.387, Florida Statutes. Such documentation should be present in the CRA's records prior to payment.

Finding 16: Property Appraisals

- CRA Board had not adopted written policies and procedures regarding real property acquisitions.
- An Operations Manual, not approved by the Board, did not address certain key elements that would help ensure the reasonableness of appraised values. For example, use of government and nonprofit sales was not discouraged by the CRA for appraisals and professional appraisal reviews were not used when two appraisals were widely divergent in value.
- For one acquisition for $1.9 million, two appraisals were obtained and indicated values of $1.5 and $2.3 million. Third appraisal obtained indicating $1.7 million. Wide divergence appeared to be caused, in part, by use of government sales (purchases by the CRA).

Finding 16: Property Appraisals

- For one acquisition for $1.1 million, only one appraisal was obtained. This appraisal, in 2009, indicated a value of $1.1 million, the same amount as the property sold for in 2004. Appraiser noted recent declines in commercial and industrial market conditions but appeared to rely on the negotiated price.

RECOMMENDATION: The CRA Board should adopt written policies and procedures for real property acquisitions. In doing so, the CRA Board should require that appraisals be acquired for all real property acquisitions; that at least two appraisals be acquired for acquisitions over a given dollar limit; that a professional appraisal review be obtained in instances in which two appraisals are widely divergent; and that the use of nonprofit, governmental, or quasi-governmental purchases be discouraged from consideration as comparable sales for appraisals obtained.

Finding 17: Contractual Agreements

- CRA did not have a current contract on file for General Counsel services and payments to the firm for out-of-pocket expenses were not supported by receipts or other documentation.
- The invoice for a progress billing for auditing services did not comply with Section 218.391, FS, in that it was not sufficiently detailed.
- CRA's contract for general consulting and other architectural services did not include a contingency provision required by law.

RECOMMENDATION: The CRA should ensure that written contracts are used for all professional services, contracts include all required terms and conditions, and that payments for contractual services are supported by detailed invoices sufficient to allow a determination of contract compliance prior to payment.

Finding 18: Contract Monitoring

- Reports submitted to the CRA associated with six contracts or interlocal agreements did not include the information required by the contracts or agreements.

RECOMMENDATION: The CRA should enhance its monitoring procedures to ensure that required reports are received and contain all information required by the contract or agreement.

Finding 19: Travel Expenditures

- The CRA's policies regarding mileage reimbursements were not in compliance with Section 112.061(14), FS.
- The CRA's policies did not require travel vouchers to be approved by supervisory personnel and we found no evidence that such approval was performed.
- Travel expenditures were not always adequately supported or in accordance with Section 112.061, Florida Statutes, or CRA policies.

RECOMMENDATION: The CRA should revise its policy to establish uniform mileage reimbursement rates as required by Section 112.061(14), Florida Statutes, and to require supervisory approval of travel vouchers. The CRA should also enhance its controls to ensure that all travel reimbursements are in accordance with the CRA's policy and Section 112.061, Florida Statutes.

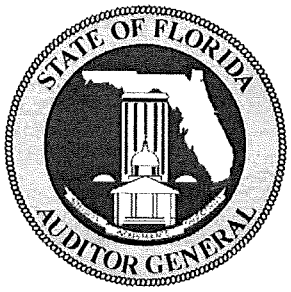
STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2016-028
November 2015

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY

Follow-Up on Report No. 2014-013



Sherrill F. Norman, CPA
Auditor General

Board Members and Executive Director

The Delray Beach Community Redevelopment Agency Board consists of seven members appointed by the City Council. The Board Members and Executive Directors who served from October 2013 through February 2015 are listed below:

Herman Stevens, Chair
Cathy Balestriere, First Vice Chair
Annette Gray, Vice Chair
Joseph Bernadel
William "Bill" Branning
Reginald Cox
Paul Zacks

Jeffrey Costello, Executive Director from 1-3-2015
Diane Colonna, Executive Director to 1-2-2015

The team leader was Ilene R. Gayle, CPA, and the audit was supervised by Diana G. Garza, CPA.

Please address inquiries regarding this report to Marilyn D. Rosetti, CPA, Audit Manager, by e-mail at marilynrosetti@aud.state.fl.us or by telephone at (850) 412-2881.

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DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY

Follow-Up on Operational Audit Report No. 2014-013

SUMMARY

This report provides the results of our audit to determine the extent to which the Delray Beach Community Redevelopment Agency (CRA) had taken, or was in the process of taking, corrective actions to address the findings included in our report No. 2014-013. Our follow-up procedures to determine the CRA's progress in addressing the 19 findings and recommendations contained in our report No. 2014-013 disclosed that, as of the completion of our follow-up procedures in June 2015, the CRA's actions had adequately corrected 10 findings (i.e., Nos. 2, 3, 5, 7, 8, 10, 11, 13, 14, and 19) and partially corrected 5 findings (i.e., Nos. 6, 9, 15, 16, and 17); however, 4 findings (i.e., Nos. 1, 4, 12, and 18) remained uncorrected.

BACKGROUND

Pursuant to the Community Redevelopment Act of 1969 (Act),[1] the City of Delray Beach (City) adopted Resolution 32-85, dated May 14, 1985, and City Ordinance 46-85, dated June 18, 1985, creating the Delray Beach Community Redevelopment Agency (CRA), establishing a CRA area of 1,858 acres, and providing that the CRA be governed by a seven-member Board of County Commissioners appointed by the City Council. City Commission Resolution 47-87, dated November 24, 1987, increased the CRA to its current size of 1,961 acres. The Act requires the establishment of a CRA Plan, approved by the CRA's governing body. Funding for the CRA is accomplished through tax increment revenues provided by each taxing authority (City and Palm Beach County), and expenditures of the CRA must be made in accordance with the approved CRA Plan.

As directed by the Legislative Auditing Committee, we conducted an operational audit of the CRA for the period October 2011 through March 2013, and selected actions taken subsequent thereto, and issued our report No. 2014-013 in September 2013. In accordance with State law,[2] we performed follow-up procedures, as deemed necessary, to determine the CRA's progress in addressing the findings and recommendations contained within that report.

[1] Chapter 163, Part III, Florida Statutes.

[2] Section 11.45(2)(j), Florida Statutes.

FINDINGS AND RECOMMENDATIONS

COMPLIANCE WITH THE COMMUNITY REDEVELOPMENT ACT

Finding 1: Promotional Activities and Socially Beneficial Programs

Previously Reported

During the period October 2011 through March 2013, the CRA paid a total of $2,084,183 to various nonprofit organizations to fund their operations and for promotional activities or socially beneficial programs and contributed $1,070,000 to the City of Delray Beach (City) as a sponsor for tennis tournaments. Neither the CRA Plan (Plan) nor CRA records clearly demonstrated the CRA Board's determination of the extent to which the funds provided to the organizations had been appropriately restricted to activities authorized by the Community Redevelopment Act (Act).

We recommended that, if it is the CRA's intent to continue funding the noted nonprofit organizations on an ongoing basis, the CRA seek guidance from the Attorney General as to whether the use of CRA funds for these agreements is allowable under the Act. Additionally, we recommended that the CRA document that these organizations' use of the funding is restricted to activities authorized by the Act.

Results of Follow-Up Procedures

The CRA's actions did not correct this finding. On March 11, 2014, the Attorney General issued an informal advisory legal opinion reiterating that CRA funds used to pay entities promoting tourism or providing socially beneficial programs should be supported by a demonstrated nexus to carrying out purposes of the Act. The opinion also indicated that the Delray Beach CRA should implement more thorough documentation procedures to ensure that CRA funds are only used for activities authorized by the Act.

During the period October 2013 through February 2015, the CRA provided funding totaling $1.1 million to the City, as a sponsor for the International Tennis Championships, and $1.9 million to seven nonprofit organizations, primarily for funding the organizations' operating expenses and for promotional activities or socially beneficial programs. The CRA revised the application for funding to nonprofit organizations to require applicants to indicate what Plan goals and objectives would be met through the funding requested. However, neither the Plan nor other CRA records evidenced the CRA Board's determination that the funds contributed to the City and the seven nonprofit organizations were restricted to activities authorized by the Act. Consequently, it was not apparent how the funding provided constituted an appropriate nexus to the purposes of the Act.

Recommendation: The CRA should document that the City's and nonprofit organizations' use of the funding is restricted to activities authorized by the Act.

Follow-up to Management's Response

Management stated in the written response that the CRA has consistently documented that the City's and nonprofit organizations' use of CRA funding is restricted to uses allowed by the Community

Redevelopment Act. However, such documentation was not included with the CRA's written response or evidenced in the CRA records we reviewed.

Finding 2: Property Leased from the City

Previously Reported

The CRA leased property from the City and subleased the property for considerably less than it was paying the City, the net effect of which appears to have been a $423,833 subsidy of the City's operations.

We recommended that the CRA ensure that any future transactions with the City do not have the effect of subsidizing the City's operations.

Results of Follow-Up Procedures

The CRA's actions corrected this finding. The CRA's lease agreement with the City and related subleases expired January 31, 2015, and were not renewed. As of June 24, 2015, the CRA had not entered into any new leases or subleases.

Finding 3: Support for CRA Expenditures

Previously Reported

The CRA's records did not demonstrate that amounts paid to the City for Project Manager and Neighborhood Planner services were appropriate based on the actual time those employees spent on CRA-related activities.

We recommended that, to ensure that CRA funds are used only for allowable purposes, the CRA ensure that amounts paid to the City are limited to actual salary expenditures based on actual time spent by these employees on CRA-related activities.

Results of Follow-Up Procedures

The CRA's actions corrected this finding. During the period October 2013 through February 2015, the CRA paid the City $151,202 to fund a portion of the salaries and benefits for Project Manager and Neighborhood Planner positions for their work on CRA-related projects. Our review of these payments disclosed that they were based on actual time spent by these employees on CRA-related activities and were calculated using actual salary expenditures.

Finding 4: Ending Balances in CRA Trust Funds

Previously Reported

The CRA's records did not demonstrate compliance with State law[3] regarding the disposition of unexpended CRA trust fund moneys at year-end.

We recommended that the CRA document that unused funds have either been obligated for purposes authorized by law or return such funds to the taxing authorities.

[3] Section 163.387(7), Florida Statutes.

Results of Follow-Up Procedures

The CRA's actions did not correct this finding. Pursuant to State law,[4] unexpended moneys in the CRA trust fund at fiscal year-end must be appropriated pursuant to the Plan for specific redevelopment projects that will be completed within 3 years from the date of the appropriation, used to reduce indebtedness, placed in escrow to later reduce indebtedness, or returned to the taxing authorities.

The CRA prepared a spreadsheet that indicated a majority of the 2012-13 fiscal year unexpended balances were appropriated to 2013-14 fiscal year specific projects; however, the Board-adopted 2013-14 fiscal year budget included, for certain projects, estimated costs that were less than those listed on the spreadsheet. Further, although the CRA has routinely appropriated portions of unexpended moneys in the CRA trust fund for specific redevelopment projects for completion within 3 years of the respective appropriation dates, significant amounts of the appropriations were not used in the applicable fiscal year and the CRA did not employ the other options in State law for using the unexpended moneys. Also, as discussed in Finding 9, for the 2013-14 and 2014-15 fiscal year budgets, the CRA only included a portion of the available fund balance from the prior fiscal year when determining amounts available for appropriation, thereby increasing the risk that unexpended CRA trust fund moneys would not be properly disposed.

As shown in Table 1, for the 2008-09 to 2012-13 fiscal years, unused appropriations steadily increased from $3.3 million to $8.4 million, and the total unused amounts each fiscal year, including undesignated and unassigned fund balances, ranged from $7.3 to $9.7 million.

Table 1

Unused Appropriations and Total Unused Amounts

September 30	Ending Fund Balance Designated/Assigned for Appropriation in the Subsequent Fiscal Year	Less: Amount Used in Subsequent Fiscal Year	Unused Appropriation	Plus: Ending Fund Balance Undesignated/ Unassigned	Total Unused
2009	$5,980,620	$(2,723,293)	$3,257,327	$4,450,685	$7,708,012
2010	5,283,569	(486,637)	4,796,932	2,516,788	7,313,720
2011	5,019,518	0	5,019,518	2,473,620	7,493,138
2012	7,528,433	0	7,528,433	2,126,764	9,655,197
2013	9,615,051	(1,191,387)	8,423,664	951,427	9,375,091
2014	8,617,254	[a]	[a]	535,928	[a]

[a] The amounts used and unused during the 2014-15 fiscal year were not finalized as of the completion of our field work in June 2015.

Source: Auditor General calculations based on amounts included in the CRA's audited financial statements.

Consequently, CRA records did not demonstrate compliance with State law regarding the disposition of unexpended trust fund moneys.

[4] Ibid.

Recommendation: The CRA should enhance policies and procedures to document that unexpended trust fund moneys have either been obligated for purposes authorized by State law or returned to the taxing authorities.

GRANT AND FUNDING ADMINISTRATION

Finding 5: Business Development Grants

Previously Reported

The CRA made some business development grant awards in excess of program guidelines.

We recommended that the CRA ensure that grant awards are made in accordance with program guidelines.

Results of Follow-Up Procedures

The CRA's actions corrected this finding. During the period October 2013 through February 2015, the CRA made payments totaling $269,827 related to 31 business development grants. Our test of 13 business development grants, with payments totaling $222,918, disclosed that the CRA generally ensured that grant awards were made in accordance with program guidelines.

Finding 6: Monitoring of Funding Agreements

Previously Reported

The CRA did not adequately monitor funding provided to nonprofit organizations.

We recommended that the CRA amend funding agreements to require that moneys unexpended, or expended for unauthorized purposes, be refunded to the CRA. Additionally, we recommended that the CRA enhance controls over monitoring funding agreements to ensure that required reports are submitted and reviewed timely. We also recommended that the CRA not provide quarterly funding if required reports have not been submitted.

Results of Follow-Up Procedures

The CRA's actions partially corrected this finding. During the period October 2013 through February 2015, the CRA provided Achieving Goals Using Impact Driven Evaluation (A-GUIDE) program funding totaling $1,462,328 to six nonprofit organizations. Our review of the CRA's administration of this funding disclosed the following:

- The A-GUIDE program guidelines limits CRA support to 25 percent of an organization's total operating budget for the year in which the grant is requested, and a transition plan was established for entities previously funded at higher levels to reduce such funding. While neither the program guidelines nor other CRA records specified whether the operating budget referred to budgeted revenues or expenses, CRA personnel indicated that the CRA funded the organizations based on a percent of each organization's budgeted revenues. CRA personnel also provided quarterly progress reports to the Board that identified an organization's CRA funding, program budgets, and status in reaching its goals. However, as budgeted and actual revenues and expenses may change throughout the year and the Board did not specify the basis for funding the organizations, the CRA may not have funded the organizations as the CRA Board intended.

- The funding agreements were revised to require organizations to refund CRA moneys expended that violated the agreements, and to allow the CRA to reduce funding if an organization's final ending budget was revised below the original budget presented in the application. However, CRA records did not identify the nonprofit organizations' expenses by funding source or account for unexpended CRA moneys, if any, and the funding agreements did not require that unexpended moneys be refunded to the CRA.

  Our review of 2013-14 fiscal year financial reports submitted to the CRA disclosed that three of the six organizations may not have expended some or all of the CRA funding provided, as shown in Table 2:

Table 2

CRA Funding

Organization	CRA Funding Provided	Income in Excess of Expenses	Potential Unexpended CRA Funding
Delray Beach Community Land Trust	$200,000	$356,902	$200,000
Expanding and Preserving Our Cultural Heritage	86,216	31,289	31,289
Puppetry Arts Center of the Palm Beaches	17,542	22,563	17,542

Source: CRA Records

  Without records to determine whether unexpended CRA moneys existed and a requirement that nonprofit organizations refund unexpended CRA moneys, there is an increased risk that CRA funding may be used for unauthorized purposes.

- The organizations generally filed required reports in a timely manner and the CRA timely reviewed them; however, the 2014-15 fiscal year application submitted by one nonprofit organization did not include a strategic plan or a financial audit report, contrary to the application requirements. Documents provided with the organization's application included a letter of engagement to develop a strategic plan and an engagement letter from a CPA firm to audit the organization's 2012-13 fiscal year financial statements with a draft audit report for July 2014. Following a review of the organization's application, the CRA requested a budget and balance sheet for one location, an organizational chart, and a letter stating the timeline for the strategic plan; however, no audit report of the financial statements was requested. Further, instead of submitting an audit report to the CRA, the organization provided a compilation report for the 2012-13 fiscal year on November 20, 2014.

  Audited financial statements provide assurance regarding the organization's financial health and validity of quarterly information previously provided to the CRA. Failure to enforce timely submission of documentation limits the CRA's ability to adequately support funding decisions and, therefore, may also reduce the CRA's ability to prevail in claims against the CRA's funding process.

Recommendation: The CRA Board should clarify the basis for funding nonprofit organizations to ensure that funding is consistent with Board intent. In addition, the CRA should enhance procedures to require nonprofit organizations to identify their expenses by funding source, document unexpended CRA moneys, and refund unexpended moneys to the CRA. The CRA should also enhance monitoring procedures to verify that program application requirements are met.

Follow-Up to Management's Response

Management stated in the written response that the CRA disagrees with the interpretation that there were unexpended CRA funds provided to the three organizations included in Table 2 and provided the

CRA-funded percentages of budgeted revenues for each of the organizations. However, the point of our finding is that the basis for CRA funding provided to the organizations is not apparent in the CRA's records. Further, the three organizations did not expend all of the revenues they received and, therefore, there were unexpended moneys. Because the CRA does not fund specific expenditure line items, the source of the unexpended moneys is not apparent. The written response also stated that all CRA funding was expended by the three organizations; however, no documentation was included in the CRA's response to evidence that all CRA funding had been expended.

FRAUD AND ETHICS CONTROLS

Finding 7: Fraud Policies

Previously Reported

The CRA Board had not adopted policies for the mitigation, detection, and reporting of fraud.

We recommended that the CRA establish fraud policies and procedures that clearly identify actions constituting fraud, incident reporting procedures, responsibility for fraud investigation, and consequences of fraudulent behavior.

Results of Follow-Up Procedures

The CRA's actions corrected this finding. On July 10, 2014, the CRA Board approved revisions to its *Accounting Policies and Procedures Manual (Manual)* to include Section 8.2 for the mitigation, detection, and reporting of fraud. Section 8.2 of the *Manual* contains information on actions constituting fraud, indicates that detected or suspected fraud must immediately be reported to the Executive Director or the Assistant Director, assigns responsibility for fraud investigation to the Executive Director or Assistant Director, provides that reports may be referred for outside investigation, and addresses consequences of fraudulent behavior.

Finding 8: Statement of Financial Interests

Previously Reported

Certain CRA Board members did not timely file statements of financial interests, contrary to State law.[5]

We recommended that the CRA ensure that all Board members required to file a statement of financial interests are advised of the filing requirements and that the applicable member names and positions are communicated to the appropriate coordinator.

Results of Follow-Up Procedures

The CRA's actions corrected this finding. On March 26, 2015, the CRA Board approved the revised *Operations Manual*, which provides for local coordinator notification of members required to file a statement of financial interests, as well as, verification that members filed the required statements.

[5] Section 112.3145(2)(b), Florida Statutes.

BUDGETARY CONTROLS

Finding 9: Budget Preparation

Previously Reported

The CRA's adopted budget did not include all prior year balances brought forward, contrary to State law,[6] and did not reflect the true cost of the Green Market program.

We recommended that the CRA ensure that all balances brought forward from prior fiscal years are included in the adopted budgets for the CRA trust fund. In addition, we recommended that budgets accurately present all direct Green Market program expenditures to provide the CRA Board with accurate and complete information from which it can make informed decisions regarding the program.

Results of Follow-Up Procedures

The CRA's actions partially corrected this finding. In its 2013-14 and 2014-15 fiscal year budgets, the CRA presented all direct Green Market program expenditures. However, contrary to State law,[7] in preparing these budgets, only a portion of the CRA's available fund balance was brought forward from prior fiscal years when determining the amounts available for appropriations and reserves. For the 2013-14 and 2014-15 fiscal year budgets, the CRA did not include fund balance totaling $951,427 and $535,928, respectively, from the prior fiscal years. CRA personnel indicated that the amounts excluded from the budgets represented 5 percent reserves for contingencies pursuant to Board policy; however, as discussed in Finding 4, balances remaining in the trust fund at fiscal year-end must be appropriated for certain specified purposes if those funds are not otherwise used as required by State law.[8]

Recommendation: The CRA should ensure that all balances brought forward from prior fiscal years are included in the adopted budgets for the CRA trust fund.

Finding 10: Budget Overexpenditures

Previously Reported

The CRA needed to enhance its budgetary controls to ensure that expenditures are limited to budgeted amounts as required by State law.

We recommended that the CRA enhance budgetary controls to timely amend budgets as necessary to ensure that expenditures are limited to budgeted amounts as required by law.

Results of Follow-Up Procedures

The CRA's actions corrected this finding. The CRA's expenditures for the 2013-14 fiscal year did not exceed budgeted amounts.

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[6] Section 189.418(3), Florida Statutes (2013), and Section 189.016(3), Florida Statutes (2014).

[7] Ibid.

[8] Section 163.387(7), Florida Statutes.

CASH CONTROLS AND ADMINISTRATION

Finding 11: Electronic Funds Transfers

Previously Reported

The CRA had not entered into agreements with several financial institutions regarding electronic funds transfers (EFTs).

We recommended that the CRA ensure that it has current EFT agreements with each of its financial institutions.

Results of Follow-Up Procedures

The CRA's actions corrected this finding. In January and February 2015, the CRA executed EFT agreements with each of its financial institutions.

PROCUREMENT OF GOODS AND SERVICES

Finding 12: Disbursement Processing

Previously Reported

The CRA's disbursement processing controls could be enhanced.

We recommended that the CRA ensure that written contracts or purchase order forms are used to document the authorization of purchases prior to incurring an obligation for payment. We also recommended that the CRA enhance controls over disbursements to ensure that documentation is retained to demonstrate the receipt of goods and services prior to payment.

Results of Follow-Up Procedures

The CRA's actions did not correct this finding. The CRA recorded check disbursements totaling $11,947,257 and credit card purchases totaling $61,189 during the period October 2013 through February 2015. Our test of 34 disbursements totaling $106,923 and 30 credit card purchases totaling $12,879 disclosed that:

- Invoices for 3 disbursements totaling $4,560 for software support, a lecture series sponsorship, and photography and video services were dated prior to the dates of the purchase orders.
- For 2 credit card purchases totaling $1,535 for appliances and coffee, CRA records did not evidence when the items were received.
- For an $85 credit card purchase for coffee and a $200 disbursement for Green Market program entertainment services, CRA records, such as purchase order forms, did not evidence prior approval.

Absent adequate controls over the purchasing process, fraud or errors could occur and not be timely detected.

Recommendation: The CRA should enhance controls over disbursements to ensure that written contracts or purchase order forms are used to document the authorization of purchases of goods and services prior to payment.

Finding 13: Competitive Selection Process

Previously Reported

The CRA did not always comply with prescribed policies and procedures, or State law, regarding the competitive procurement of services.

We recommended that, for those purchases requiring competitive bids or proposals, the CRA ensure that documentation is retained evidencing the date and time bids or proposals are received, as well as, the selection committee's evaluations of bids or proposals. In addition, we recommended that procedures for evaluating bids or proposals for professional services include consideration regarding certified minority businesses, as required by State law. We also recommended that the CRA consider using a competitive selection process for acquiring General Counsel services.

Results of Follow-Up Procedures

The CRA's actions corrected this finding. We reviewed nine contracts procured during the period October 2013 through February 2015 for services that were subject to competitive bid or proposal requirements. The CRA made payments totaling $937,912 for these contracts during that period. For the nine contracts, the CRA retained documentation evidencing the date and time the bids or proposals were received, as well as, the selection committees' evaluations of the bids or proposals. In addition, the CRA considered certified minority businesses for solicitations pursuant to State law[9] and documented consideration of a competitive selection process for acquiring General Counsel services.

Finding 14: Credit Cards

Previously Reported

The CRA's controls over the issuance and use of credit cards could be enhanced.

We recommended that the CRA Board determine whether credit cards should be issued to CRA employees; set appropriate limits on transaction amounts and the types of goods and services that can be purchased; and implement appropriate policies and procedures regarding the issuance, use, and monitoring of credit cards. In addition, we recommended that such policies and procedures include a requirement for each cardholder to sign a statement certifying that he or she accepts the terms and conditions set by the CRA on credit card usage.

Results of Follow-Up Procedures

The CRA's actions corrected this finding. In July 2014, the CRA Board adopted Section 3.4 of the *Manual*, which provides that a credit card can be issued to CRA Directors (i.e., department heads) at the discretion of the Executive Director. The *Manual* requires CRA personnel, prior to receiving a credit card, to sign a credit card acknowledgement form that includes guidelines for the use of the credit card.

Our test of 30 credit card purchases totaling $12,879 and made during the period October 2013 through February 2015 disclosed that purchases were properly authorized, for allowable purposes, and were

[9] Section 287.055(3)(d), Florida Statutes.

within established limits; charges were reviewed prior to payment; and credit card users had generally signed the required acknowledgement forms.

Finding 15: Questioned Expenditures

Previously Reported

CRA records did not always evidence the public purpose served by expenditures.

We recommended that the CRA strengthen its procedures to require documentation that expenditures serve an authorized public purpose and comply with the CRA Plan and Section 163.387, Florida Statutes. In addition, we recommended that such documentation be present in the CRA's records prior to payment.

Results of Follow-Up Procedures

The CRA's actions partially corrected this finding. Our audit procedures found that, while the CRA made attempts to correct the finding, our tests of CRA records related to 34 disbursements totaling $106,923 and 30 credit card purchases totaling $12,879 also found that the authorized public purpose for 9 transactions (14 percent) totaling $853 for food, apparel, and decorative items were not documented in the CRA records.

Recommendation: The CRA should continue efforts to ensure that disbursements and credit card purchases are properly documented.

REAL PROPERTY ACQUISITIONS

Finding 16: Property Appraisals

Previously Reported

The CRA Board had not approved policies and procedures for real property acquisitions and the procedures used by the CRA needed to be enhanced to ensure that real property is acquired at the best price possible.

We recommended that the CRA Board adopt written policies and procedures for real property acquisitions. In doing so, we recommended that the CRA Board require that appraisals be acquired for all real property acquisitions; at least two appraisals be acquired for acquisitions over a given dollar limit; a professional appraisal review be obtained in instances in which two appraisals are widely divergent; and the use of sales to nonprofit, governmental, or quasi-governmental entities be discouraged from consideration as comparable sales for appraisals obtained.

Results of Follow-Up Procedures

The CRA's actions partially corrected this finding. The CRA Board approved the CRA *Operations Manual* on March 26, 2015, which provides that "the CRA's offering price is typically determined based upon staff's knowledge of market conditions, but the sale and purchase agreement will be subject to the condition that a real estate appraisal must be completed, which typically occurs during the due diligence period. In cases where adequate sales data is unavailable, an appraisal may be ordered prior to a sale and purchase agreement being executed." The *Operations Manual* also requires at least two appraisals

for properties costing $500,000 or more. However, the *Operations Manual* does not address the use of a review appraiser when two appraisals are widely divergent nor does it indicate that appraisals should not be determined based on comparable sales to nonprofit, governmental, or quasi-governmental entities.

During the period October 2013 through February 2015, the CRA purchased 11 properties totaling $3,421,300. Our review of records related to the 11 real property acquisitions disclosed that the CRA paid amounts in excess of the appraised values for 3 properties. Specifically, we noted:

- One property, which required two appraisals, was appraised at $1,430,000 and $1,590,000. The property was purchased for $1,875,000, which exceeded the average appraised value of $1,510,000 by $365,000 (19 percent).
- One property purchased for $365,000 exceeded the appraised value of $346,000 by $19,000 (5 percent).
- One property purchased for $225,000 exceeded the appraised value of $215,000 by $10,000 (5 percent).

Although our review of CRA real property acquisitions did not indicate widely divergent sales comparisons or use of sales to nonprofit, governmental, or quasi-governmental entities, the appraisals for these properties were acquired after the CRA had negotiated the purchase prices and executed the purchase agreements. The CRA Board approved each of these acquisitions stating that the properties were key or critical acquisitions for the CRA. Absent reliable property appraisals obtained prior to negotiation and execution of a purchase agreement, the CRA's ability to negotiate a fair price for acquired property is significantly reduced.

Recommendation: The CRA should enhance written policies and procedures for real property acquisitions to require that appraisals be obtained prior to the negotiation of a purchase price or the execution of the purchase agreement. In addition, the policies and procedures should require the use of a professional appraisal review in instances where two appraisals are widely divergent and discourage the use of sales to nonprofit, governmental, or quasi-governmental entities as comparable sales for appraisals.

CONTRACTUAL SERVICES

Finding 17: Contractual Agreements

Previously Reported

The CRA did not have a current written agreement for General Counsel services and some written agreements did not contain statutorily required provisions.

We recommended that the CRA ensure that written contracts are used for all professional services, contracts include all required terms and conditions, and payments for contractual services are supported by detailed invoices sufficient to allow a determination of contract compliance prior to payment.

Results of Follow-Up Procedures

The CRA's actions partially corrected this finding. The CRA approved a 2-year written contract for General Counsel services on October 24, 2013. However, our review of ten other contracts for various contractual services during the period October 2013 through February 2015, disclosed that:

- The CRA entered into three contracts for professional architectural services that did not contain statutorily required provisions[10] related to the prohibition of contingency fees. By prohibiting contingency fees, contracts establish greater assurance that service providers were selected in a fair, equitable, and economic manner.
- Although the auditors' contract with the CRA for the 2013-14 fiscal year financial audit included a statement that invoices for fees will be rendered each month as work progresses and indicated the hourly rates for each position within the firm, it did not include a provision requiring submittal of sufficiently detailed invoices, and our tests disclosed an instance in which a CRA payment for audit services was not supported by a detailed invoice. Specifically, the CRA received and paid a progress billing invoice for $13,875 for services rendered through November 2014 related to the 2013-14 fiscal year audit; however, the invoice did not detail the amount of hours spent and applicable hourly rates for the work performed through November 2014. As such, CRA records did not demonstrate that the amount invoiced and paid was in accordance with the contract or that the invoices were sufficiently detailed, as required by State law.[11]

Recommendation: The CRA should ensure that contracts include all statutorily required terms and conditions and that payments for contractual services are supported by invoices sufficiently detailed to allow a determination of contract compliance prior to payment.

Finding 18: Contract Monitoring

Previously Reported

The CRA's monitoring of compliance with contractual reporting requirements could be enhanced.

We recommended that the CRA enhance its monitoring procedures to ensure that required reports are received and contain all information required by the contract.

Results of Follow-Up Procedures

The CRA's actions did not correct this finding. Our test of ten interlocal agreements between the CRA and the City disclosed deficiencies in the CRA's compliance monitoring and payment procedures. Specifically:

- One agreement required the CRA to pay the City $50,000 to be disbursed to the Palm Beach County School Board for the Eagle Nest Program Project No. 3 at Atlantic High School no later than 7 days following the conveyance of the property on which the Eagle Nest House would be constructed. The CRA conveyed the property to the City on April 10, 2014; however, payment was not made until January 23, 2015, more than 9 months after the payment was due.

[10] Section 287.055(6), Florida Statutes, requires contracts for professional services to contain a prohibition against contingent fees stating that the contractor warrants that he/she has not paid anyone other than a bona fide employee working solely for the contractor, any fee, commission, or other consideration contingent upon or resulting from the award of the contract.

[11] Section 218.391, Florida Statutes, requires that the procurement of audit services for the financial audit required by Section 218.39, Florida Statutes, be evidenced by a written contract that includes certain provisions, such as a requirement that invoices for fees or other compensation be submitted in sufficient detail to demonstrate compliance with the terms of the contract.

- Two agreements for construction and professional services funding required the City, upon receipt of project funding from the CRA, to provide the CRA with monthly reports detailing each project's progress. The reports were to include the contract amount, the amount of funds paid to the contractor, the status of the project, and the total of any change orders related to the project. The Project Manager provided monthly status updates for the CRA's monthly progress report; however, CRA records did not evidence that these updates included the amount of the funds paid to the contractor or the total change orders related to the project.

Failure to properly monitor contract terms could result in the CRA making payments in excess of contract amounts or for services that were not adequately provided. Ineffective monitoring may also negatively affect the timely and cost-effective completion of CRA projects.

Recommendation: The CRA should enhance monitoring procedures to ensure that required reports contain all information required by the contract. Additionally, the CRA should ensure that payments related to contracts are timely made.

TRAVEL

Finding 19: Travel Expenditures

Previously Reported

The CRA's policies and procedures regarding travel expenditures could be enhanced.

We recommended that the CRA revise *Human Resources Policies and Procedures* to establish uniform mileage reimbursement rates as required by State law[12] and to require supervisory approval of travel vouchers. We also recommended that the CRA enhance controls to ensure that all travel reimbursements are made in accordance with the CRA's *Human Resources Policies and Procedures* and State law.

Results of Follow-Up Procedures

The CRA's actions corrected this finding. The CRA approved revised *Human Resources Policies and Procedures (Policies and Procedures)* in September 2014, establishing uniform mileage reimbursement rates in accordance with State law. Additionally, the CRA revised its travel voucher form to provide for supervisory approval.

During the period October 2013 through February 2015, CRA travel expenditures totaled $9,355. Our test of 14 travel expenditures totaling $1,740 disclosed that travel vouchers were generally prepared in accordance with the CRA's *Policies and Procedures* and were approved by supervisory personnel.

OBJECTIVES, SCOPE, AND METHODOLOGY

Pursuant to Section 11.45(2)(j), Florida Statutes, no later than 18 months after the release of a report on the audit of a local government, we must perform appropriate follow-up procedures as we deem necessary to determine the audited entity's progress in addressing the findings and recommendations contained within our previous report. Pursuant to Section 11.45(3)(a), Florida Statutes, we conducted an

[12] Section 112.061(14), Florida Statutes.

audit of the CRA and issued report No. 2014-013. The objectives of this audit were to determine the extent to which the CRA had taken, or was in the process of taking, actions to address the findings included in our report No. 2014-013. Our audit included transactions, as well as events and conditions, occurring during the period October 2013 through February 2015.

This follow-up audit was conducted in accordance with applicable generally accepted government auditing standards. Those standards require that we plan and perform the follow-up audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

For those activities and functions included within the scope of our follow-up audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the activities and functions; exercising professional judgment in considering significance and audit risk in the design and execution of interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the examination of pertinent CRA records and transactions, inquiry of CRA personnel, observation of procedures in practice, and additional procedures as appropriate. Unless otherwise indicated in this report, records and transactions were not selected with the intent of projecting the results, although we have presented for perspective, where practicable, information concerning the relevant population value or size and quantifications relative to the items selected for examination. Specifically, we:

- Determined whether the CRA requested an opinion from the Attorney General regarding the use of CRA funds in accordance with the Community Redevelopment Act.
- Reviewed changes to the CRA Plan and the funding program for nonprofit organizations for the 2013-14 and 2014-15 fiscal years to determine whether the CRA documented that funds provided to the City and nonprofit organizations were restricted to activities authorized by the Community Redevelopment Act.
- Determined the status of the property leased from the City and subleased to other organizations.
- Reviewed the ten agreements with the City and tested all payments made to the City totaling $1,428,022 to determine whether funds were used for allowable purposes and whether payments were based on actual time and effort by employees and salary expenditures or allocated using a systematic and rational approach.
- Evaluated the disposition of ending balances in the CRA trust fund as of September 30, 2013, and 2014, for compliance with Section 163.387(7), Florida Statutes.
- Examined business development grants awarded during the period October 2013 through February 2015 to determine compliance with program guidelines.

- Reviewed A-GUIDE program (program) funding agreements for the 2013-14 and 2014-15 fiscal years to determine whether the agreements had been revised to require that moneys unexpended, or expended for unauthorized purposes, be refunded to the CRA. Examined documentation submitted with program applications for funding to determine completeness. Tested payments totaling $725,504 made to six nonprofit organizations for the fourth quarter of the 2013-14 fiscal year and first quarter of the 2014-15 fiscal year to determine whether payments were made in accordance with the funding agreements and applicable program guidelines, including timely receipt of reports from the organizations. Determined whether CRA records evidenced whether unexpended CRA moneys remained with the organizations.
- Determined whether the CRA had established fraud policies and procedures and whether such policies and procedures include clearly identified actions constituting fraud, incident reporting procedures, responsibility for fraud investigation, and consequences of fraudulent behavior.
- Evaluated CRA policies and procedures designed to advise individuals of their obligation to file statements of financial interests and to notify the appropriate coordinator of applicable individual's names and positions. Determined whether the six Board members who served during the 2013 calendar year filed statements of financial interests as required by Section 112.3145(2)(b), Florida Statutes.
- Reviewed the CRA budgets for the 2013-14 and 2014-15 fiscal years to determine whether all balances were brought forward from the prior fiscal years and whether all direct Green Market program expenditures were accurately presented. Reviewed budget-to-actual variances for the 2013-14 fiscal year to determine whether the CRA overexpended the budget.
- Determined whether the CRA had executed agreements with the three financial institutions with which it did business and reviewed 8 of 31 EFT transactions to determine compliance with the agreements.
- Tested 34 disbursements totaling $106,923 to determine whether they were adequately supported and for allowable purposes.
- Reviewed nine contracts for the acquisition of goods and services totaling $937,912 that met the threshold for use of competitive bids or proposals to determine whether they were competitively acquired in accordance with law and evaluated the adequacy of documentation supporting the selection process.
- Determined whether the Board approved the issuance of credit cards to employees and established guidance for the use of credit cards. Reviewed credit card issuances for compliance with CRA policies. Tested 30 credit card purchases totaling $12,879 to determine whether the purchases were properly authorized, for allowable purposes, and within established limits, and whether the charges were reviewed prior to payment.
- Tested 64 disbursements totaling $119,802 to determine whether the public purpose of the expenditure was documented.
- Determined whether the CRA adopted written policies and procedures for real property acquisitions. Tested 11 real property acquisitions totaling $3,421,300 for compliance with CRA policies and procedures and good business practices.
- Reviewed the 2014-15 fiscal year contract for General Counsel services and ten other contracts for professional services to determine whether the contract documents contained required provisions. Tested 49 contract payments totaling $905,688 to determine whether invoices were sufficiently detailed to determine compliance with the contract, payments were made in accordance with contract terms, and monitoring procedures were sufficient to ensure that services and required information were provided in accordance with contract provisions.
- Determined whether the CRA revised its travel policy to address mileage rates and to require supervisory approval of travel. Tested 14 travel expenditures totaling $1,740 to determine whether expenses were adequately supported and reimbursed in compliance with CRA policies and Section 112.061, Florida Statutes, and whether travel vouchers were properly approved by the employee's supervisor.

- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading ***MANAGEMENT'S RESPONSE.***

AUTHORITY

Pursuant to the provisions of Section 11.45(2)(j), Florida Statutes, I have directed that this report be prepared to present the results of our follow-up procedures regarding findings and recommendations included in our report No. 2014-013, operational audit of the Delray Beach Community Redevelopment Agency.

Sherrill F. Norman, CPA
Auditor General

E F G H I

2018 FLORIDA STATUTES
CHAPTER 163
PART III
COMMUNITY REDEVELOPMENT

163.430 Powers supplemental to existing community redevelopment powers.
163.445 Assistance to community redevelopment by state agencies.
163.450 Municipal and county participation in neighborhood development programs under Pub. L. No. 90-448.
163.463 Applicability of ch. 2002-294.

163.330 Short title.—This part shall be known and may be cited as the "Community Redevelopment Act of 1969."

History.—s. 1, ch. 69-305.

163.335 Findings and declarations of necessity.—

(1) It is hereby found and declared that there exist in counties and municipalities of the state slum and blighted areas which constitute a serious and growing menace, injurious to the public health, safety, morals, and welfare of the residents of the state; that the existence of such areas contributes substantially and increasingly to the spread of disease and crime, constitutes an economic and social liability imposing onerous burdens which decrease the tax base and reduce tax revenues, substantially impairs or arrests sound growth, retards the provision of housing accommodations, aggravates traffic problems, and substantially hampers the elimination of traffic hazards and the improvement of traffic facilities; and that the prevention and elimination of slums and blight is a matter of state policy and state concern in order that the state and its counties and municipalities shall not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency, and consume an excessive proportion of its revenues because of the extra services required for police, fire, accident, hospitalization, and other forms of public protection, services, and facilities.

(2) It is further found and declared that certain slum or blighted areas, or portions thereof, may require acquisition, clearance, and disposition subject to use restrictions, as provided in this part, since the prevailing condition of decay may make impracticable the reclamation of the area by conservation or rehabilitation; that other areas or portions thereof may, through the means provided in this part, be susceptible of conservation or rehabilitation in such a manner that the conditions and evils enumerated may be eliminated, remedied, or prevented; and that salvageable slum and blighted areas can be conserved and rehabilitated through appropriate public action as herein authorized and the cooperation and voluntary action of the owners and tenants of property in such areas.

(3) It is further found and declared that the powers conferred by this part are for public uses and purposes for which public money may be expended and police power exercised, and the necessity in the public interest for the provisions herein enacted is declared as a matter of legislative determination.

(4) It is further found that coastal resort and tourist areas or portions thereof which are deteriorating and economically distressed due to building density patterns, inadequate transportation and parking facilities, faulty lot layout, or inadequate street layout, could, through the means provided in this part, be revitalized and redeveloped in a manner that will vastly improve the economic and social conditions of the community.

(5) It is further found and declared that the preservation or enhancement of the tax base from which a taxing authority realizes tax revenues is essential to its existence and financial health; that the preservation and enhancement of such tax base is implicit in the purposes for which a taxing authority is established; that tax increment financing is an effective method of achieving such preservation and enhancement in areas in which such tax base is declining; that community redevelopment in such areas, when complete, will enhance such tax base and provide increased tax revenues to all affected taxing authorities, increasing their ability to accomplish their other respective purposes; and that the preservation and enhancement of the tax base in such areas through tax increment financing and the levying of taxes by such taxing authorities therefor and the appropriation of funds to a redevelopment trust fund bears a substantial relation to the purposes of such taxing authorities and is for their respective purposes and concerns. This subsection does not apply in any jurisdiction where the community redevelopment agency validated bonds as of April 30, 1984.

(6) It is further found and declared that there exists in counties and municipalities of the state a severe shortage of housing affordable to residents of low or moderate income, including the elderly; that the existence of such condition affects the health, safety, and welfare of the residents of such counties and municipalities and retards their growth and economic and social development; and that the elimination or improvement of such condition is a proper matter of state policy and state concern and is for a valid and desirable public purpose.

(7) It is further found and declared that the prevention or elimination of a slum area or blighted area as defined in this part and the preservation or enhancement of the tax base are not public uses or purposes for which private property may be

taken by eminent domain and do not satisfy the public purpose requirement of s. 6(a), Art. X of the State Constitution.

History.—s. 2, ch. 69-305; ss. 1, 22, ch. 84-356; s. 1, ch. 98-201; s. 6, ch. 2006-11.

163.340 Definitions.—The following terms, wherever used or referred to in this part, have the following meanings:

(1) "Agency" or "community redevelopment agency" means a public agency created by, or designated pursuant to, s. 163.356 or s. 163.357.

(2) "Public body" means the state or any county, municipality, authority, special district as defined in s. 165.031(7), or other public body of the state, except a school district.

(3) "Governing body" means the council, commission, or other legislative body charged with governing the county or municipality.

(4) "Mayor" means the mayor of a municipality or, for a county, the chair of the board of county commissioners or such other officer as may be constituted by law to act as the executive head of such municipality or county.

(5) "Clerk" means the clerk or other official of the county or municipality who is the custodian of the official records of such county or municipality.

(6) "Federal Government" includes the United States or any agency or instrumentality, corporate or otherwise, of the United States.

(7) "Slum area" means an area having physical or economic conditions conducive to disease, infant mortality, juvenile delinquency, poverty, or crime because there is a predominance of buildings or improvements, whether residential or nonresidential, which are impaired by reason of dilapidation, deterioration, age, or obsolescence, and exhibiting one or more of the following factors:

(a) Inadequate provision for ventilation, light, air, sanitation, or open spaces;

(b) High density of population, compared to the population density of adjacent areas within the county or municipality; and overcrowding, as indicated by government-maintained statistics or other studies and the requirements of the Florida Building Code; or

(c) The existence of conditions that endanger life or property by fire or other causes.

(8) "Blighted area" means an area in which there are a substantial number of deteriorated or deteriorating structures; in which conditions, as indicated by government-maintained statistics or other studies, endanger life or property or

are leading to economic distress; and in which two or more of the following factors are present:

(a) Predominance of defective or inadequate street layout, parking facilities, roadways, bridges, or public transportation facilities.

(b) Aggregate assessed values of real property in the area for ad valorem tax purposes have failed to show any appreciable increase over the 5 years prior to the finding of such conditions.

(c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.

(d) Unsanitary or unsafe conditions.

(e) Deterioration of site or other improvements.

(f) Inadequate and outdated building density patterns.

(g) Falling lease rates per square foot of office, commercial, or industrial space compared to the remainder of the county or municipality.

(h) Tax or special assessment delinquency exceeding the fair value of the land.

(i) Residential and commercial vacancy rates higher in the area than in the remainder of the county or municipality.

(j) Incidence of crime in the area higher than in the remainder of the county or municipality.

(k) Fire and emergency medical service calls to the area proportionately higher than in the remainder of the county or municipality.

(l) A greater number of violations of the Florida Building Code in the area than the number of violations recorded in the remainder of the county or municipality.

(m) Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area.

(n) Governmentally owned property with adverse environmental conditions caused by a public or private entity.

(o) A substantial number or percentage of properties damaged by sinkhole activity which have not been adequately repaired or stabilized.

However, the term "blighted area" also means any area in which at least one of the factors identified in paragraphs (a) through (o) is present and all taxing authorities subject to s. 163.387(2)(a) agree, either by interlocal agreement with the agency or by resolution, that the area is blighted. Such agreement or resolution must be limited to a determination that the area is blighted. For purposes of qualifying for

the tax credits authorized in chapter 220, "blighted area" means an area as defined in this subsection.

(9) "Community redevelopment" or "redevelopment" means undertakings, activities, or projects of a county, municipality, or community redevelopment agency in a community redevelopment area for the elimination and prevention of the development or spread of slums and blight, or for the reduction or prevention of crime, or for the provision of affordable housing, whether for rent or for sale, to residents of low or moderate income, including the elderly, and may include slum clearance and redevelopment in a community redevelopment area or rehabilitation and revitalization of coastal resort and tourist areas that are deteriorating and economically distressed, or rehabilitation or conservation in a community redevelopment area, or any combination or part thereof, in accordance with a community redevelopment plan and may include the preparation of such a plan.

(10) "Community redevelopment area" means a slum area, a blighted area, or an area in which there is a shortage of housing that is affordable to residents of low or moderate income, including the elderly, or a coastal and tourist area that is deteriorating and economically distressed due to outdated building density patterns, inadequate transportation and parking facilities, faulty lot layout or inadequate street layout, or a combination thereof which the governing body designates as appropriate for community redevelopment. For community redevelopment agencies created after July 1, 2006, a community redevelopment area may not consist of more than 80 percent of a municipality.

(11) "Community redevelopment plan" means a plan, as it exists from time to time, for a community redevelopment area.

(12) "Related activities" means:

(a) Planning work for the preparation of a general neighborhood redevelopment plan or for the preparation or completion of a communitywide plan or program pursuant to s. 163.365.

(b) The functions related to the acquisition and disposal of real property pursuant to s. 163.370(4).

(c) The development of affordable housing for residents of the area.

(d) The development of community policing innovations.

(13) "Real property" means all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto or used in connection therewith and every estate, interest, right, and use, legal or equitable, therein,

including but not limited to terms for years and liens by way of judgment, mortgage, or otherwise.

(14) "Bonds" means any bonds (including refunding bonds), notes, interim certificates, certificates of indebtedness, debentures, or other obligations.

(15) "Obligee" means and includes any bondholder, agents or trustees for any bondholders, or lessor demising to the county or municipality property used in connection with community redevelopment, or any assignee or assignees of such lessor's interest or any part thereof, and the Federal Government when it is a party to any contract with the county or municipality.

(16) "Person" means any individual, firm, partnership, corporation, company, association, joint stock association, or body politic and includes any trustee, receiver, assignee, or other person acting in a similar representative capacity.

(17) "Area of operation" means, for a county, the area within the boundaries of the county, and for a municipality, the area within the corporate limits of the municipality.

(18) "Housing authority" means a housing authority created by and established pursuant to chapter 421.

(19) "Board" or "commission" means a board, commission, department, division, office, body or other unit of the county or municipality.

(20) "Public officer" means any officer who is in charge of any department or branch of the government of the county or municipality relating to health, fire, building regulations, or other activities concerning dwellings in the county or municipality.

(21) "Debt service millage" means any millage levied pursuant to s. 12, Art. VII of the State Constitution.

(22) "Increment revenue" means the amount calculated pursuant to s. 163.387(1).

(23) "Community policing innovation" means a policing technique or strategy designed to reduce crime by reducing opportunities for, and increasing the perceived risks of engaging in, criminal activity through visible presence of police in the community, including, but not limited to, community mobilization, neighborhood block watch, citizen patrol, citizen contact patrol, foot patrol, neighborhood storefront police stations, field interrogation, or intensified motorized patrol.

(24) "Taxing authority" means a public body that levies or is authorized to levy an ad valorem tax on real property located in a community redevelopment area.

History.—s. 3, ch. 69-305; s. 1, ch. 77-391; s. 1, ch. 81-44; s. 3, ch. 83-231; ss. 2, 22, ch. 84-356; s. 83, ch. 85-180; s. 72, ch. 87-243; s. 33, ch. 91-45; s. 1, ch. 93-286; s. 1, ch. 94-236; s. 1447, ch. 95-147; s. 2, ch. 98-201; s. 1, ch. 98-314; s. 2, ch. 2002-294; s. 7, ch. 2006-11; s. 1, ch. 2006-307; s. 20, ch. 2013-15; s. 7, ch. 2015-30.

163.345 Encouragement of private enterprise.—

(1) Any county or municipality, to the greatest extent it determines to be feasible in carrying out the provisions of this part, shall afford maximum opportunity, consistent with the sound needs of the county or municipality as a whole, to the rehabilitation or redevelopment of the community redevelopment area by private enterprise. Any county or municipality shall give consideration to this objective in exercising its powers under this part, including the formulation of a workable program; the approval of community redevelopment plans, communitywide plans or programs for community redevelopment, and general neighborhood redevelopment plans (consistent with the general plan of the county or municipality); the development and implementation of community policing innovations; the exercise of its zoning powers; the enforcement of other laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements; the development of affordable housing; the disposition of any property acquired, subject to the limitations of s. 73.013; and the provision of necessary public improvements.

(2) In giving consideration to the objectives outlined in subsection (1), the county or municipality shall consider making available the incentives provided under the Florida Enterprise Zone Act and chapter 420.

History.—s. 4, ch. 69-305; s. 4, ch. 83-231; s. 2, ch. 94-236; s. 2, ch. 98-314; s. 26, ch. 2001-60; s. 12, ch. 2005-287; s. 8, ch. 2006-11.

163.346 Notice to taxing authorities.—Before the governing body adopts any resolution or enacts any ordinance required under s. 163.355, s. 163.356, s. 163.357, or s. 163.387; creates a community redevelopment agency; approves, adopts, or amends a community redevelopment plan; or issues redevelopment revenue bonds under s. 163.385, the governing body must provide public notice of such proposed action pursuant to s. 125.66(2) or s. 166.041(3)(a) and, at least 15 days before such proposed action, mail by registered mail a notice to each

taxing authority which levies ad valorem taxes on taxable real property contained within the geographic boundaries of the redevelopment area.

History.—s. 8, ch. 84-356; s. 2, ch. 93-286; s. 13, ch. 95-310.

163.350 Workable program.—Any county or municipality for the purposes of this part may formulate for the county or municipality a workable program for utilizing appropriate private and public resources to eliminate and prevent the development or spread of slums and urban blight, to encourage needed community rehabilitation, to provide for the redevelopment of slum and blighted areas, to provide housing affordable to residents of low or moderate income, including the elderly, or to undertake such of the aforesaid activities or other feasible county or municipal activities as may be suitably employed to achieve the objectives of such workable program. Such workable program may include provision for the prevention of the spread of blight into areas of the county or municipality which are free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards; the rehabilitation or conservation of slum and blighted areas or portions thereof by replanning, removing congestion, providing parks, playgrounds, and other public improvements, encouraging voluntary rehabilitation, and compelling the repair and rehabilitation of deteriorated or deteriorating structures; the development of affordable housing; the implementation of community policing innovations; and the clearance and redevelopment of slum and blighted areas or portions thereof.

History.—s. 5, ch. 69-305; s. 3, ch. 84-356; s. 3, ch. 94-236; s. 3, ch. 98-314.

163.353 Power of taxing authority to tax or appropriate funds to a redevelopment trust fund in order to preserve and enhance the tax base of the authority.—Notwithstanding any other provision of general or special law, the purposes for which a taxing authority may levy taxes or appropriate funds to a redevelopment trust fund include the preservation and enhancement of the tax base of such taxing authority and the furthering of the purposes of such taxing authority as provided by law.

History.—s. 21, ch. 84-356.

163.355 Finding of necessity by county or municipality.—No county or municipality shall exercise the community redevelopment authority conferred by this part until after the governing body has adopted a resolution, supported by data and analysis, which makes a legislative finding that the conditions in the area meet the criteria described in s. 163.340(7) or (8). The resolution must state that:

(1) One or more slum or blighted areas, or one or more areas in which there is a shortage of housing affordable to residents of low or moderate income, including the elderly, exist in such county or municipality; and

(2) The rehabilitation, conservation, or redevelopment, or a combination thereof, of such area or areas, including, if appropriate, the development of housing which residents of low or moderate income, including the elderly, can afford, is necessary in the interest of the public health, safety, morals, or welfare of the residents of such county or municipality.

History.—s. 6, ch. 69-305; s. 4, ch. 84-356; s. 4, ch. 94-236; s. 3, ch. 2002-294.

163.356 Creation of community redevelopment agency.—

(1) Upon a finding of necessity as set forth in s. 163.355, and upon a further finding that there is a need for a community redevelopment agency to function in the county or municipality to carry out the community redevelopment purposes of this part, any county or municipality may create a public body corporate and politic to be known as a "community redevelopment agency." A charter county having a population less than or equal to 1.6 million may create, by a vote of at least a majority plus one of the entire governing body of the charter county, more than one community redevelopment agency. Each such agency shall be constituted as a public instrumentality, and the exercise by a community redevelopment agency of the powers conferred by this part shall be deemed and held to be the performance of an essential public function. Community redevelopment agencies of a county have the power to function within the corporate limits of a municipality only as, if, and when the governing body of the municipality has by resolution concurred in the community redevelopment plan or plans proposed by the governing body of the county.

(2) When the governing body adopts a resolution declaring the need for a community redevelopment agency, that body shall, by ordinance, appoint a board of commissioners of the community redevelopment agency, which shall consist of not fewer than five or more than nine commissioners. The terms of office of the commissioners shall be for 4 years, except that three of the members first appointed shall be designated to serve terms of 1, 2, and 3 years, respectively, from the date of their appointments, and all other members shall be designated to serve for terms of 4 years from the date of their appointments. A vacancy occurring during a term shall be filled for the unexpired term. As provided in an interlocal agreement between the governing body that created the

agency and one or more taxing authorities, one or more members of the board of commissioners of the agency may be representatives of a taxing authority, including members of that taxing authority's governing body, whose membership on the board of commissioners of the agency would be considered an additional duty of office as a member of the taxing authority governing body.

(3)(a) A commissioner shall receive no compensation for services, but is entitled to the necessary expenses, including travel expenses, incurred in the discharge of duties. Each commissioner shall hold office until his or her successor has been appointed and has qualified. A certificate of the appointment or reappointment of any commissioner shall be filed with the clerk of the county or municipality, and such certificate is conclusive evidence of the due and proper appointment of such commissioner.

(b) The powers of a community redevelopment agency shall be exercised by the commissioners thereof. A majority of the commissioners constitutes a quorum for the purpose of conducting business and exercising the powers of the agency and for all other purposes. Action may be taken by the agency upon a vote of a majority of the commissioners present, unless in any case the bylaws require a larger number. Any person may be appointed as commissioner if he or she resides or is engaged in business, which means owning a business, practicing a profession, or performing a service for compensation, or serving as an officer or director of a corporation or other business entity so engaged, within the area of operation of the agency, which shall be coterminous with the area of operation of the county or municipality, and is otherwise eligible for such appointment under this part.

(c) The governing body of the county or municipality shall designate a chair and vice chair from among the commissioners. An agency may employ an executive director, technical experts, and such other agents and employees, permanent and temporary, as it requires, and determine their qualifications, duties, and compensation. For such legal service as it requires, an agency may employ or retain its own counsel and legal staff. An agency authorized to transact business and exercise powers under this part shall file with the governing body, on or before March 31 of each year, a report of its activities for the preceding fiscal year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such fiscal year. At the time of filing the report, the agency shall publish in a newspaper of general circulation in the community a notice to the effect that such report has

been filed with the county or municipality and that the report is available for inspection during business hours in the office of the clerk of the city or county commission and in the office of the agency.

(d) At any time after the creation of a community redevelopment agency, the governing body of the county or municipality may appropriate to the agency such amounts as the governing body deems necessary for the administrative expenses and overhead of the agency, including the development and implementation of community policing innovations.

(4) The governing body may remove a commissioner for inefficiency, neglect of duty, or misconduct in office only after a hearing and only if he or she has been given a copy of the charges at least 10 days prior to such hearing and has had an opportunity to be heard in person or by counsel.

History.—s. 2, ch. 77-391; s. 1, ch. 83-231; s. 6, ch. 84-356; s. 903, ch. 95-147; s. 4, ch. 98-314; s. 41, ch. 2001-266; s. 4, ch. 2002-294; s. 2, ch. 2006-307.

163.357 Governing body as the community redevelopment agency.—

(1)(a) As an alternative to the appointment of not fewer than five or more than seven members of the agency, the governing body may, at the time of the adoption of a resolution under s. 163.355, or at any time thereafter by adoption of a resolution, declare itself to be an agency, in which case all the rights, powers, duties, privileges, and immunities vested by this part in an agency will be vested in the governing body of the county or municipality, subject to all responsibilities and liabilities imposed or incurred.

(b) The members of the governing body shall be the members of the agency, but such members constitute the head of a legal entity, separate, distinct, and independent from the governing body of the county or municipality. If the governing body declares itself to be an agency which already exists, the new agency is subject to all of the responsibilities and liabilities imposed or incurred by the existing agency.

(c) A governing body which consists of five members may appoint two additional persons to act as members of the community redevelopment agency. The terms of office of the additional members shall be for 4 years, except that the first person appointed shall initially serve a term of 2 years. Persons appointed under this section are subject to all provisions of this part relating to appointed members of a community redevelopment agency.

(d) As provided in an interlocal agreement between the governing body that created the agency and one or more taxing authorities, one or more members of

the board of commissioners of the agency may be representatives of a taxing authority, including members of that taxing authority's governing body, whose membership on the board of commissioners of the agency would be considered an additional duty of office as a member of the taxing authority governing body.

(2) Nothing in this part prevents the governing body from conferring the rights, powers, privileges, duties, and immunities of a community redevelopment agency upon any entity in existence on July 1, 1977, which has been authorized by law to function as a downtown development board or authority or as any other body the purpose of which is to prevent and eliminate slums and blight through community redevelopment plans. Any entity in existence on July 1, 1977, which has been vested with the rights, powers, privileges, duties, and immunities of a community redevelopment agency is subject to all provisions and responsibilities imposed by this part, notwithstanding any provisions to the contrary in any law or amendment thereto which established the entity. Nothing in this act shall be construed to impair or diminish any powers of any redevelopment agency or other entity as referred to herein in existence on the effective date of this act or to repeal, modify, or amend any law establishing such entity, except as specifically set forth herein.

History.—s. 2, ch. 77-391; s. 75, ch. 79-400; s. 2, ch. 83-231; s. 5, ch. 84-356; s. 3, ch. 2006-307.

163.358 Exercise of powers in carrying out community redevelopment and related activities.—Each county and municipality has all powers necessary or convenient to carry out and effectuate the purposes and provisions of this part, including those powers granted under s. 163.370. A county or municipality may delegate such powers to a community redevelopment agency created under s. 163.356, except the following, which continue to vest in the governing body of the county or municipality:

(1) The power to determine an area to be a slum or blighted area, or combination thereof; to designate such area as appropriate for community redevelopment; and to hold any public hearings required with respect thereto.

(2) The power to grant final approval to community redevelopment plans and modifications thereof.

(3) The power to authorize the issuance of revenue bonds as set forth in s. 163.385.

(4) The power to approve the acquisition, demolition, removal, or disposal of property as provided in s. 163.370(4) and the power to assume the responsibility to bear loss as provided in s. 163.370(4).

(5) The power to approve the development of community policing innovations.

(6) The power of eminent domain.

History.—s. 2, ch. 77-391; s. 70, ch. 81-259; s. 7, ch. 84-356; s. 34, ch. 91-45; s. 5, ch. 98-314; s. 9, ch. 2006-11.

163.360 Community redevelopment plans.—

(1) Community redevelopment in a community redevelopment area shall not be planned or initiated unless the governing body has, by resolution, determined such area to be a slum area, a blighted area, or an area in which there is a shortage of housing affordable to residents of low or moderate income, including the elderly, or a combination thereof, and designated such area as appropriate for community redevelopment.

(2) The community redevelopment plan shall:

(a) Conform to the comprehensive plan for the county or municipality as prepared by the local planning agency under the Community Planning Act.

(b) Be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the community redevelopment area; zoning and planning changes, if any; land uses; maximum densities; and building requirements.

(c) Provide for the development of affordable housing in the area, or state the reasons for not addressing in the plan the development of affordable housing in the area. The county, municipality, or community redevelopment agency shall coordinate with each housing authority or other affordable housing entities functioning within the geographic boundaries of the redevelopment area, concerning the development of affordable housing in the area.

(3) The community redevelopment plan may provide for the development and implementation of community policing innovations.

(4) The county, municipality, or community redevelopment agency may itself prepare or cause to be prepared a community redevelopment plan, or any person or agency, public or private, may submit such a plan to a community redevelopment agency. Prior to its consideration of a community redevelopment plan, the community redevelopment agency shall submit such plan to the local

planning agency of the county or municipality for review and recommendations as to its conformity with the comprehensive plan for the development of the county or municipality as a whole. The local planning agency shall submit its written recommendations with respect to the conformity of the proposed community redevelopment plan to the community redevelopment agency within 60 days after receipt of the plan for review. Upon receipt of the recommendations of the local planning agency, or, if no recommendations are received within such 60 days, then without such recommendations, the community redevelopment agency may proceed with its consideration of the proposed community redevelopment plan.

(5) The community redevelopment agency shall submit any community redevelopment plan it recommends for approval, together with its written recommendations, to the governing body and to each taxing authority that levies ad valorem taxes on taxable real property contained within the geographic boundaries of the redevelopment area. The governing body shall then proceed with the hearing on the proposed community redevelopment plan as prescribed by subsection (6).

(6)(a) The governing body shall hold a public hearing on a community redevelopment plan after public notice thereof by publication in a newspaper having a general circulation in the area of operation of the county or municipality. The notice shall describe the time, date, place, and purpose of the hearing, identify generally the community redevelopment area covered by the plan, and outline the general scope of the community redevelopment plan under consideration.

(b) For any governing body that has not authorized by June 5, 2006, a study to consider whether a finding of necessity resolution pursuant to s. 163.355 should be adopted, has not adopted a finding of necessity resolution pursuant to s. 163.355 by March 31, 2007, has not adopted a community redevelopment plan by June 7, 2007, and was not authorized to exercise community redevelopment powers pursuant to a delegation of authority under s. 163.410 by a county that has adopted a home rule charter, the following additional procedures are required prior to adoption by the governing body of a community redevelopment plan under subsection (7):

1. Within 30 days after receipt of any community redevelopment plan recommended by a community redevelopment agency under subsection (5), the county may provide written notice by registered mail to the governing body of the

municipality and to the community redevelopment agency that the county has competing policy goals and plans for the public funds the county would be required to deposit to the community redevelopment trust fund under the proposed community redevelopment plan.

2. If the notice required in subparagraph 1. is timely provided, the governing body of the county and the governing body of the municipality that created the community redevelopment agency shall schedule and hold a joint hearing co-chaired by the chair of the governing body of the county and the mayor of the municipality, with the agenda to be set by the chair of the governing body of the county, at which the competing policy goals for the public funds shall be discussed. For those community redevelopment agencies for which the board of commissioners of the community redevelopment agency are comprised as specified in s. 163.356(2), a designee of the community redevelopment agency shall participate in the joint meeting as a nonvoting member. Any such hearing must be held within 90 days after receipt by the county of the recommended community redevelopment plan. Prior to the joint public hearing, the county may propose an alternative redevelopment plan that meets the requirements of this section to address the conditions identified in the resolution making a finding of necessity required by s. 163.355. If such an alternative redevelopment plan is proposed by the county, such plan shall be delivered to the governing body of the municipality that created the community redevelopment agency and to the executive director or other officer of the community redevelopment agency by registered mail at least 30 days prior to holding the joint meeting.

3. If the notice required in subparagraph 1. is timely provided, the municipality may not proceed with the adoption of the plan under subsection (7) until 30 days after the joint hearing unless the governing body of the county has failed to schedule or a majority of the members of the governing body of the county have failed to attend the joint hearing within the required 90-day period.

4. Notwithstanding the time requirements established in subparagraphs 2. and 3., the county and the municipality may at any time voluntarily use the dispute resolution process established in chapter 164 to attempt to resolve any competing policy goals between the county and municipality related to the community redevelopment agency. Nothing in this subparagraph grants the county or the municipality the authority to require the other local government to participate in the dispute resolution process.

(7) Following such hearing, the governing body may approve the community redevelopment and the plan therefor if it finds that:

(a) A feasible method exists for the location of families who will be displaced from the community redevelopment area in decent, safe, and sanitary dwelling accommodations within their means and without undue hardship to such families;

(b) The community redevelopment plan conforms to the general plan of the county or municipality as a whole;

(c) The community redevelopment plan gives due consideration to the utilization of community policing innovations, and to the provision of adequate park and recreational areas and facilities that may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plans;

(d) The community redevelopment plan will afford maximum opportunity, consistent with the sound needs of the county or municipality as a whole, for the rehabilitation or redevelopment of the community redevelopment area by private enterprise; and

(e) The community redevelopment plan and resulting revitalization and redevelopment for a coastal tourist area that is deteriorating and economically distressed will reduce or maintain evacuation time, as appropriate, and ensure protection for property against exposure to natural disasters.

(8) If the community redevelopment area consists of an area of open land to be acquired by the county or the municipality, such area may not be so acquired unless:

(a) In the event the area is to be developed in whole or in part for residential uses, the governing body determines:

1. That a shortage of housing of sound standards and design which is decent, safe, affordable to residents of low or moderate income, including the elderly, and sanitary exists in the county or municipality;

2. That the need for housing accommodations has increased in the area;

3. That the conditions of blight in the area or the shortage of decent, safe, affordable, and sanitary housing cause or contribute to an increase in and spread of disease and crime or constitute a menace to the public health, safety, morals, or welfare; and

4. That the acquisition of the area for residential uses is an integral part of and is essential to the program of the county or municipality.

(b) In the event the area is to be developed in whole or in part for nonresidential uses, the governing body determines that:

1. Such nonresidential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives.

2. Acquisition may require the exercise of governmental action, as provided in this part, because of:

a. Defective, or unusual conditions of, title or diversity of ownership which prevents the free alienability of such land;

b. Tax delinquency;

c. Improper subdivisions;

d. Outmoded street patterns;

e. Deterioration of site;

f. Economic disuse;

g. Unsuitable topography or faulty lot layouts;

h. Lack of correlation of the area with other areas of a county or municipality by streets and modern traffic requirements; or

i. Any combination of such factors or other conditions which retard development of the area.

3. Conditions of blight in the area contribute to an increase in and spread of disease and crime or constitute a menace to public health, safety, morals, or welfare.

(9) Upon the approval by the governing body of a community redevelopment plan or of any modification thereof, such plan or modification shall be deemed to be in full force and effect for the respective community redevelopment area, and the county or municipality may then cause the community redevelopment agency to carry out such plan or modification in accordance with its terms.

(10) Notwithstanding any other provisions of this part, when the governing body certifies that an area is in need of redevelopment or rehabilitation as a result of an emergency under s. 252.34(4), with respect to which the Governor has certified the need for emergency assistance under federal law, that area may be certified as a "blighted area," and the governing body may approve a community redevelopment plan and community redevelopment with respect to such area without regard to the provisions of this section requiring a general plan for the county or municipality and a public hearing on the community redevelopment.

History.—s. 7, ch. 69-305; s. 3, ch. 77-391; s. 5, ch. 83-231; s. 6, ch. 83-334; s. 9, ch. 84-356; s. 26, ch. 85-55; s. 3, ch. 93-286; s. 5, ch. 94-236; s. 3, ch. 98-201; s. 6, ch. 98-314; s. 63, ch. 99-2; s. 4, ch. 2006-307; s. 33, ch. 2011-139; s. 3, ch. 2016-198.

163.361 Modification of community redevelopment plans.—

(1) If at any time after the approval of a community redevelopment plan by the governing body it becomes necessary or desirable to amend or modify such plan, the governing body may amend such plan upon the recommendation of the agency. The agency recommendation to amend or modify a redevelopment plan may include a change in the boundaries of the redevelopment area to add land to or exclude land from the redevelopment area, or may include the development and implementation of community policing innovations.

(2) The governing body shall hold a public hearing on a proposed modification of any community redevelopment plan after public notice thereof by publication in a newspaper having a general circulation in the area of operation of the agency.

(3)(a) In addition to the requirements of s. 163.346, and prior to the adoption of any modification to a community redevelopment plan that expands the boundaries of the community redevelopment area or extends the time certain set forth in the redevelopment plan as required by s. 163.362(10), the agency shall report such proposed modification to each taxing authority in writing or by an oral presentation, or both, regarding such proposed modification.

(b) For any community redevelopment agency that was not created pursuant to a delegation of authority under s. 163.410 by a county that has adopted a home rule charter and that modifies its adopted community redevelopment plan in a manner that expands the boundaries of the redevelopment area after October 1, 2006, the following additional procedures are required prior to adoption by the governing body of a modified community redevelopment plan:

1. Within 30 days after receipt of any report of a proposed modification that expands the boundaries of the redevelopment area, the county may provide notice by registered mail to the governing body of the municipality and the community redevelopment agency that the county has competing policy goals and plans for the public funds the county would be required to deposit to the community redevelopment trust fund under the proposed modification to the community redevelopment plan.

2. If the notice required in subparagraph 1. is timely provided, the governing body of the county and the governing body of the municipality that created the community redevelopment agency shall schedule and hold a joint hearing co-chaired by the chair of the governing body of the county and the mayor of the municipality, with the agenda to be set by the chair of the governing body of the county, at which the competing policy goals for the public funds shall be discussed. For those community redevelopment agencies for which the board of commissioners of the community redevelopment agency are comprised as specified in s. 163.356(2), a designee of the community redevelopment agency shall participate in the joint meeting as a nonvoting member. Any such hearing shall be held within 90 days after receipt by the county of the recommended modification of the adopted community redevelopment plan. Prior to the joint public hearing, the county may propose an alternative modified community redevelopment plan that meets the requirements of s. 163.360 to address the conditions identified in the resolution making a finding of necessity required under s. 163.355. If such an alternative modified redevelopment plan is proposed by the county, such plan shall be delivered to the governing body of the municipality that created the community redevelopment agency and the executive director or other officer of the community redevelopment agency by registered mail at least 30 days prior to holding the joint meeting.

3. If the notice required in subparagraph 1. is timely provided, the municipality may not proceed with the adoption of a modified plan until 30 days after the joint hearing unless the governing body of the county has failed to schedule or a majority of the members of the governing body of the county have failed to attend the joint hearing within the required 90-day period.

4. Notwithstanding the time requirements established in subparagraphs 2. and 3., the county and the municipality may at any time voluntarily use the dispute resolution process established in chapter 164 to attempt to resolve any competing policy goals between the county and municipality related to the community redevelopment agency. Nothing in this subparagraph grants the county or the municipality the authority to require the other local government to participate in the dispute resolution process.

(4) A modification to a community redevelopment plan that includes a change in the boundaries of the redevelopment area to add land must be supported by a resolution as provided in s. 163.355.

(5) If a community redevelopment plan is modified by the county or municipality after the lease or sale of real property in the community redevelopment area, such modification may be conditioned upon such approval of the owner, lessee, or successor in interest as the county or municipality may deem advisable and, in any event, shall be subject to such rights at law or in equity as a lessee or purchaser, or his or her successor or successors in interest, may be entitled to assert.

History.—s. 4, ch. 77-391; s. 6, ch. 83-231; s. 904, ch. 95-147; s. 7, ch. 98-314; s. 5, ch. 2002-294; s. 5, ch. 2006-307.

163.362 Contents of community redevelopment plan.—Every community redevelopment plan shall:

(1) Contain a legal description of the boundaries of the community redevelopment area and the reasons for establishing such boundaries shown in the plan.

(2) Show by diagram and in general terms:

(a) The approximate amount of open space to be provided and the street layout.

(b) Limitations on the type, size, height, number, and proposed use of buildings.

(c) The approximate number of dwelling units.

(d) Such property as is intended for use as public parks, recreation areas, streets, public utilities, and public improvements of any nature.

(3) If the redevelopment area contains low or moderate income housing, contain a neighborhood impact element which describes in detail the impact of the redevelopment upon the residents of the redevelopment area and the surrounding areas in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population, and other matters affecting the physical and social quality of the neighborhood.

(4) Identify specifically any publicly funded capital projects to be undertaken within the community redevelopment area.

(5) Contain adequate safeguards that the work of redevelopment will be carried out pursuant to the plan.

(6) Provide for the retention of controls and the establishment of any restrictions or covenants running with land sold or leased for private use for such periods of time and under such conditions as the governing body deems necessary to effectuate the purposes of this part.

(7) Provide assurances that there will be replacement housing for the relocation of persons temporarily or permanently displaced from housing facilities within the community redevelopment area.

(8) Provide an element of residential use in the redevelopment area if such use exists in the area prior to the adoption of the plan or if the plan is intended to remedy a shortage of housing affordable to residents of low or moderate income, including the elderly, or if the plan is not intended to remedy such shortage, the reasons therefor.

(9) Contain a detailed statement of the projected costs of the redevelopment, including the amount to be expended on publicly funded capital projects in the community redevelopment area and any indebtedness of the community redevelopment agency, the county, or the municipality proposed to be incurred for such redevelopment if such indebtedness is to be repaid with increment revenues.

(10) Provide a time certain for completing all redevelopment financed by increment revenues. Such time certain shall occur no later than 30 years after the fiscal year in which the plan is approved, adopted, or amended pursuant to s. 163.361(1). However, for any agency created after July 1, 2002, the time certain for completing all redevelopment financed by increment revenues must occur within 40 years after the fiscal year in which the plan is approved or adopted.

(11) Subsections (1), (3), (4), and (8), as amended by s. 10, chapter 84-356, Laws of Florida, and subsections (9) and (10) do not apply to any governing body of a county or municipality or to a community redevelopment agency if such governing body has approved and adopted a community redevelopment plan pursuant to s. 163.360 before chapter 84-356 became a law; nor do they apply to any governing body of a county or municipality or to a community redevelopment agency if such governing body or agency has adopted an ordinance or resolution authorizing the issuance of any bonds, notes, or other forms of indebtedness to which is pledged increment revenues pursuant only to a community redevelopment plan as approved and adopted before chapter 84-356 became a law.

History.—s. 5, ch. 77-391; s. 7, ch. 83-231; ss. 10, 22, ch. 84-356; s. 5, ch. 93-286; s. 6, ch. 94-236; s. 6, ch. 2002-294.

163.365 Neighborhood and communitywide plans.—

(1) Any municipality or county or any public body authorized to perform planning work may prepare a general neighborhood redevelopment plan for a

community redevelopment area or areas, together with any adjoining areas having specially related problems, which may be of such scope that redevelopment activities may have to be carried out in stages. Such plans may include, but not be limited to, a preliminary plan which:

(a) Outlines the community redevelopment activities proposed for the area involved;

(b) Provides a framework for the preparation of community redevelopment plans; and

(c) Indicates generally the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property and portions of the area contemplated for clearance and redevelopment.

A general neighborhood redevelopment plan shall, in the determination of the governing body, conform to the general plan of the locality as a whole and the workable program of the county or municipality.

(2) Any county or municipality or any public body authorized to perform planning work may prepare or complete a communitywide plan or program for community redevelopment which shall conform to the general plan for the development of the county or municipality as a whole and may include, but not be limited to, identification of slum or blighted areas, measurement of blight, determination of resources needed and available to renew such areas, identification of potential project areas and types of action contemplated, including the development of affordable housing if needed and appropriate for the area, and scheduling of community redevelopment activities.

(3) Authority is hereby vested in every county and municipality to prepare, adopt, and revise from time to time a general plan for the physical development of the county or municipality as a whole (giving due regard to the environs and metropolitan surroundings), to establish and maintain a planning commission for such purpose and related county or municipal planning activities, and to make available and to appropriate necessary funds therefor.

History.—s. 8, ch. 69-305; s. 7, ch. 94-236.

163.367 Public officials, commissioners, and employees subject to code of ethics.—

(1) The officers, commissioners, and employees of a community redevelopment agency created by, or designated pursuant to, s. 163.356 or s.

163.357 shall be subject to the provisions and requirements of part III of chapter 112.

(2) If any such official, commissioner, or employee presently owns or controls, or owned or controlled within the preceding 2 years, any interest, direct or indirect, in any property which he or she knows is included or planned to be included in a community redevelopment area, he or she shall immediately disclose this fact in the manner provided in part III of chapter 112. Any disclosure required to be made by this section shall be made prior to taking any official action pursuant to this section.

(3) No commissioner or other officer of any community redevelopment agency, board, or commission exercising powers pursuant to this part shall hold any other public office under the county or municipality other than his or her commissionership or office with respect to such community redevelopment agency, board, or commission.

History.—s. 6, ch. 77-391; s. 76, ch. 79-400; s. 8, ch. 83-231; s. 905, ch. 95-147.

163.370 Powers; counties and municipalities; community redevelopment agencies.—

(1) Counties and municipalities may not exercise the power of eminent domain for the purpose of preventing or eliminating a slum area or blighted area as defined in this part; however, counties and municipalities may acquire property by eminent domain within a community redevelopment area, subject to the limitations set forth in ss. 73.013 and 73.014 or other general law.

(2) Every county and municipality shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this part, including the following powers in addition to others herein granted:

(a) To make and execute contracts and other instruments necessary or convenient to the exercise of its powers under this part.

(b) To disseminate slum clearance and community redevelopment information.

(c) To undertake and carry out community redevelopment and related activities within the community redevelopment area, which may include:

1. Acquisition of property within a slum area or a blighted area by purchase, lease, option, gift, grant, bequest, devise, or other voluntary method of acquisition.

2. Demolition and removal of buildings and improvements.

3. Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, public areas of major hotels that are constructed in support of convention centers, including meeting rooms, banquet facilities, parking garages, lobbies, and passageways, and other improvements necessary for carrying out in the community redevelopment area the community redevelopment objectives of this part in accordance with the community redevelopment plan.

4. Disposition of any property acquired in the community redevelopment area at its fair value as provided in s. 163.380 for uses in accordance with the community redevelopment plan.

5. Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the community redevelopment plan.

6. Acquisition by purchase, lease, option, gift, grant, bequest, devise, or other voluntary method of acquisition of real property in the community redevelopment area which, under the community redevelopment plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitation of the structures for guidance purposes, and resale of the property.

7. Acquisition by purchase, lease, option, gift, grant, bequest, devise, or other voluntary method of acquisition of any other real property in the community redevelopment area when necessary to eliminate unhealthful, unsanitary, or unsafe conditions; lessen density; eliminate obsolete or other uses detrimental to the public welfare; or otherwise to remove or prevent the spread of blight or deterioration or to provide land for needed public facilities.

8. Acquisition, without regard to any requirement that the area be a slum or blighted area, of air rights in an area consisting principally of land in highways, railway or subway tracks, bridge or tunnel entrances, or other similar facilities which have a blighting influence on the surrounding area and over which air rights sites are to be developed for the elimination of such blighting influences and for the provision of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income.

9. Acquisition by purchase, lease, option, gift, grant, bequest, devise, or other voluntary method of acquisition of property in unincorporated enclaves surrounded by the boundaries of a community redevelopment area when it is determined necessary by the agency to accomplish the community redevelopment plan.

10. Construction of foundations and platforms necessary for the provision of air rights sites of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income.

(d) To provide, or to arrange or contract for, the furnishing or repair by any person or agency, public or private, of services, privileges, works, streets, roads, public utilities, or other facilities for or in connection with a community redevelopment; to install, construct, and reconstruct streets, utilities, parks, playgrounds, and other public improvements; and to agree to any conditions that it deems reasonable and appropriate which are attached to federal financial assistance and imposed pursuant to federal law relating to the determination of prevailing salaries or wages or compliance with labor standards, in the undertaking or carrying out of a community redevelopment and related activities, and to include in any contract let in connection with such redevelopment and related activities provisions to fulfill such of the conditions as it deems reasonable and appropriate.

(e) Within the community redevelopment area:

1. To enter into any building or property in any community redevelopment area in order to make inspections, surveys, appraisals, soundings, or test borings and to obtain an order for this purpose from a court of competent jurisdiction in the event entry is denied or resisted.

2. To acquire by purchase, lease, option, gift, grant, bequest, devise, or other voluntary method of acquisition any personal or real property, together with any improvements thereon.

3. To hold, improve, clear, or prepare for redevelopment any such property.

4. To mortgage, pledge, hypothecate, or otherwise encumber or dispose of any real property.

5. To insure or provide for the insurance of any real or personal property or operations of the county or municipality against any risks or hazards, including the power to pay premiums on any such insurance.

6. To enter into any contracts necessary to effectuate the purposes of this part.

7. To solicit requests for proposals for redevelopment of parcels of real property contemplated by a community redevelopment plan to be acquired for redevelopment purposes by a community redevelopment agency and, as a result of such requests for proposals, to advertise for the disposition of such real

property to private persons pursuant to s. 163.380 prior to acquisition of such real property by the community redevelopment agency.

(f) To invest any community redevelopment funds held in reserves or sinking funds or any such funds not required for immediate disbursement in property or securities in which savings banks may legally invest funds subject to their control and to redeem such bonds as have been issued pursuant to s. 163.385 at the redemption price established therein or to purchase such bonds at less than redemption price, all such bonds so redeemed or purchased to be canceled.

(g) To borrow money and to apply for and accept advances, loans, grants, contributions, and any other form of financial assistance from the Federal Government or the state, county, or other public body or from any sources, public or private, for the purposes of this part and to give such security as may be required and to enter into and carry out contracts or agreements in connection therewith; and to include in any contract for financial assistance with the Federal Government for or with respect to community redevelopment and related activities such conditions imposed pursuant to federal laws as the county or municipality deems reasonable and appropriate which are not inconsistent with the purposes of this part.

(h) To make or have made all surveys and plans necessary to the carrying out of the purposes of this part; to contract with any person, public or private, in making and carrying out such plans; and to adopt or approve, modify, and amend such plans, which plans may include, but are not limited to:

1. Plans for carrying out a program of voluntary or compulsory repair and rehabilitation of buildings and improvements.

2. Plans for the enforcement of state and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements.

3. Appraisals, title searches, surveys, studies, and other plans and work necessary to prepare for the undertaking of community redevelopment and related activities.

(i) To develop, test, and report methods and techniques, and carry out demonstrations and other activities, for the prevention and the elimination of slums and urban blight and developing and demonstrating new or improved means of providing housing for families and persons of low income.

(j) To apply for, accept, and utilize grants of funds from the Federal Government for such purposes.

(k) To prepare plans for and assist in the relocation of persons (including individuals, families, business concerns, nonprofit organizations, and others) displaced from a community redevelopment area and to make relocation payments to or with respect to such persons for moving expenses and losses of property for which reimbursement or compensation is not otherwise made, including the making of such payments financed by the Federal Government.

(l) To appropriate such funds and make such expenditures as are necessary to carry out the purposes of this part; to zone or rezone any part of the county or municipality or make exceptions from building regulations; and to enter into agreements with a housing authority, which agreements may extend over any period, notwithstanding any provision or rule of law to the contrary, respecting action to be taken by such county or municipality pursuant to any of the powers granted by this part.

(m) To close, vacate, plan, or replan streets, roads, sidewalks, ways, or other places and to plan or replan any part of the county or municipality.

(n) To organize, coordinate, and direct the administration of the provisions of this part, as they may apply to such county or municipality, in order that the objective of remedying slum and blighted areas and preventing the causes thereof within such county or municipality may be most effectively promoted and achieved and to establish such new office or offices of the county or municipality or to reorganize existing offices in order to carry out such purpose most effectively.

(o) To develop and implement community policing innovations.

(3) The following projects may not be paid for or financed by increment revenues:

(a) Construction or expansion of administrative buildings for public bodies or police and fire buildings, unless each taxing authority agrees to such method of financing for the construction or expansion, or unless the construction or expansion is contemplated as part of a community policing innovation.

(b) Installation, construction, reconstruction, repair, or alteration of any publicly owned capital improvements or projects if such projects or improvements were scheduled to be installed, constructed, reconstructed, repaired, or altered within 3 years of the approval of the community redevelopment plan by the governing body pursuant to a previously approved public capital improvement or

project schedule or plan of the governing body which approved the community redevelopment plan unless and until such projects or improvements have been removed from such schedule or plan of the governing body and 3 years have elapsed since such removal or such projects or improvements were identified in such schedule or plan to be funded, in whole or in part, with funds on deposit within the community redevelopment trust fund.

(c) General government operating expenses unrelated to the planning and carrying out of a community redevelopment plan.

(4) With the approval of the governing body, a community redevelopment agency may:

(a) Prior to approval of a community redevelopment plan or approval of any modifications of the plan, acquire real property in a community redevelopment area by purchase, lease, option, gift, grant, bequest, devise, or other voluntary method of acquisition; demolish and remove any structures on the property; and pay all costs related to the acquisition, demolition, or removal, including any administrative or relocation expenses.

(b) Assume the responsibility to bear any loss that may arise as the result of the exercise of authority under this subsection, in the event that the real property is not made part of the community redevelopment area.

History.—s. 9, ch. 69-305; s. 7, ch. 77-391; s. 11, ch. 84-356; s. 7, ch. 93-286; s. 8, ch. 94-236; s. 8, ch. 98-314; s. 10, ch. 2006-11; s. 6, ch. 2006-307; s. 9, ch. 2007-5.

163.380 Disposal of property in community redevelopment area.—The disposal of property in a community redevelopment area which is acquired by eminent domain is subject to the limitations set forth in s. 73.013.

(1) Any county, municipality, or community redevelopment agency may sell, lease, dispose of, or otherwise transfer real property or any interest therein acquired by it for community redevelopment in a community redevelopment area to any private person, or may retain such property for public use, and may enter into contracts with respect thereto for residential, recreational, commercial, industrial, educational, or other uses, in accordance with the community redevelopment plan, subject to such covenants, conditions, and restrictions, including covenants running with the land, as it deems necessary or desirable to assist in preventing the development or spread of future slums or blighted areas or to otherwise carry out the purposes of this part. However, such sale, lease, other transfer, or retention, and any agreement relating thereto, may be made

only after the approval of the community redevelopment plan by the governing body. The purchasers or lessees and their successors and assigns shall be obligated to devote such real property only to the uses specified in the community redevelopment plan and may be obligated to comply with such other requirements as the county, municipality, or community redevelopment agency may determine to be in the public interest, including the obligation to begin any improvements on such real property required by the community redevelopment plan within a reasonable time.

(2) Such real property or interest shall be sold, leased, otherwise transferred, or retained at a value determined to be in the public interest for uses in accordance with the community redevelopment plan and in accordance with such reasonable disposal procedures as any county, municipality, or community redevelopment agency may prescribe. In determining the value of real property as being in the public interest for uses in accordance with the community redevelopment plan, the county, municipality, or community redevelopment agency shall take into account and give consideration to the long-term benefits to be achieved by the county, municipality, or community redevelopment agency resulting from incurring short-term losses or costs in the disposal of such real property; the uses provided in such plan; the restrictions upon, and the covenants, conditions, and obligations assumed by, the purchaser or lessee or by the county, municipality, or community redevelopment agency retaining the property; and the objectives of such plan for the prevention of the recurrence of slum or blighted areas. In the event the value of such real property being disposed of is for less than the fair value, such disposition shall require the approval of the governing body, which approval may only be given following a duly noticed public hearing. The county, municipality, or community redevelopment agency may provide in any instrument of conveyance to a private purchaser or lessee that such purchaser or lessee is without power to sell, lease, or otherwise transfer the real property without the prior written consent of the county, municipality, or community redevelopment agency until the purchaser or lessee has completed the construction of any or all improvements which he or she has obligated himself or herself to construct thereon. Real property acquired by the county, municipality, or community redevelopment agency which, in accordance with the provisions of the community redevelopment plan, is to be transferred shall be transferred as rapidly as feasible in the public interest, consistent with the carrying out of the provisions of the community

redevelopment plan. Any contract for such transfer and the community redevelopment plan, or such part or parts of such contract or plan as the county, municipality, or community redevelopment agency may determine, may be recorded in the land records of the clerk of the circuit court in such manner as to afford actual or constructive notice thereof.

(3)(a) Prior to disposition of any real property or interest therein in a community redevelopment area, any county, municipality, or community redevelopment agency shall give public notice of such disposition by publication in a newspaper having a general circulation in the community, at least 30 days prior to the execution of any contract to sell, lease, or otherwise transfer real property and, prior to the delivery of any instrument of conveyance with respect thereto under the provisions of this section, invite proposals from, and make all pertinent information available to, private redevelopers or any persons interested in undertaking to redevelop or rehabilitate a community redevelopment area or any part thereof. Such notice shall identify the area or portion thereof and shall state that proposals must be made by those interested within 30 days after the date of publication of the notice and that such further information as is available may be obtained at such office as is designated in the notice. The county, municipality, or community redevelopment agency shall consider all such redevelopment or rehabilitation proposals and the financial and legal ability of the persons making such proposals to carry them out; and the county, municipality, or community redevelopment agency may negotiate with any persons for proposals for the purchase, lease, or other transfer of any real property acquired by it in the community redevelopment area. The county, municipality, or community redevelopment agency may accept such proposal as it deems to be in the public interest and in furtherance of the purposes of this part. Except in the case of a governing body acting as the agency, as provided in s. 163.357, a notification of intention to accept such proposal must be filed with the governing body not less than 30 days prior to any such acceptance. Thereafter, the county, municipality, or community redevelopment agency may execute such contract in accordance with the provisions of subsection (1) and deliver deeds, leases, and other instruments and take all steps necessary to effectuate such contract.

(b) Any county, municipality, or community redevelopment agency that, pursuant to the provisions of this section, has disposed of a real property project with a land area in excess of 20 acres may acquire an expanded area that is immediately adjacent to the original project and less than 35 percent of the land

area of the original project, by purchase as provided in this chapter, and negotiate a disposition of such expanded area directly with the person who acquired the original project without complying with the disposition procedures established in paragraph (a), provided the county, municipality, or community redevelopment agency adopts a resolution making the following findings:

1. It is in the public interest to expand such real property project to an immediately adjacent area.

2. The expanded area is less than 35 percent of the land area of the original project.

3. The expanded area is entirely within the boundary of the community redevelopment area.

(4) Any county, municipality, or community redevelopment agency may temporarily operate and maintain real property acquired by it in a community redevelopment area for or in connection with a community redevelopment plan pending the disposition of the property as authorized in this part, without regard to the provisions of subsection (1), for such uses and purposes as may be deemed desirable, even though not in conformity with the community redevelopment plan.

(5) If any conflict exists between the provisions of this section and s. 159.61, the provisions of this section govern and supersede those of s. 159.61.

(6) Notwithstanding any provision of this section, if a community redevelopment area is established by the governing body for the redevelopment of property located on a closed military base within the governing body's boundaries, the procedures for disposition of real property within that community redevelopment area shall be prescribed by the governing body, and compliance with the other provisions of this section shall not be required prior to the disposal of real property.

History.—s. 11, ch. 69-305; s. 9, ch. 77-391; s. 13, ch. 84-356; s. 1, ch. 92-162; s. 906, ch. 95-147; s. 1, ch. 96-254; s. 9, ch. 98-314; s. 12, ch. 2006-11.

163.385 Issuance of revenue bonds.—

(1)(a) When authorized or approved by resolution or ordinance of the governing body, a county, municipality, or community redevelopment agency has power in its corporate capacity, in its discretion, to issue redevelopment revenue bonds from time to time to finance the undertaking of any community redevelopment under this part, including, without limiting the generality thereof, the payment of principal and interest upon any advances for surveys and plans

or preliminary loans, and has power to issue refunding bonds for the payment or retirement of bonds or other obligations previously issued. For any agency created before July 1, 2002, any redevelopment revenue bonds or other obligations issued to finance the undertaking of any community redevelopment under this part shall mature within 60 years after the end of the fiscal year in which the initial community redevelopment plan was approved or adopted. For any agency created on or after July 1, 2002, any redevelopment revenue bonds or other obligations issued to finance the undertaking of any community redevelopment under this part shall mature within 40 years after the end of the fiscal year in which the initial community redevelopment plan is approved or adopted. However, in no event shall any redevelopment revenue bonds or other obligations issued to finance the undertaking of any community redevelopment under this part mature later than the expiration of the plan in effect at the time such bonds or obligations were issued. The security for such bonds may be based upon the anticipated assessed valuation of the completed community redevelopment and such other revenues as are legally available. Any bond, note, or other form of indebtedness pledging increment revenues to the repayment thereof shall mature no later than the end of the 30th fiscal year after the fiscal year in which increment revenues are first deposited into the redevelopment trust fund or the fiscal year in which the plan is subsequently amended. However, for any agency created on or after July 1, 2002, any form of indebtedness pledging increment revenues to the repayment thereof shall mature by the 40th year after the fiscal year in which the initial community redevelopment plan is approved or adopted. However, any refunding bonds issued pursuant to this paragraph may not mature later than the final maturity date of any bonds or other obligations issued pursuant to this paragraph being paid or retired with the proceeds of such refunding bonds.

(b) In anticipation of the sale of revenue bonds pursuant to paragraph (a), the county, municipality, or community redevelopment agency may issue bond anticipation notes and may renew such notes from time to time, but the maximum maturity of any such note, including renewals thereof, may not exceed 5 years from the date of issue of the original note. Such notes shall be paid from any revenues of the county, municipality, or community redevelopment agency available therefor and not otherwise pledged or from the proceeds of sale of the revenue bonds in anticipation of which they were issued.

(2) Bonds issued under this section do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and are not subject to the provisions of any other law or charter relating to the authorization, issuance, or sale of bonds. Bonds issued under the provisions of this part are declared to be issued for an essential public and governmental purpose and, together with interest thereon and income therefrom, are exempted from all taxes, except those taxes imposed by chapter 220 on interest, income, or profits on debt obligations owned by corporations.

(3) Bonds issued under this section shall be authorized by resolution or ordinance of the governing body; may be issued in one or more series; and shall bear such date or dates, be payable upon demand or mature at such time or times, bear interest at such rate or rates, be in such denomination or denominations, be in such form either with or without coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment at such place or places, be subject to such terms of redemption (with or without premium), be secured in such manner, and have such other characteristics as may be provided by such resolution or ordinance or by a trust indenture or mortgage issued pursuant thereto. Bonds issued under this section may be sold in such manner, either at public or private sale, and for such price as the governing body may determine will effectuate the purpose of this part.

(4) In case any of the public officials of the county, municipality, or community redevelopment agency whose signatures appear on any bonds or coupons issued under this part cease to be such officials before the delivery of such bonds, such signatures are, nevertheless, valid and sufficient for all purposes, the same as if such officials had remained in office until such delivery.

(5) In any suit, action, or proceeding involving the validity or enforceability of any bond issued under this part, or the security therefor, any such bond reciting in substance that it has been issued by the county, municipality, or community redevelopment agency in connection with community redevelopment, as herein defined, shall be conclusively deemed to have been issued for such purpose, and such project shall be conclusively deemed to have been planned, located, and carried out in accordance with the provisions of this part.

(6) Subsections (1), (4), and (5), as amended by s. 14, chapter 84-356, Laws of Florida, do not apply to any governing body of a county or municipality or to a community redevelopment agency if such governing body or agency has adopted

an ordinance or resolution authorizing the issuance of any bonds, notes, or other forms of indebtedness to which is pledged increment revenues pursuant only to a community redevelopment plan as approved and adopted before chapter 84-356 became a law.

History.—s. 12, ch. 69-305; s. 12, ch. 73-302; s. 2, ch. 76-147; s. 10, ch. 77-391; s. 77, ch. 79-400; ss. 14, 22, ch. 84-356; s. 6, ch. 93-286; s. 9, ch. 94-236; s. 15, ch. 95-310; s. 7, ch. 2002-294.

163.387 Redevelopment trust fund.—

(1)(a) After approval of a community redevelopment plan, there may be established for each community redevelopment agency created under s. 163.356 a redevelopment trust fund. Funds allocated to and deposited into this fund shall be used by the agency to finance or refinance any community redevelopment it undertakes pursuant to the approved community redevelopment plan. No community redevelopment agency may receive or spend any increment revenues pursuant to this section unless and until the governing body has, by ordinance, created the trust fund and provided for the funding of the redevelopment trust fund until the time certain set forth in the community redevelopment plan as required by s. 163.362(10). Such ordinance may be adopted only after the governing body has approved a community redevelopment plan. The annual funding of the redevelopment trust fund shall be in an amount not less than that increment in the income, proceeds, revenues, and funds of each taxing authority derived from or held in connection with the undertaking and carrying out of community redevelopment under this part. Such increment shall be determined annually and shall be that amount equal to 95 percent of the difference between:

1. The amount of ad valorem taxes levied each year by each taxing authority, exclusive of any amount from any debt service millage, on taxable real property contained within the geographic boundaries of a community redevelopment area; and

2. The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for each taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the community redevelopment area as shown upon the most recent assessment roll used in connection with the taxation of such property by each taxing authority prior to the effective date of the ordinance providing for the funding of the trust fund.

However, the governing body of any county as defined in s. 125.011(1) may, in the ordinance providing for the funding of a trust fund established with respect to any community redevelopment area created on or after July 1, 1994, determine that the amount to be funded by each taxing authority annually shall be less than 95 percent of the difference between subparagraphs 1. and 2., but in no event shall such amount be less than 50 percent of such difference.

(b)1. For any governing body that has not authorized by June 5, 2006, a study to consider whether a finding of necessity resolution pursuant to s. 163.355 should be adopted, has not adopted a finding of necessity resolution pursuant to s. 163.355 by March 31, 2007, has not adopted a community redevelopment plan by June 7, 2007, and was not authorized to exercise community redevelopment powers pursuant to a delegation of authority under s. 163.410 by a county that has adopted a home rule charter, the amount of tax increment to be contributed by any taxing authority shall be limited as follows:

a. If a taxing authority imposes a millage rate that exceeds the millage rate imposed by the governing body that created the trust fund, the amount of tax increment to be contributed by the taxing authority imposing the higher millage rate shall be calculated using the millage rate imposed by the governing body that created the trust fund. Nothing shall prohibit any taxing authority from voluntarily contributing a tax increment at a higher rate for a period of time as specified by interlocal agreement between the taxing authority and the community redevelopment agency.

b. At any time more than 24 years after the fiscal year in which a taxing authority made its first contribution to a redevelopment trust fund, by resolution effective no sooner than the next fiscal year and adopted by majority vote of the taxing authority's governing body at a public hearing held not less than 30 or more than 45 days after written notice by registered mail to the community redevelopment agency and published in a newspaper of general circulation in the redevelopment area, the taxing authority may limit the amount of increment contributed by the taxing authority to the redevelopment trust fund to the amount of increment the taxing authority was obligated to contribute to the redevelopment trust fund in the fiscal year immediately preceding the adoption of such resolution, plus any increase in the increment after the adoption of the resolution computed using the taxable values of any area which is subject to an area reinvestment agreement. As used in this subparagraph, the term "area reinvestment agreement" means an agreement between the community

redevelopment agency and a private party, with or without additional parties, which provides that the increment computed for a specific area shall be reinvested in services or public or private projects, or both, including debt service, supporting one or more projects consistent with the community redevelopment plan that is identified in the agreement to be constructed within that area. Any such reinvestment agreement must specify the estimated total amount of public investment necessary to provide the projects or services, or both, including any applicable debt service. The contribution to the redevelopment trust fund of the increase in the increment of any area that is subject to an area reinvestment agreement following the passage of a resolution as provided in this sub-subparagraph shall cease when the amount specified in the area reinvestment agreement as necessary to provide the projects or services, or both, including any applicable debt service, has been invested.

2. For any community redevelopment agency that was not created pursuant to a delegation of authority under s. 163.410 by a county that has adopted a home rule charter and that modifies its adopted community redevelopment plan after October 1, 2006, in a manner that expands the boundaries of the redevelopment area, the amount of increment to be contributed by any taxing authority with respect to the expanded area shall be limited as set forth in sub-subparagraphs 1.a. and b.

(2)(a) Except for the purpose of funding the trust fund pursuant to subsection (3), upon the adoption of an ordinance providing for funding of the redevelopment trust fund as provided in this section, each taxing authority shall, by January 1 of each year, appropriate to the trust fund for so long as any indebtedness pledging increment revenues to the payment thereof is outstanding (but not to exceed 30 years) a sum that is no less than the increment as defined and determined in subsection (1) or paragraph (3)(b) accruing to such taxing authority. If the community redevelopment plan is amended or modified pursuant to s. 163.361(1), each such taxing authority shall make the annual appropriation for a period not to exceed 30 years after the date the governing body amends the plan but no later than 60 years after the fiscal year in which the plan was initially approved or adopted. However, for any agency created on or after July 1, 2002, each taxing authority shall make the annual appropriation for a period not to exceed 40 years after the fiscal year in which the initial community redevelopment plan is approved or adopted.

(b) Any taxing authority that does not pay the increment revenues to the trust fund by January 1 shall pay to the trust fund an amount equal to 5 percent of the amount of the increment revenues and shall pay interest on the amount of the unpaid increment revenues equal to 1 percent for each month the increment is outstanding, provided the agency may waive such penalty payments in whole or in part.

(c) The following public bodies or taxing authorities are exempt from paragraph (a):

1. A special district that levies ad valorem taxes on taxable real property in more than one county.

2. A special district for which the sole available source of revenue the district has the authority to levy is ad valorem taxes at the time an ordinance is adopted under this section. However, revenues or aid that may be dispensed or appropriated to a district as defined in s. 388.011 at the discretion of an entity other than such district shall not be deemed available.

3. A library district, except a library district in a jurisdiction where the community redevelopment agency had validated bonds as of April 30, 1984.

4. A neighborhood improvement district created under the Safe Neighborhoods Act.

5. A metropolitan transportation authority.

6. A water management district created under s. 373.069.

7. For a community redevelopment agency created on or after July 1, 2016, a hospital district that is a special district as defined in s. 189.012.

(d)1. A local governing body that creates a community redevelopment agency under s. 163.356 may exempt from paragraph (a) a special district that levies ad valorem taxes within that community redevelopment area. The local governing body may grant the exemption either in its sole discretion or in response to the request of the special district. The local governing body must establish procedures by which a special district may submit a written request to be exempted from paragraph (a).

2. In deciding whether to deny or grant a special district's request for exemption from paragraph (a), the local governing body must consider:

a. Any additional revenue sources of the community redevelopment agency which could be used in lieu of the special district's tax increment.

b. The fiscal and operational impact on the community redevelopment agency.

c. The fiscal and operational impact on the special district.

d. The benefit to the specific purpose for which the special district was created. The benefit to the special district must be based on specific projects contained in the approved community redevelopment plan for the designated community redevelopment area.

e. The impact of the exemption on incurred debt and whether such exemption will impair any outstanding bonds that have pledged tax increment revenues to the repayment of the bonds.

f. The benefit of the activities of the special district to the approved community redevelopment plan.

g. The benefit of the activities of the special district to the area of operation of the local governing body that created the community redevelopment agency.

3. The local governing body must hold a public hearing on a special district's request for exemption after public notice of the hearing is published in a newspaper having a general circulation in the county or municipality that created the community redevelopment area. The notice must describe the time, date, place, and purpose of the hearing and must identify generally the community redevelopment area covered by the plan and the impact of the plan on the special district that requested the exemption.

4. If a local governing body grants an exemption to a special district under this paragraph, the local governing body and the special district must enter into an interlocal agreement that establishes the conditions of the exemption, including, but not limited to, the period of time for which the exemption is granted.

5. If a local governing body denies a request for exemption by a special district, the local governing body shall provide the special district with a written analysis specifying the rationale for such denial. This written analysis must include, but is not limited to, the following information:

a. A separate, detailed examination of each consideration listed in subparagraph 2.

b. Specific examples of how the approved community redevelopment plan will benefit, and has already benefited, the purpose for which the special district was created.

6. The decision to either deny or grant an exemption must be made by the local governing body within 120 days after the date the written request was submitted to the local governing body pursuant to the procedures established by such local governing body.

(3)(a) Notwithstanding the provisions of subsection (2), the obligation of the governing body which established the community redevelopment agency to fund the redevelopment trust fund annually shall continue until all loans, advances, and indebtedness, if any, and interest thereon, of a community redevelopment agency incurred as a result of redevelopment in a community redevelopment area have been paid.

(b) Alternate provisions contained in an interlocal agreement between a taxing authority and the governing body that created the community redevelopment agency may supersede the provisions of this section with respect to that taxing authority. The community redevelopment agency may be an additional party to any such agreement.

(4) The revenue bonds and notes of every issue under this part are payable solely out of revenues pledged to and received by a community redevelopment agency and deposited to its redevelopment trust fund. The lien created by such bonds or notes shall not attach until the increment revenues referred to herein are deposited in the redevelopment trust fund at the times, and to the extent that, such increment revenues accrue. The holders of such bonds or notes have no right to require the imposition of any tax or the establishment of any rate of taxation in order to obtain the amounts necessary to pay and retire such bonds or notes.

(5) Revenue bonds issued under the provisions of this part shall not be deemed to constitute a debt, liability, or obligation of the public body or the state or any political subdivision thereof, or a pledge of the faith and credit of the public body or the state or any political subdivision thereof, but shall be payable solely from the revenues provided therefor. All such revenue bonds shall contain on the face thereof a statement to the effect that the agency shall not be obligated to pay the same or the interest thereon except from the revenues of the community redevelopment agency held for that purpose and that neither the faith and credit nor the taxing power of the governing body or of the state or of any political subdivision thereof is pledged to the payment of the principal of, or the interest on, such bonds.

(6) Moneys in the redevelopment trust fund may be expended from time to time for undertakings of a community redevelopment agency as described in the community redevelopment plan for the following purposes, including, but not limited to:

(a) Administrative and overhead expenses necessary or incidental to the implementation of a community redevelopment plan adopted by the agency.

(b) Expenses of redevelopment planning, surveys, and financial analysis, including the reimbursement of the governing body or the community redevelopment agency for such expenses incurred before the redevelopment plan was approved and adopted.

(c) The acquisition of real property in the redevelopment area.

(d) The clearance and preparation of any redevelopment area for redevelopment and relocation of site occupants within or outside the community redevelopment area as provided in s. 163.370.

(e) The repayment of principal and interest or any redemption premium for loans, advances, bonds, bond anticipation notes, and any other form of indebtedness.

(f) All expenses incidental to or connected with the issuance, sale, redemption, retirement, or purchase of bonds, bond anticipation notes, or other form of indebtedness, including funding of any reserve, redemption, or other fund or account provided for in the ordinance or resolution authorizing such bonds, notes, or other form of indebtedness.

(g) The development of affordable housing within the community redevelopment area.

(h) The development of community policing innovations.

(7) On the last day of the fiscal year of the community redevelopment agency, any money which remains in the trust fund after the payment of expenses pursuant to subsection (6) for such year shall be:

(a) Returned to each taxing authority which paid the increment in the proportion that the amount of the payment of such taxing authority bears to the total amount paid into the trust fund by all taxing authorities for that year;

(b) Used to reduce the amount of any indebtedness to which increment revenues are pledged;

(c) Deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues are pledged; or

(d) Appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan which project will be completed within 3 years from the date of such appropriation.

(8) Each community redevelopment agency shall provide for an audit of the trust fund each fiscal year and a report of such audit to be prepared by an

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

History.—s. 11, ch. 77-391; s. 78, ch. 79-400; s. 9, ch. 83-231; s. 15, ch. 84-356; s. 27, ch. 87-224; s. 35, ch. 91-45; s. 4, ch. 93-286; s. 10, ch. 94-236; s. 1, ch. 94-344; s. 10, ch. 98-314; s. 8, ch. 2002-18; s. 8, ch. 2002-294; s. 7, ch. 2006-307; s. 1, ch. 2016-155.

163.390 Bonds as legal investments.—All banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking or investment business; all insurance companies, insurance associations, and other persons carrying on an insurance business; and all executors, administrators, curators, trustees, and other fiduciaries may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in any bonds or other obligations issued by a county or municipality pursuant to this part or by any community redevelopment agency vested with community redevelopment powers. Such bonds and other obligations shall be authorized security for all public deposits. It is the purpose of this section to authorize all persons, political subdivisions, and officers, public or private, to use any funds owned or controlled by them for the purchase of any such bonds or other obligations. Nothing contained in this section with regard to legal investments shall be construed as relieving any person of any duty of exercising reasonable care in selecting securities.

History.—s. 13, ch. 69-305; s. 12, ch. 77-391; s. 16, ch. 84-356.

163.395 Property exempt from taxes and from levy and sale by virtue of an execution.—

(1) All property of any county, municipality, or community redevelopment agency, including funds, owned or held by it for the purposes of this part are exempt from levy and sale by virtue of an execution; and no execution or other judicial process may issue against the same, nor shall judgment against the county, municipality, or community redevelopment agency be a charge or lien upon such property. However, the provisions of this section do not apply to or limit the right of obligees to pursue any remedies for the enforcement of any

pledge or lien given pursuant to this part by the county or municipality on its rents, fees, grants, or revenues from community redevelopment.

(2) The property of the county, municipality, or community redevelopment agency acquired or held for the purposes of this part is declared to be public property used for essential public and governmental purposes, and such property is exempt from all taxes of the municipality, the county, or the state or any political subdivision thereof. However, such tax exemption will terminate when the county, municipality, or community redevelopment agency sells, leases, or otherwise disposes of such property in a community redevelopment area to a purchaser or lessee which is not a public body entitled to tax exemption with respect to such property.

History.—s. 14, ch. 69-305; s. 13, ch. 77-391; s. 17, ch. 84-356.

CHAPTER 189
UNIFORM SPECIAL DISTRICT ACCOUNTABILITY ACT

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PART I
GENERAL PROVISIONS

189.01 Short title.—This chapter may be cited as the "Uniform Special District Accountability Act."

History.—s. 1, ch. 89-169; s. 6, ch. 2014-22.

Note.—Former s. 189.401.

189.011 Statement of legislative purpose and intent.—

(1) It is the intent of the Legislature through the adoption of this chapter to provide general provisions for the definition, creation, and operation of special districts. It is the specific intent of the Legislature that dependent special districts shall be created at the prerogative of the counties and municipalities and that independent special districts shall only be created by legislative authorization as provided herein.

(2) The Legislature finds that special districts serve a necessary and useful function by providing services to residents and property in the state. The Legislature finds further that special districts operate to serve a public purpose and that this is best secured by certain minimum standards of accountability designed to inform the public and appropriate local general-purpose governments of the status and activities of special districts. It is the intent of the Legislature that this public trust be secured by requiring each special district in the state to register and report its financial and other activities. The Legislature further finds that failure of a special district to comply with the minimum disclosure requirements set forth in this chapter may result in action against the special district.

(3) Realizing that special districts are created to serve special purposes, the Legislature intends through the adoption of this chapter that special districts cooperate and coordinate their activities with the units of general-purpose local government in which they are located. The reporting requirements set forth in this chapter shall be the minimum level of cooperation necessary to provide services to the citizens of this state in an efficient and equitable fashion.

History.—s. 2, ch. 89-169; s. 7, ch. 2014-22; s. 2, ch. 2016-22.

Note.—Subsection (1) former s. 189.402(1); subsection (2) former s. 189.402(6); subsection (3) former s. 189.402(7).

189.012 Definitions.—As used in this chapter, the term:

(1) "Department" means the Department of Economic Opportunity.

(2) "Dependent special district" means a special district that meets at least one of the following criteria:

(a) The membership of its governing body is identical to that of the governing body of a single county or a single municipality.

(b) All members of its governing body are appointed by the governing body of a single county or a single municipality.

(c) During their unexpired terms, members of the special district's governing body are subject to removal at will by the governing body of a single county or a single municipality.

(d) The district has a budget that requires approval through an affirmative vote or can be vetoed by the governing body of a single county or a single municipality.

This subsection is for purposes of definition only. Nothing in this subsection confers additional authority upon local governments not otherwise authorized by the provisions of the special acts or general acts of local application creating each special district, as amended.

(3) "Independent special district" means a special district that is not a dependent special district as defined in subsection (2). A district that includes more than one county is an independent special district unless the district lies wholly within the boundaries of a single municipality.

(4) "Local governing authority" means the governing body of a unit of local general-purpose government. However, if the special district is a political subdivision of a municipality, "local governing authority" means the municipality.

(5) "Public facilities" means major capital improvements, including, but not limited to, transportation facilities, sanitary sewer facilities, solid waste facilities, water management and control facilities, potable water facilities, alternative water systems, educational facilities, parks and recreational facilities, health systems and facilities, and, except for spoil disposal by those ports listed in s. 311.09(1), spoil disposal sites for maintenance dredging in waters of the state.

(6) "Special district" means a unit of local government created for a special purpose, as opposed to a general purpose, which has jurisdiction to operate within a limited geographic boundary and is created by general law, special act, local ordinance, or by rule of the Governor and Cabinet. The term does not include a school district, a community college district, a special improvement district created pursuant to s. 285.17, a municipal service taxing or benefit unit as

specified in s. 125.01, or a board which provides electrical service and which is a political subdivision of a municipality or is part of a municipality.

(7) "Water management district" for purposes of this chapter means a special taxing district which is a regional water management district created and operated pursuant to chapter 373 or chapter 61-691, Laws of Florida, or a flood control district created and operated pursuant to chapter 25270, Laws of Florida, 1949, as modified by s. 373.149.

History.—s. 3, ch. 89-169; s. 1, ch. 92-314; s. 4, ch. 97-255; s. 64, ch. 2011-142; s. 10, ch. 2014-22.

Note.—Former s. 189.403.

189.013 Special districts; creation, dissolution, and reporting requirements.—All special districts, regardless of the existence of other, more specific provisions of applicable law, shall comply with the creation, dissolution, and reporting requirements set forth in this chapter.

History.—s. 4, ch. 89-169; s. 5, ch. 97-255; s. 11, ch. 2014-22.

Note.—Former s. 189.4031(1).

189.014 Designation of registered office and agent.—

(1) Within 30 days after the first meeting of its governing body, each special district in the state shall designate a registered office and a registered agent and file such information with the local governing authority or authorities and with the department. The registered agent shall be an agent of the district upon whom any process, notice, or demand required or permitted by law to be served upon the district may be served. A registered agent shall be an individual resident of this state whose business address is identical with the registered office of the district. The registered office may be, but need not be, the same as the place of business of the special district.

(2) The district may change its registered office or change its registered agent, or both, upon filing such information with the local governing authority or authorities and with the department.

History.—s. 10, ch. 79-183; s. 15, ch. 81-167; s. 23, ch. 89-169; s. 18, ch. 97-255; s. 38, ch. 2014-22.

Note.—Former s. 189.004; s. 189.416.

189.015 Meetings; notice; required reports.—

(1) The governing body of each special district shall file quarterly, semiannually, or annually a schedule of its regular meetings with the local governing authority or authorities. The schedule shall include the date, time, and

location of each scheduled meeting. The schedule shall be published quarterly, semiannually, or annually in a newspaper of general paid circulation in the manner required in this subsection. The governing body of an independent special district shall advertise the day, time, place, and purpose of any meeting other than a regular meeting or any recessed and reconvened meeting of the governing body, at least 7 days before such meeting, in a newspaper of general paid circulation in the county or counties in which the special district is located, unless a bona fide emergency situation exists, in which case a meeting to deal with the emergency may be held as necessary, with reasonable notice, so long as it is subsequently ratified by the governing body. No approval of the annual budget shall be granted at an emergency meeting. The advertisement shall be placed in that portion of the newspaper where legal notices and classified advertisements appear. The advertisement shall appear in a newspaper that is published at least 5 days a week, unless the only newspaper in the county is published fewer than 5 days a week. The newspaper selected must be one of general interest and readership in the community and not one of limited subject matter, pursuant to chapter 50. Any other provision of law to the contrary notwithstanding, and except in the case of emergency meetings, water management districts may provide reasonable notice of public meetings held to evaluate responses to solicitations issued by the water management district, by publication in a newspaper of general paid circulation in the county where the principal office of the water management district is located, or in the county or counties where the public work will be performed, no less than 7 days before such meeting.

(2) All meetings of the governing body of the special district shall be open to the public and governed by the provisions of chapter 286.

(3) Meetings of the governing body of the special district shall be held in a public building when available within the district, in a county courthouse of a county in which the district is located, or in a building in the county accessible to the public.

History.—s. 10, ch. 79-183; s. 78, ch. 81-259; s. 24, ch. 89-169; s. 19, ch. 97-255; s. 33, ch. 99-378; s. 39, ch. 2014-22.

Note.—Former s. 189.005; s. 189.417.

189.016 Reports; budgets; audits.—

(1) When a new special district is created, the district must forward to the department, within 30 days after the adoption of the special act, rule, ordinance,

resolution, or other document that provides for the creation of the district, a copy of the document and a written statement that includes a reference to the status of the special district as dependent or independent and the basis for such classification. In addition to the document or documents that create the district, the district must also submit a map of the district, showing any municipal boundaries that cross the district's boundaries, and any county lines if the district is located in more than one county. The department must notify the local government or other entity and the district within 30 days after receipt of the document or documents that create the district as to whether the district has been determined to be dependent or independent.

(2) Any amendment, modification, or update of the document by which the district was created, including changes in boundaries, must be filed with the department within 30 days after adoption. The department may initiate proceedings against special districts as provided in s. 189.067 for failure to file the information required by this subsection. However, for the purposes of this section and s. 175.101(1), the boundaries of a district shall be deemed to include an area that has been annexed until the completion of the 4-year period specified in s. 171.093(4) or other mutually agreed upon extension, or when a district is providing services pursuant to an interlocal agreement entered into pursuant to s. 171.093(3).

(3) The governing body of each special district shall adopt a budget by resolution each fiscal year. 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. At a minimum, the adopted budget must show for each fund, as required by law and sound financial practices, budgeted revenues and expenditures by organizational unit which are at least at the level of detail required for the annual financial report under s. 218.32(1). The adopted budget must regulate expenditures of the special district, and an officer of a special district may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget.

(4) The tentative budget must be posted on the special district's official website at least 2 days before the budget hearing, held pursuant to s. 200.065 or other law, to consider such budget and must remain on the website for at least 45 days. The final adopted budget must be posted on the special district's official website within 30 days after adoption and must remain on the website for at least

2 years. This subsection and subsection (3) do not apply to water management districts as defined in s. 373.019.

(5) The proposed budget of a dependent special district must be contained within the general budget of the local governing authority to which it is dependent and be clearly stated as the budget of the dependent district. However, with the concurrence of the local governing authority, a dependent district may be budgeted separately. The dependent district must provide any budget information requested by the local governing authority at the time and place designated by the local governing authority.

(6) The governing body of each special district at any time within a fiscal year or within 60 days following the end of the fiscal year may amend a budget for that year as follows:

(a) Appropriations for expenditures within a fund may be decreased or increased by motion recorded in the minutes if the total appropriations of the fund do not increase.

(b) The governing body may establish procedures by which the designated budget officer may authorize certain amendments if the total appropriations of the fund do not increase.

(c) If a budget amendment is required for a purpose not specifically authorized in paragraph (a) or paragraph (b), the budget amendment must be adopted by resolution.

(7) If the governing body of a special district amends the budget pursuant to paragraph (6)(c), the adopted amendment must be posted on the official website of the special district within 5 days after adoption and must remain on the website for at least 2 years.

(8) A local general-purpose government may review the budget or tax levy of any special district located solely within its boundaries.

(9) All special districts must comply with the financial reporting requirements of ss. 218.32 and 218.39. A local general-purpose government or governing authority may request, from any special district located solely within its boundaries, financial information in order to comply with its reporting requirements under ss. 218.32 and 218.39. The special district must cooperate with such request and provide the financial information at the time and place designated by the local general-purpose government or governing authority.

(10) All reports or information required to be filed with a local general-purpose government or governing authority under ss. 189.014, 189.015, and 189.08 and subsection (8) must:

(a) If the local general-purpose government or governing authority is a county, be filed with the clerk of the board of county commissioners.

(b) If the district is a multicounty district, be filed with the clerk of the county commission in each county.

(c) If the local general-purpose government or governing authority is a municipality, be filed at the place designated by the municipal governing body.

History.—s. 10, ch. 79-183; s. 16, ch. 81-167; s. 25, ch. 89-169; s. 13, ch. 96-324; s. 144, ch. 2001-266; s. 26, ch. 2002-1; s. 19, ch. 2004-305; s. 2, ch. 2009-217; s. 14, ch. 2011-144; s. 40, ch. 2014-22; s. 3, ch. 2016-22.

Note.—Former s. 189.006; s. 189.418.

189.017 Rulemaking authority.—The department may adopt rules to implement the provisions of this chapter.

History.—s. 59, ch. 89-169; s. 22, ch. 97-255; s. 67, ch. 2011-142; s. 46, ch. 2014-22.

Note.—Former s. 189.425.

189.018 Fee schedule; Grants and Donations Trust Fund.—The department, by rule, shall establish a schedule of fees to pay one-half of the costs incurred by the department in administering this act, except that the fee may not exceed $175 per district per year. The fees collected under this section shall be deposited in the Grants and Donations Trust Fund administered by the department. Any fee rule must consider factors such as the dependent and independent status of the district and district revenues for the most recent fiscal year as reported to the Department of Financial Services. The department may assess fines of not more than $25, with an aggregate total not to exceed $50, as penalties against special districts that fail to remit required fees to the department. It is the intent of the Legislature that general revenue funds will be made available to the department to pay one-half of the cost of administering this act.

History.—s. 64, ch. 89-169; s. 41, ch. 93-120; s. 15, ch. 96-324; s. 3, ch. 2000-118; s. 31, ch. 2000-151; s. 169, ch. 2003-261; s. 68, ch. 2011-142; s. 47, ch. 2014-22.

Note.—Former s. 189.427.

189.019 Codification.—

(1) Each district, by December 1, 2004, shall submit to the Legislature a draft codified charter, at its expense, so that its special acts may be codified into a single act for reenactment by the Legislature, if there is more than one special act for the district. The Legislature may adopt a schedule for individual district codification. Any codified act relating to a district, which act is submitted to the Legislature for reenactment, shall provide for the repeal of all prior special acts of the Legislature relating to the district. The codified act shall be filed with the department pursuant to s. 189.016(2).

(2) The reenactment of existing law under this section shall not be construed as a grant of additional authority nor to supersede the authority of any entity pursuant to law. Exceptions to law contained in any special act that are reenacted pursuant to this section shall continue to apply.

(3) The reenactment of existing law under this section shall not be construed to modify, amend, or alter any covenants, contracts, or other obligations of any district with respect to bonded indebtedness. Nothing pertaining to the reenactment of existing law under this section shall be construed to affect the ability of any district to levy and collect taxes, assessments, fees, or charges for the purpose of redeeming or servicing bonded indebtedness of the district.

History.—s. 24, ch. 97-255; s. 3, ch. 98-320; s. 146, ch. 2001-266; s. 49, ch. 2014-22.

Note.—Former s. 189.429.

PART II
DEPENDENT SPECIAL DISTRICTS

189.02 Dependent special districts.—

(1) A charter for the creation of a dependent special district created after September 30, 1989, shall be adopted only by ordinance of a county or municipal governing body having jurisdiction over the area affected.

(2) A county is authorized to create dependent special districts within the boundary lines of the county, subject to the approval of the governing body of the incorporated area affected.

(3) A municipality is authorized to create dependent special districts within the boundary lines of the municipality.

(4) Dependent special districts created by a county or municipality shall be created by adoption of an ordinance that includes:

(a) The purpose, powers, functions, and duties of the district.

(b) The geographic boundary limitations of the district.

(c) The authority of the district.

(d) An explanation of why the district is the best alternative.

(e) The membership, organization, compensation, and administrative duties of the governing body.

(f) The applicable financial disclosure, noticing, and reporting requirements.

(g) The methods for financing the district.

(h) A declaration that the creation of the district is consistent with the approved local government comprehensive plans.

(5) The Legislature may create a dependent special district by special act at the request or with the consent of the local government upon which the special district will be dependent.

History.—s. 7, ch. 89-169; s. 7, ch. 97-255; s. 16, ch. 2014-22; s. 5, ch. 2016-22.

Note.—Former s. 189.4041.

189.021 Refund of certain special assessments.—If a dependent special district has levied assessments for an improvement or specialized function for which it was created; no bonds have been issued against which the special assessments are pledged; and the county or municipality which created the special district determines that the demand for the improvement or function no longer exists or the majority of the land against which the special assessments were authorized has been purchased by a tax-exempt governmental agency to be preserved for environmental purposes and which cannot receive the benefit for which the assessments were levied, unspent and unobligated moneys collected as assessments, along with any interest collected thereon, shall be refunded to the original payors of the assessments when the costs of distributing the refund do not exceed the amount available for refund. This section shall operate retroactively to January 1, 1987.

History.—s. 12, ch. 97-255; s. 26, ch. 2014-22.

Note.—Former s. 189.4047.

189.022 Status statement.—The charter of a newly created dependent special district shall contain, and where practical and feasible, the charter of an existing dependent special district shall be amended to contain, a reference to

the status of the special district as dependent. When necessary, the status statement shall be amended to conform to the department's determination or declaratory statement regarding the status of the district.

History.—s. 6, ch. 2016-22.

PART III
INDEPENDENT SPECIAL DISTRICTS

189.03 Statement of legislative purpose and intent; independent special districts.—

(1) The Legislature finds that:

(a) There is a need for uniform, focused, and fair procedures in state law to provide a reasonable alternative for the establishment, powers, operation, and duration of independent special districts.

(b) It is in the public interest that any independent special district created pursuant to state law not outlive its usefulness and that the operation of such a district and the exercise by the district of its powers be consistent with applicable due process, disclosure, accountability, ethics, and government-in-the-sunshine requirements which apply both to governmental entities and to their elected and appointed officials.

(2) It is the policy of this state:

(a) That independent special districts may be used by the private and public sectors, as authorized by state law, to manage, own, operate, construct, and finance basic capital infrastructure, facilities, and services.

(b) That the exercise by any independent special district of its powers complies with all applicable laws, rules, and regulations.

(3) It is the legislative intent to authorize a uniform procedure by general law to create an independent special district and to provide by general law for the uniform operation, exercise of power, and procedure for termination of any such independent special district.

E F G H I

Broward's Inspector General probes Hallandale Beach CRA – again

floridabulldog.org/2016/06/browards-inspector-general/

author: William Gjebre June 12, 2016

By William Gjebre, FloridaBulldog.org

The Broward County Inspector General's Office has launched another inquiry into Hallandale Beach's Community Redevelopment Agency, three years after finding the city "grossly mismanaged" millions of dollars in CRA funds.

The first probe led to reform and a grand theft charge against the director of a local cultural program for misspending CRA grant money. What triggered the new probe, however, isn't known.

Hallandale Beach Mayor Joy Cooper is flanked on the left by Commissioners Keith London and Michele Lazarow and on the right by Commissioners Bill Julian and Anthony Sanders. The commission also sits at the city CRA's board of directors

"I cannot comment," said Inspector General John W. Scott, who leads the independent watchdog agency that investigates allegations of fraud, corruption and gross mismanagement at the county and Broward's 31 municipalities. He's asked the city and the CRA to submit the requested information by July 1.

A key focus of the inquiry, however, is the city's Community Benefit Program (CBP). The program seeks to encourage private development and city-funded projects to recruit, train and hire city residents and local vendors.

Tuesday's letter to the city from the Inspector General's Office requested a variety of CRA documents from Jan. 1, 2013 to the present. They include: all voting conflict memos submitted by city commissioners, who also serve for directors of the CRA; the minutes of all city commission and CRA meetings; a list of all bid solicitations with a Community Benefit Program component as well as documentation from vendors identifying specific partners to be engaged in the program.

In addition, Inspector General Scott's office requested documents related to two groups that received grants from the city and the CRA: the Palms Community Action Coalition and the South Florida Educational Development Center.

The latest inquiry set off another disagreement among city officials.

"While the CBP has good intentions," said City Commissioner Keith London, "it is my belief the program has been hijacked and abused by insiders who have used their power and influence to steer contracts and jobs to unqualified persons and companies for no other reason than their political connections."

London said residents should "review the voting record of each commissioner who has blindly supported the CBP policy, every CBP expenditure and bid sheet awarding millions of taxpayer dollars to firms whose major qualification was their connection to city hall."

But Mayor Joy Cooper, who has differed bitterly with London in the past, played down the significance of the IG's records request.

"We have been in compliance"

Cooper cited the city's Hallandale Opportunity Program that monitors grants and contracts. She said the program's monthly reports have indicated compliance with city provisions, including by the Community Benefit Program. "We have tightened up" controls over grants and contracts, Cooper said. "We have been in compliance."

City Manager Daniel Rosemond added the same internal group has monitored city funds going to South Florida Educational Development Center and there have been "no performance issues."

Rosemond likewise sought to downplay the significance of the Inspector General's inquiry, observing that he merely asked for some records.

"This is not an investigation," Rosemond said in an interview, adding "I don't believe there is anything substantive" to the inquiry, but rather that the IG has received some information and "has a fiduciary responsibility to look at it."

In an email to commissioners, Rosemond said, "The nature of the [IG] request appears to center around the city's Community Benefit Program, its administration and recipients."

Palms Community Action Coalition members could not be reached; South Florida Educational Development Center members did not return calls for comment.

Palms Community Action Coalition (PCAC) is a group attempting to prevent and reduce crime, drug abuse and gang activity. The coalition came under scrutiny during the Broward Inspector General's previous probe – although there was no finding of wrongdoing. Under a three-year agreement with the city, PCAC has received a total of $306,000.

According to state documents, the South Florida Educational Development Center, established

six years ago, is a non-profit group that provides educational job training for youth and adults in underserved areas. It received $45,000 last year and again this year, and will receive the same amount next year under a three-year agreement ending Sept. 30, 2017.

City Commissioner Michele Lazarow said she and Commissioner London have questioned the effectiveness of the Community Benefits Program. In some instances, she said, city funds appeared to be going to only a few groups. There is also concern that some firms receiving city contracts may be having trouble fulfilling promised job slots because there are not enough qualified workers in the city.

A city 'investigated twice'

"I wonder how many other Broward County cities have been investigated twice," said Lazarow.

Commissioner Anthony Sanders could not be reached for comment. Vice Mayor Bill Julian said he could not comment because he hadn't seen the IG's letter.

In March 2013, after a 14-month investigation, the Inspector General's Office found $2.2 million in questionable expenditures by the Hallandale Beach CRA between 2007 and 2012, including inappropriate loans and grants to local businesses and non-profits, as well as the improper use of bond proceeds.

The city, the report stated, improperly spent $416,000 in CRA money for parks outside the CRA boundaries. The spending, which was not always documented, was often done at what amounted to the whim of former City Managers Mike Good and Mark Antonio, the report said.

The Hallandale Beach CRA, like other similar agencies in other municipalities, was established under a state law that allows the agency to raise and spend a large portion of increased property tax dollars collected within the CRA's boundaries on projects aimed at eliminating slum and blight. Nearly 50 percent of those funds come from Broward County, which approved establishment of the agency.

While city officials contended that all expenditures were permissible under state law, the Broward IG cited in its report a 2010 opinion by Florida's Attorney General that CRA expenditures must be connected to "brick and mortar" capital projects.

At the conclusion of the last investigation, Hallandale Beach officials denied wrongdoing and challenged the authority of the Inspector General to oversee the city's CRA.

Nevertheless, the city ultimately made changes as a result of the probe that included updating its CRA development plans and adopting procedures for awarding grants. The city also announced plans to repay the CRA for funds used for parks outside the CRA boundaries.

The IG's finding also led Broward prosecutors to charge Palm Center for the Arts (PCA) director Deborah Brown with grand theft in May 2014. The IG reported finding probable cause to believe that Brown spent nearly $5,000 in CRA funds on herself and her family. The funds were designated by the city in 2010 to send children on a trip to Washington, D.C.

The criminal case remains pending in Broward Circuit Court, with the next hearing set for Sept. 22.

Grand jury report slams Miami-Dade's anti-blight tax districts

BY DOUGLAS HANKS AND DAVID SMILEY
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A Miami-Dade grand jury report released Thursday slammed county taxing districts created to fight slum and blight, saying some appear to fund pet projects of elected officials and flirt with "slush fund" status while shunning desperate needs for affordable housing.

The report takes aim at districts called Community Redevelopment Agencies, which siphon property taxes from general services like police and transit in order to focus spending within their boundaries. While billed as anti-poverty initiatives, CRAs have been used to subsidize museums, concert halls and a production studio in downtown Miami, tapped to cover county cultural expenses as it pursued funding for Marlins Park, and enlisted for a string of neighborhood amenities.

"It is unfathomable to us that in this day and age, citizens in our community live in housing units where sewage backs up within their apartments or overflowing sewage being released on the grounds of their apartment buildings are a regular occurrence," the grand jury wrote in the report. "This, while millions of dollars are being spent annually to fund ball stadiums, performing arts centers and dog parks is an outrage."

Supporters see CRAs, which are authorized by state law, as important tools in helping revive neighborhoods where seed money from government can spur private investment. But critics see them as ways to circumvent public scrutiny of tax expenditures, and reserve millions of dollars for projects that otherwise would lose out in the normal budget process.

They're set to cost Miami-Dade about $37 million in the current budget year — twice what it spends on Animal Services — and new CRAs have been floated as ways to subsidize the planned Miami Wilds amusement park in south Miami-Dade and expanding transit to accommodate a David Beckham soccer stadium. The dollars in play can be significant: a recent report predicted that downtown

Miami's Omni and Overtown CRAs would cost the city and county $1 billion in lost property-tax revenues through 2030.

The grand jury report urges reforms of how CRAs are run, noting elected leaders rarely appoint civilians to boards so that, instead, elected leaders themselves can be in charge of the money. (Read the full report by clicking here.)

"We discovered several examples of CRA boards spending large amounts of taxpayer dollars on what appeared to be pet projects of the elected officials," the report said. "Additionally, there is, at a minimum, a perception and appearance that certain CRA boards are controlled by the commissioner or councilman within whose district boundaries the CRA operates."

"Under these circumstances," it continued, "we believe there is a significant danger of CRA funds being used in slush funds for the elected officials."

The report also noted that the Miami-Dade County Commission, which has authority over spending, routinely provides required approval of CRA budgets well after the fiscal year begins. As a result, it is retroactively approving expenditures of property-tax dollars nominally under its control.

Use of CRAs has long been controversial, and release of this report comes during a recent contretemps over a potential extension of a downtown district's 2030 retirement date. The Omni CRA, in Miami's northern downtown, is being eyed as potential source for an operating subsidy at the Frost Museum of Science, a non-profit named after billionaire philanthropists that is now seeking county hotel taxes to boost its $275 million construction effort.

Miami-Dade Mayor Carlos Gimenez wants to borrow $45 million for the Frost against a stream of county hotel taxes that had been earmarked for a $4 million yearly Frost operating subsidy. Gimenez said that planned budget support would be scrapped to instead fund the construction dollars.

Separately, he also recommended that, if Miami and Miami-Dade agree to extend the Omni CRA's life another 15 years, that money be found to subsidize operations at Frost as well as its sister property in Museum Park, the Perez Art Museum Miami, and the nearby Adrienne Arsht Center for Performing Arts.

To the south, controversy ensued when Miami's Overtown CRA agreed in late 2014 to provide up to $108 million in tax refunds to help finance the massive Miami Worldcenter project in Park West. A larger deal is currently being negotiated with a developer planning an 1,800-room hotel and expo center on the old Miami Arena site. Both agreements hinged on local workforce hiring commitments and enhanced wages.

In exchange for the subsidies, developers have agreed to hire from within Overtown and other poor Miami communities and pay elevated wages. Redevelopment executives argue that tax incentives spur investment that in turn finances improvements in residential neighborhoods, lures in important retail and commercial businesses and brings jobs to the community. In Overtown, new development allowed the CRA to borrow $60 million to help finance the construction of several affordable and mixed-income rental projects, as well as rehab residences in the low-income Town Park communities.

Miami Commissioner Keon Hardemon, who is chairman of the Overtown CRA, said during a community meeting Wednesday at Trinity CME Church in Overtown that bringing new development to Overtown has also allowed the agency to fund rehabs of existing co-op and townhome communities, and rehab low-income apartment buildings.

"It takes money to get things to happen," he said.

Kevin Crowder, a CRA consultant working with North Miami and North Miami Beach, said the grand jury seemed to misunderstand the emphasis state laws place on the creation of affordable housing by redevelopment agencies. He said parts of the report were inaccurate, and glossed over the way economic activity can rebuild entire communities.

"It's not just housing. It's about investment, it's about jobs, creating wealth for everybody in the area," said Crowder, director of economic development for the RMA consultancy.

The grand jury report does not name names and largely avoids singling out specific CRAs or parties that may be responsible for questionable actions. It notes "we also found several CRAs which effectively and efficiently used their funds to accomplish the intended goals."

But its most pointed passages paint a picture of taxing districts spending millions largely out of the normal public oversight. It noted that CRAs regularly borrow money on the board's authority alone, using the same property-tax dollars that otherwise would require a public referendum before being used to backstop government debt.

And for districts charged with helping Florida's most blighted neighborhoods, the grand jury found a string of expenditures that seemed aimed at less pressing needs. One unnamed CRA spends most of its money running the CRA itself. Because of failed projects, the report said, tax revenue coming into the district amounted to $400,000 a year while the CRA's administrative budget amounted to $300,000.

"The CRA board was spending $300,000 in salary and benefits to 3 employees who were managing the remaining $100,000," according to the report.

New CRAs are assigned a portion of all property-tax revenue generated either by higher property values or new construction, allowing the existing property-tax base to continue flowing into the regular government coffers.

The idea is that removing slum and blight would improve property values, and generate a stream of revenue for the CRA. But the grand jury said affordable-housing projects lose out in the calculation, since their creation doesn't tend to boost tax values.

"CRAs are not formed to see how profitable they can become," the report stated. "They are formed to address the needs of the community. In many of these communities, one of the major needs is that of safe and sanitary affordable housing."

Tallahassee CRA is latest agency to face scrutiny

Jeffrey Schweers, **Democrat staff writer**Published 7:56 p.m. ET June 22, 2017 | Updated 8:49 p.m. ET June 24, 201

The FBI's investigation of the Tallahassee Community Redevelopment Agency comes at a time of heightened criticism that the agencies established to fight poverty have outlived their usefulness and strayed from their original purpose.

The investigation comes more than a year after the release of a Miami-Dade grand jury investigative report titled "The Good, the Bad and the Questionable," which examined questionable spending practices by CRAs.

While no criminal charges were filed, the grand jury recommended a list of reforms. The report prompted the Florida Legislature to draft legislation to demand more transparency and eventually phase out the agencies.

While that legislation failed this year, it is likely to be resurrected again next year because it is a priority of House Speaker Richard Corcoran.

Established under the state's Community Redevelopment Act of 1969, CRAs were supposed to identify blighted neighborhoods and invest in public works projects to improve neighborhoods to promote economic revitalization.

Their money comes from the tax revenue raised by the increase in property values within the redevelopment districts.

There are 222 active CRAs in Florida, according to the Florida League of Cities.

Tallahassee's CRA was founded in 1998 and is made up of five city commissioners and four county commissioners. The CRA has two development districts — Greater Frenchtown/Southside, created in 2000; and Downtown, formed in 2004.

Both have a lifespan of 30 years, but this week the Leon County Commission said it wanted to dissolve the downtown district to save money. County Administrator Vince Long, who recommended the exit, said the move was prompted by financial considerations only, not the FBI investigation.

The CRA has spent millions over the last 17 years on public works projects to improve roads and water runoff, install sidewalks and improve streetscapes, spiff up business facades and contribute to the construction of several large-scale buildings.

It's also spent money on music, literature and arts festivals, public art projects, affordable housing and a farmer's market.

The FBI has asked for records going back to 2012. Since that time, the CRA has used $14 million of tax revenue on a wide range of projects.

Two months ago, the Tallahassee Democrat requested a comprehensive list of all the projects that received CRA funding since its formation. The CRA has yet to fulfill that request.

Contact Jeff Schweers atjschweers@tallahassee.com

Melbourne, Titusville CRAs under scrutiny over use of money for festivals

Dave Berman, FLORIDA TODAY

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Community redevelopment agencies in Melbourne and Titusville are coming under scrutiny for the use of tax money to help pay special events like festivals and parades.

Municipal officials believe that their use of the money for that purpose is perfectly legal.

Titusville Mayor Walt Johnson, for example, cites a 2010 legal opinion of then-Florida Attorney General Bill McCollum.

But Brevard County Commissioner John Tobia — backed up by legal opinions from County Attorney Scott Knox — says otherwise.

CRAs use county and municipal property tax revenue derived from a specific geographic area for projects in that area, rather than the money being spread countywide or citywide.

Knox contends that McCollum's opinion was flawed in its interpretation of state statutes regarding the use of money by community redevelopment agencies.

"By taking an expansive view of what is in an unambiguous statute, the attorney general has essentially 'read into' the statute a provision that does not exist," Knox wrote in his legal opinion, dated Oct. 3, on the Titusville CRA issue. "Amending the statute is a legislative function — not a function of the attorney general's office. This office, therefore, stands behind its previous opinion that use of tax increment funds for festivals, block parties and special events is not an authorized use under the community redevelopment statutes. I can find no part of this statute … that allows 'promotion of redevelopment areas' as an authorized expenditure of CRA tax increment funds."

Tobia plans to bring the issue, related to the Titusville CRA, before the County Commission on Tuesday. In an agenda item he filed in advance of Tuesday's meeting, Tobia said he wants the County Commission to "discuss its options and consider potential courses of action, as it relates to protecting the county's fiscal interests."

In an letter to Titusville Mayor Walt Johnson and members of the Titusville City Council, Tobia alleged that "approximately $120,123 was misappropriated by the Titusville

Community Redevelopment Agency between 2013 and 2016" to help pay for festivals and other special events.

"These illegal expenditures are extraordinarily egregious," Tobia wrote. "There are two possible explanations for this unlawful behavior. Either the CRA board has intentionally misappropriated funds, or has been careless with previous public resources."

Tobia asked that Brevard County be reimbursed for what he said was the county's share of that tax money — $54,055.

Furthermore, Tobia wrote, "Upon repayment for the unlawful use of county revenue, I insist that the Titusville CRA immediately cease operations and dissolve."

"I trust that you will agree with these requirements, as there is no excuse for the recklessness, at minimum, which led to the aforementioned expenditures that were so obviously improper," Tobia wrote. "In light of the budgetary constraints that the county is facing, it is the only course of action that will put us on the path to regain the public trust that has been repeatedly violated by this agency."

Johnson said the city has no plans to do what Tobia asks, and he believes the interpretation of the state attorney general should trump that of a county attorney.

"The city has done nothing wrong," Johnson said.

Knox also noted that Brevard County's power to challenge Titusville's CRA may be limited, partly becasue the city's CRA was created prior to that legislative change that gave county commissions the authority to rescind CRA powers granted to cities.

In an email to Knox, Titusville Assistant City Attorney Chelsea Farrell said Titusville amended its CRA plan in 2008 "to include events that would specifically promote the use of the downtown area."

Farrell said Titusville has provided the county with copies of the amended CRA plan four times, as well as copies of CRA budgets detailing expenditures for promotional events.

"At no time have Brevard County commissioners or staff questioned the CRA's plan or expenditures relative to event sponsorship or marketing of the downtown CRA," Farrell wrote.

Farrell also cited Florida attorney general's office opinions that "consistently found that promoting the use of a redevelopment area is within the purpose of the Community Redevelopment Act of 2009."

County Commissioner Rita Pritchett, who represents the Titusville area, was a member of the Titusville City Council and the Titusville CRA board when the expenditures in question occurred.

She said it "is not inappropriate" to use CRA money to help pay for events to attract people into Titusville's downtown area.

"I don't think it's illegal," Pritchett said.

In his legal opinion, Knox cited information he received from Titusville officials that indicated the city's CRA gave grants to four or more events a year from fiscal 2013 through fiscal 2016. Among the events: Art & Algorithms, Food Truck Wars, the Indian River Festival, the Rotary Chili Cookoff, the Salute Our Veterans Parade and the Sea Turtle Festival, as well as the Downtown Merchants Association's Friday Nite Live monthly street events.

The Titusville CRA special events grants program was discontinued in fiscal 2017. Pritchett said she was among the City Council members who supported that change, as she felt the CRA money was better spent on projects to physically improve the city's downtown area.

Melbourne situation

In Melbourne, the situation is somewhat different.

The Melbourne Downtown CRA issues an annual grant to the nonprofit Melbourne Main Street organization. That grant totaled $87,500 in fiscal 2017.

Similarly, the Olde Eau Gallie Riverfront CRA issues an annual grant to the nonprofit Eau Gallie Arts District Main Street. That grant totaled $55,000 in fiscal 2017.

In an email to Tobia, Kelly Delmonico Hyvonen, a planner with Melbourne's Community Development Department Economic Development Division, wrote that the two Main Street programs "may spend a portion of their grant towards festivals that help promote their community."

Melbourne City Manager Mike McNees said city officials do not believe there is anything improper about the grants by the two CRAs to the two Main Street programs in Melbourne.

He noted, thought, that he and other city officials take concerns about CRA expenditures seriously.

"These are very important questions," McNees said. "We will certainly look at it closely."

Other CRA developments

• **City-county negotiations:** These developments come at a time when Brevard County Manager Frank Abbate, at the direction of the County Commission, is working to negotiate new "interlocal agreements" with CRAs throughout the county.

Among the county's goals are to stop CRAs from incurring new debt and to bring the CRAs to closure prior to an established "sunset date."

• **Palm Shores CRA:** It also follows resolution of an issue brought up by Tobia involving the Palm Shores CRA.

More: County OKs recouping $101,902 from Palm Shores

More: Palm Shores Town Council votes to disband CRA

Brevard County received $101,902 from the town of Palm Shores to resolve a conflict over pay received since 2010 by Mayor Carol McCormack. She received the money for her additional role as director of the town's community redevelopment agency.

McCormack resigned as director of the town's CRA following questions being raised about the funding of her salary as the CRA's director. Palm Shores — a town that has about 1,000 residents — also agreed to dissolve its CRA.

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