



**Community Redevelopment Agency
Special Called Meeting Agenda
Annual Financial Audit**

September 1, 2026
5:45 PM
6738 Dixon Street
Milton, FL 32570

- 1. Open Meeting**
- 2. Persons to Appear**
- 3. Community Redevelopment Agency Annual Financial Audit**
Item # 2026-4305
CRA Financial Audit for Year End September 30, 2025 - Draft
- 4. Public Input**
- 5. Adjournment**

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting is asked to advise the City at least 48 hours before the meeting by contacting City Hall, 6738 Dixon Street, Milton, or by calling 983-5410.

"If any person decides to appeal any decision made by the board, agency, or commission, with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based." FS 286.0105



CRA Financial Audit for Year End September 30, 2025 - Draft

MEETING DATE	PREPARED BY
September 1, 2026	Clerk's Office Molly Turnes, City Clerk

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**MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS AND
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2025

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Milton Community Redevelopment Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Milton Community Redevelopment Agency (the CRA), a component unit of the City of Milton, Florida, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Milton Community Redevelopment Agency, as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CRA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CRA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we

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obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2026, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.

Pensacola, Florida
September 1, 2026

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

As management of Milton Community Redevelopment Agency (the CRA), we offer readers of the CRA's financial statements this narrative overview and analysis of the financial activities of the CRA for the fiscal year ended September 30, 2025.

FINANCIAL HIGHLIGHTS

- The assets of the CRA exceeded its liabilities by \$186,228 (net position), which represents an increase of \$48,397 from the prior year.
- The CRA's General Fund reported ending fund balance of \$186,228, which represents an increase of \$48,397 from the prior year. The ending fund balance in the General Fund is restricted for future downtown redevelopment costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

The focus of the financial statements is on both the CRA as a whole (government-wide) and on the major individual fund. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year-to-year, government-to-government) and enhance the CRA's accountability.

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

Government-Wide Financial Statements

Designed to be corporate-like, the government-wide financial statements provide readers with a broad overview of the CRA's finances, in a manner similar to a private-sector business. The government-wide financial statements are prepared using the accrual basis of accounting.

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

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

The CRA's government-wide financial statements present functions of the CRA that are principally supported by tax increment revenues (governmental activities). The governmental activities of the CRA include general government activities and community redevelopment. The CRA has no business-type activities.

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Governmental Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The CRA utilizes one fund (General Fund) to account for redevelopment activities. The governmental fund financial statements are prepared using the modified accrual basis of accounting.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. As of and for the year ended September 30, 2025, there are no reconciling items between the governmental fund statements and the government-wide financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The CRA's assets exceeded its liabilities by \$186,228, as reported in Table 1. This net position is restricted for future downtown redevelopment costs.

TABLE 1
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2025 AND 2024

	Governmental Activities	
	2025	2024
Current and other assets	\$ 201,989	\$ 139,085
Current and other liabilities	15,761	1,254
Net position		
Restricted	\$ 186,228	\$ 137,831

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Reported in Table 2 are the key elements of the increase in net position for the current and prior fiscal year.

TABLE 2
CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	Governmental Activities	
	2025	2024
REVENUES		
General revenues		
Intergovernmental	\$ 190,915	\$ 161,663
Charges for services	8,760	6,910
Miscellaneous	97	3,113
TOTAL REVENUES	<u>199,772</u>	<u>171,686</u>
EXPENSES		
Primary government		
Economic environment	<u>151,375</u>	<u>79,992</u>
TOTAL EXPENSES	<u>151,375</u>	<u>79,992</u>
INCREASE IN NET POSITION	48,397	91,694
NET POSITION, BEGINNING	<u>137,831</u>	<u>46,137</u>
NET POSITION, ENDING	<u><u>\$ 186,228</u></u>	<u><u>\$ 137,831</u></u>

Current Year Impacts

Governmental activities increased the CRA's net position by \$48,397 for the fiscal year ended September 30, 2025. Key elements of this change are as follows:

- Tax increment revenues for redevelopment increased by \$29,252, which is primarily attributable to an increase in development, redevelopment and increases in property values.

GOVERNMENTAL FUND FINANCIAL ANALYSIS

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

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

As of September 30, 2025, the CRA's governmental fund has a fund balance of \$186,228, an increase of \$48,397 from the prior year. The CRA's ending fund balance is fully restricted for future downtown redevelopment costs.

BUDGETARY HIGHLIGHTS

Actual results, when compared to the final budget, show a variance of \$91,766 for unspent budgeted costs.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic indicators and factors that are useful for evaluating the framework within which the CRA operates are discussed below.

- The Consumer Price Index (CPI) is 3% higher than a year ago for the Southern Region. This indicator is a widely used gauge of inflation and translates into a higher cost of providing services to residents.
- Tax increment revenues are expected to increase by \$29,252, or 18%, for fiscal year 2026, which is primarily attributable to an increase in the assessed value of taxable real property in the CRA.

These financial metrics were considered in addition to other factors when adopting the CRA's budget for fiscal year 2026. The CRA's budgeted revenues for fiscal year 2026 are \$166,658, which is \$32,602 lower than the fiscal year 2025 final budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the CRA's finances for all those with an interest in the CRA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, 6738 Dixon Street, Milton, Florida 32572. The report can also be found online at fl-milton.civicplus.com.

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2025

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Restricted assets			
Cash and cash equivalents	\$ 201,989	\$ -	\$ 201,989
TOTAL ASSETS	<u>\$ 201,989</u>	<u>-</u>	<u>201,989</u>
LIABILITIES			
Accounts payable	\$ 15,761	-	15,761
FUND BALANCE			
Restricted for redevelopment projects	<u>186,228</u>	<u>(186,228)</u>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 201,989</u>		
NET POSITION			
Restricted for redevelopment projects		<u>186,228</u>	<u>186,228</u>
TOTAL NET POSITION		<u>\$ -</u>	<u>\$ 186,228</u>

See notes to the financial statements.

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
**STATEMENT OF ACTIVITIES AND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
General revenues			
Intergovernmental	\$ 190,915	\$ -	\$ 190,915
Charges for services	8,760	-	8,760
Miscellaneous	97	-	97
Total revenues	<u>199,772</u>	<u>-</u>	<u>199,772</u>
EXPENSES / EXPENDITURES			
Current			
Economic environment	<u>151,375</u>	<u>-</u>	<u>151,375</u>
Total expenses / expenditures	<u>151,375</u>	<u>-</u>	<u>151,375</u>
CHANGE IN NET POSITION		48,397	48,397
NET CHANGE IN FUND BALANCE	48,397		
FUND BALANCE, NET POSITION AT BEGINNING OF YEAR	<u>137,831</u>		<u>137,831</u>
FUND BALANCE, NET POSITION AT END OF YEAR	<u><u>\$ 186,228</u></u>		<u><u>\$ 186,228</u></u>

See notes to the financial statements.

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Community Redevelopment Agency

The Milton Community Redevelopment Agency (the CRA) was established by the City of Milton (the City) as a separate legal entity pursuant to Chapter 163 Part III, Florida Statutes (the Community Redevelopment Act) to direct public revenues and programs to the downtown area for the enhancement and development of public infrastructure and facilities to stimulate and support new private investment and development in economically underperforming areas of the City.

The Community Redevelopment Advisory Board is appointed by the City Council to serve as the Board of Directors of the CRA and has all rights, powers, duties, privileges and immunities offered by the Community Redevelopment Act. City Council members are on the Advisory Board. In addition, City employees manage the CRA's operations. The community redevelopment plans (the Plans) adopted by the Board of Directors identify three locations within the CRA's regions. The Plans outline unique objectives and strategies for each of the following locations. CRA I Plan is established for the Milton and Bagdad Blackwater riverfronts. CRA II Plan is established for the north part of downtown and Blackwater riverfront. CRA III Plan is established for the south part of downtown.

The financial statements of the CRA have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to special purpose governments and the Uniform Accounting System mandated by Section 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The following is a summary of the more significant accounting policies of the CRA:

The Reporting Entity

In evaluating the CRA as a reporting entity, management has considered all potential component units for which the CRA may or may not be financially accountable and, as such, be included within the CRA's financial statements. Management utilized criteria set forth in the GASB literature for determining financial accountability of potential component units in evaluating all potential component units. In accordance with GASB guidance, the CRA (primary government) is financially accountable if it appoints a voting majority of the potential component unit's governing board and 1) it is able to impose its will on the organization, or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the CRA. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As of September 30, 2025, the CRA had no component units required to be presented in the CRA's financial statements.

For financial reporting purposes, the CRA is a blended component unit of the primary government of the City of Milton, Florida (the City), and therefore, is included in the City's annual financial report as a special revenue fund.

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the CRA as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the CRA. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. The CRA has no business-type activities.

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

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within six months of the end of the current fiscal period, except for property taxes, for which the period is 60 days. Expenditures generally are recognized under the modified accrual basis of accounting when the fund liability is incurred.

The Santa Rosa County Tax Collector bills and collects property taxes for the CRA in accordance with the laws of the state of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1st or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current property tax calendar:

Property Tax Calendar

Lien date	January 1st
Levy date	November 1st
Due date	November 1st
Delinquent date	April 1st

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

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Revenue recognition criteria for property taxes requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for 2025 ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year.

Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectibility and, therefore, are not recorded as a receivable on the balance sheet date.

Basis of Presentation

The CRA's financial records and accounts are maintained in accordance with the principles of "fund accounting," whereby resources are classified for accounting and reporting purposes into funds to ensure compliance with any special restrictions or limitations on the use of such resources. The financial transactions of the CRA are recorded in the General Fund.

The General Fund is currently the CRA's only governmental fund. It is the primary operating fund and is used to account for all financial resources of the CRA, except those required to be accounted for in another fund.

Assets, Liabilities and Net Position or Fund Balance

Cash and Cash Equivalents

Cash on hand, demand deposits and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased, are considered to be cash equivalents.

Deposits

Section 218.415, Florida Statutes, permits the investment of surplus public funds and prescribes the instruments in which those investments are authorized, specifically allowable investments, include the Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts at qualified public depositories and direct obligations of the U.S. Treasury.

The CRA adheres strictly to the provisions of those cited statutes, as well as with Chapter 280, Florida Statutes, which require the CRA to maintain deposits only with "Qualified Public Depositories."

Classification of Fund Balance

GASB guidance clarifies governmental fund balance classifications and fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The CRA's fund balance is restricted. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Net Position

Net position in the government-wide financial statements is classified as net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – component of net position that consists of capital assets, including restricted capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any debt attributable to the acquisition, construction or improvement of those assets.
- Restricted – component of net position that consists of restricted assets, other than capital assets, reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- Unrestricted – component of net position that consists of the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position.

The CRA considers restricted amounts to be spent first when both restricted and unrestricted net position is available.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The investment of surplus funds is governed by provision of Section 218.415, Florida Statutes, as to the type of investments that can be made. Deposits may be exposed to custodial credit risk, which is the risk that in the event of a bank failure, the government's deposits may not be returned. The CRA manages its custodial credit risk by maintaining its deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. The provisions of this statute allow Qualified Public Depositories to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All Qualified Public Depositories must deposit eligible collateral with the Treasurer of the State of Florida equal to or in excess of their required collateral pledging level. In the event of default by a qualified public institution, the Treasurer will pay public depositors all losses in excess of insurance and collateral through assessments among all Qualified Public Depositories.

As of September 30, 2025, the CRA's deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or pooled collateral held by the State Treasurer and, therefore, have no custodial credit risk.

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REQUIRED SUPPLEMENTARY INFORMATION

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (UNAUDITED) FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget – Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 199,260	\$ 199,260	\$ 190,915	\$ (8,345)
Charges for services	5,000	5,000	8,760	3,760
Miscellaneous	-	-	97	97
Total revenues	204,260	204,260	199,772	(4,488)
EXPENDITURES				
Current				
Economic environment	128,141	128,141	151,375	(23,234)
Capital outlay	115,000	115,000	-	115,000
Total expenditures	243,141	243,141	151,375	91,766
EXCESS OF REVENUES OVER EXPENDITURES	(38,881)	(38,881)	48,397	87,278
OTHER FINANCING SOURCES				
Transfers in	38,881	38,881	-	(38,881)
Total other financing sources	38,881	38,881	-	(38,881)
CHANGE IN FUND BALANCE	-	-	48,397	48,397
FUND BALANCE AT BEGINNING OF YEAR	-	-	137,831	137,831
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 186,228	\$ 186,228

See notes to RSI

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects.

Budgetary data reflected in the financial statements are established by the following procedures. Prior to October 1 of each year, management determines the CRA's proposed expenditures or requested appropriations. These proposed expenditures, along with all estimated receipts and balances expected to be brought forward, are presented to the Board of Directors for approval prior to October 1.

The Board-approved proposed budget is forwarded to the City, and dates are established for tentative and final public budget hearings as prescribed by Florida Statutes. Proposed budgets are advertised by newspapers of general circulation in the City. Public hearings are conducted for the purpose of hearing requests and complaints from the public. The final budget is adopted by ordinance. Budget amounts reflected in the financial statements are originally adopted amounts as amended by the Board of Directors and City Council.

The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level. The Chief Accountant is authorized to transfer budgeted amounts within departments of a fund and between departments of a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors and the City Council.

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COMPLIANCE SECTION

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

To the Board of Directors
Milton Community Redevelopment Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities and the General Fund of the Milton Community Redevelopment Agency (the CRA), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated September 1, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit; and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-002.

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the CRA's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The CRA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pensacola, Florida
September 1, 2026

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INDEPENDENT ACCOUNTANTS' REPORT ON AN EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

To the Board of Directors
Milton Community Redevelopment Agency

We have examined the Milton Community Redevelopment Agency's (the CRA's) compliance with the following requirements for the year ended September 30, 2025:

- 1) Section 218.415, Florida Statutes, in regard to investments, and
- 2) Section 163.387(6) and (7), Florida Statutes, in regard to community redevelopment agencies

Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements related to the examination engagement.

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

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

This report is intended solely for the information and use of the CRA and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Pensacola, Florida
September 1, 2026

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MANAGEMENT LETTER

To the Board of Directors
Milton Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the Milton Community Redevelopment Agency (the CRA), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated September 1, 2026.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated September 1, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The official title and legal authority for the CRA has been disclosed in Note 1 to the financial statements. The CRA has no component units.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the CRA did not operate a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the CRA's geographical boundaries during the fiscal year under audit.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the CRA reported:

- a. The total number of CRA employees compensated in the last pay period of the CRA's fiscal year was zero.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year was zero.
- c. All compensation earned by or awarded to employees, whether paid or accrued regardless of contingency was \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$79,505.
- e. The CRA does not have any construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amends a final adopted budget under Section 189.016(6), Florida Statutes, as included in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual as listed in the table of contents.

The specific information reported in the previous paragraph has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Additional Matters

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

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Purpose of This Letter

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

Pensacola, Florida
September 1, 2026

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

FINANCIAL STATEMENT FINDINGS

Findings required to be reported in accordance with *Government Auditing Standards*:

FINDING 2025-001: FINANCIAL REPORTING AND TIMELINESS OF RECONCILIATIONS – MATERIAL WEAKNESS

Criteria

The accounting for the CRA is managed by the City's Finance Department. The City's internal control over financial reporting should provide assurance that transactions are accurately recorded, accounts are reconciled on a timely basis, and accurate financial information is available to prepare accurate financial statements in accordance with generally accepted accounting principles. Timely preparation and review of reconciliations are essential controls to identify and correct errors.

Condition

During the year ended September 30, 2025, account reconciliations were not prepared or reviewed on a timely basis. Specifically, bank reconciliations were not completed and reviewed consistently during the year, capital asset subsidiary records were not reconciled timely to the general ledger, and other significant account balances were not adequately reconciled to supporting documentation. In addition, audit adjustments were required to properly agree beginning fund balances and government-wide net position to the prior year's audited financial statements and to correct account balances used in the preparation of the current year financial statements.

Cause

Although the City had established procedures related to monthly account reconciliations and financial reporting, those procedures were not consistently performed during the fiscal year.

Effect

As a result of the condition identified above, errors were not identified and corrected in the normal course of operations and inaccurate financial information was provided to management and governance. Significant audit adjustments were required to correct the accounting records, reconcile pooled cash and capital asset balances, properly roll forward beginning balances from the prior year, and prepare accurate financial statements in accordance with generally accepted accounting principles.

Repeat Finding

This is not a repeat finding.

DRAFT

MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Recommendation

Management should strengthen oversight of the financial reporting process and ensure all key reconciliations are prepared and reviewed on a timely basis throughout the year. Monthly bank reconciliations, capital asset reconciliations, grant reconciliations, and other significant balance sheet account reconciliations should be completed and independently reviewed by an individual with the appropriate skills, knowledge, and experience in a timely manner. Management should also establish procedures to ensure beginning balances are properly rolled forward from prior-year audited financial statements and that any differences are investigated and resolved promptly. Evidence of preparation and review of reconciliations should be maintained to demonstrate compliance with established procedures.

View of Responsible Officials

Management acknowledges that the established procedures related to the monthly account reconciliations were not consistently performed during the year. The new Finance Director and Comptroller will work collaboratively to establish and implement a formal reconciliation process, including defined responsibilities and expected completion timeframes for monthly, quarterly, and annual reconciliations. Consistent with guidance from the Government Finance Officers Association (GFOA), the City will implement a period-end closing checklist designed to promote the completeness, accuracy, and timeliness of financial reporting. The checklist will identify general ledger accounts and subsidiary records requiring reconciliation or account analysis and will establish a frequency appropriate to the nature, materiality, and risk associated with each account.

Significant and higher-risk accounts will be reconciled monthly. These accounts are expected to include, but are not limited to, cash and bank accounts, capital assets, grants, and other significant balance sheet accounts. The reconciliation process will also include procedures for identifying, documenting, investigating, and resolving reconciling items in a timely manner.

These changes will strengthen the City's financial reporting controls and establish a consistent and documented reconciliation process to ensure that financial information is complete, accurate, and available on a timely basis.

FINDING 2025-002: LATE ANNUAL FINANCIAL REPORT FILING – COMPLIANCE FINDING

Criteria

Section 218.32, *Florida Statutes*, requires local governments to complete and submit an Annual Financial Report (AFR) to the Florida Department of Financial Services within nine months after the end of the fiscal year. In addition, Section 218.39, *Florida Statutes*, requires the audited annual financial report and related auditor reports to be submitted to the Florida Auditor General within 45 days after receipt of the auditors' report, but no later than nine months after the fiscal year end. The CRA is responsible for maintaining adequate accounting records and financial reporting processes to ensure compliance with these statutory reporting deadlines.

Condition

The CRA did not meet the required filing deadlines for submission of its annual financial report to the Florida Department of Financial Services and audited financial statements to the Florida Auditor General for the fiscal year ended September 30, 2025.

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MILTON COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Milton, Florida)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Cause

Although the City had established policies and procedures requiring the preparation and review of key account reconciliations and financial reporting activities, those controls were not consistently performed during the fiscal year.

Effect

The CRA may be out of compliance with Florida Statutes related to annual financial reporting requirements.

Recommendation

The City should strengthen its financial reporting processes and ensure key reconciliations are completed and reviewed on a timely basis throughout the year. Timely completion of these reconciliations will assist the City in maintaining accurate accounting records, preparing reliable financial information, and meeting all statutory financial reporting deadlines.

View of Responsible Officials

Management acknowledges the finding that the City did not meet the annual required filing deadline and recognizes the importance of completing the City's annual financial reporting and audit process within the statutory filing deadlines established by the State of Florida Auditor General.

The delay in filing the City's annual financial report was primarily attributable to delays in completing account reconciliations and related financial reporting procedures necessary to finalize the City's financial records and facilitate completion of the annual audit.

As discussed in Management's responses to Findings 2025-001, Financial Reporting and Timeliness of Reconciliations, and 2025-002, Grant Revenue Recognition, the City is implementing improvements to its financial reporting processes, including defined reconciliation procedures and completion timeframes, a period-end closing checklist, strengthened grant reconciliation procedures, supervisory review, and additional training and oversight for Finance Department personnel.

These corrective actions are intended to improve the accuracy and timeliness of the City's monthly and year-end financial close-out process. By completing reconciliations and related financial reporting procedures throughout the fiscal year on a timely basis, the City will be better positioned to provide complete and accurate financial records to the independent auditors and facilitate completion of the annual audit within the required timeframe.

The new Finance Director and Comptroller will monitor the year-end closing and audit preparation process and coordinate with the City's independent auditors to address outstanding items timely. Management is committed to ensuring that future annual financial reports are completed and filed within the applicable statutory deadlines.