

FY 20 Niceville Community Redevelopment Agency Annual Report

Niceville Community Redevelopment Agency

Florida Department of Economic Opportunity Special District Accountability Program ID	3190	Attachment A - Please see the attached report entitled "Summary as to the extent the Niceville Community Redevelopment Agency has achieved the goals set out in its Community Redevelopment Plan".
Registered Agent	Mr. Lannie L. Corbin	Attachment B - Please see the attached, below-listed pages from the FY19 City of Niceville CAFR, which contains the financial statements and most recently completed audit of the City of Niceville, including the Niceville CRA as a non-major fund and Dependent Special District of the City of Niceville. The chart below identifies the CAFR pages which pertain to the Niceville CRA financial statements and audit. The FY20 Niceville CRA Audit is not yet available, but will be published on the CRA website within 45 days of completion.
Mailing Address	208 Partin Drive, North Niceville, FL 32578	
Office Address	208 Partin Drive, North	
Telephone	(850) 279-1001	
Fax	(850) 729-4011	
Email	lcorbin@niceville.org	
Website	https://cityofniceville.org/481/Community-Redevelopment-Agency-CRA	
County(ies)	Okaloosa	
Local Governing Authority	City of Niceville	
Date Created / Established	Tuesday, June 12, 2012	
Creation Documents	City Resolutions 12-06-01 and 19-11-01	
Board Selection	Identical to Local Governing Authority	
Authority to Issue Bonds	Yes	
Revenue	Tax Increment Financing	
Most Recent Update	Tuesday, November 12, 2019	

Total number of Activities started	5	FY19 CAFR
Total number of Activities completed	1	Page #
Current Year Taxable Value in CRA	\$ 225,841,745.00	Description
Actual expended increment revenue	\$ 263,686.39	1 - 3 Independent Auditors' Report
Base Year Taxable Value in CRA	\$ 184,505,704.00	6 List of governmental funds including CRA
Current Year Tax Increment Value	\$ 41,336,041.00	21 Governmental Funds - Balance Sheet as of 9/30/2019
Total amount expended for low and middle income affordable housing	\$ -	23 Governmental Funds - Statement of Revenues, Expenditures
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		98 - 99 Auditor's Report on Internal Control over Financial Reporting
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The following is a summary of this community redevelopment agency's achievement of its redevelopment plan's goals.

ACHIEVEMENT	CRA PLAN PAGE
CRA expanded by Resolution 19-11-01, adopted on 11/12/2019	Niceville CRA March 2020 Amended Plan
RFP for Grant Application & Management Services	8
RFP for Statements of Interest to design the old town redevelopment area.	8
CRA Plan was Amended in March 2020	8
Land Purchased, 10/23/2019 with RESTORE Grant and City funds from Carlton S. Peters, Spence/Apfel Land and Timber Co., Inc. and Spence Brothers	P. 7, para. C
Land Financed on 9/3/2020 and Purchased on 2/14/2020 from Mr. Melich in CRA Area (203 Armstrong Avenue)	P. 7, para. C

NICEVILLE COMMUNITY REDEVELOPMENT AGENCY ANNUAL REPORT

Attachment A

Summary as to the Extent the Niceville Community Redevelopment Agency has Achieved the Goals Set Out in its Community Redevelopment Plan

In section V of the Niceville Community Redevelopment Plan, the mission statement is stated:

With the creation of a CRA, and the City of Niceville Council appointed as the governing board of the CRA, the City will be able to direct public funds to stimulate private investment in areas of the City where revitalization of public facilities and infrastructure will serve as a catalyst for additional private investment and increased economic development. The CRA (City) will begin a systematic and proven process to redevelop and restore identified areas of the City under a viable and fully contributing economic development program for maintaining the economic well-being and Quality of Life in the City of Niceville, Florida.

From this statement, it is clear the underlying mission of the CRA is to maintain the economic well-being and quality of life for citizens of the City of Niceville. This mission of the Niceville CRA is the underlying goal that all other CRA goals are designed to support. The Niceville Community Redevelopment Agency has started six projects and none were completed. All started and completed projects are included in the Niceville CRA Plan and were included in the CRA Adopted Budget or in the City of Niceville Adopted Budget when expenses were paid from the City of Niceville.

- 1) Project to Expand CRA district (See section I of Niceville CRA Plan Amendment No. 1, March 2020) - On November 12, 2019, with Resolution No. 19-11-01, the Niceville City Council expanded the CRA district by adding the North Highway 85 business and commercial areas and the underperforming areas between Boggy Bayou and Cedar Avenue, South.
- 2) Project named Turkey Creek Land Acquisition (See Niceville CRA Plan, page 8, item 2.8 under the "Turkey Creek Recreational Area District" subcategory) - An FCT grant of up to \$700,000 from the Florida Department of Environmental Protection, to acquire the last 1.2 acres of Turkey Creek Park, at the site of a

former Hardees restaurant, was approved on July 26, 2019 which was in FY19. In FY20, Dr. McCartney managed the FCT Grant and was paid \$8,230.20 for those services rendered. The actual land purchase happened subsequent to FY20.

- 3) Project named “Niceville Public Landing Land Acquisition” (See Niceville CRA Plan, page 8, item 2.1 under the “Historic Downtown District” subcategory) - On October 23, 2019, the City used \$389,289 of RESTORE Grant funds, and \$110,711 of City of Niceville funds to purchase 3 shoreline parcels of land on Bayshore Drive from Spence Brothers, Inc.; Spence & Apfel Land and Timber Co., Inc.; and Carlton S. Peters. Also, on February 14, 2020, the City of Niceville purchased 3 parcels of land, two of which were merged into a single parcel, on Armstrong Avenue, intended to eventually become a parking area for the Landing Project. The parcels were financed by PNB Community Bank on September 3, 2020. The debt was recorded in the City of Niceville general fund. All of the property purchase, as described above was purchased for the Niceville Public Landing Land Acquisition project, during FY20.
- 4) Project named CRA Plan Development Plan Cost (See Niceville CRA Plan, page 8, item 2.2 under “CRA Area-Wide” subcategory) – The CRA Plan was amended in March 2020 with the Niceville CRA Plan, Amendment No. 1.
- 5) Project named Niceville Public Landing Construction (See Niceville CRA Plan, page 8, item 2.2 under the “Historic Downtown District” subcategory) – The Niceville CRA budgeted for and hired Dr. McCartney to manage and create Requests for Proposals for Grant Application and Management Services for a Triumph grant, and for Statements of Interest to design the old town redevelopment area. Two engineering and design firms were hired to begin work on these tasks. The design costs will be included in the total construction costs of the project.

In conclusion, all of the above projects were budgeted for in FY20 and demonstrate significant progress toward meeting the goals of the Niceville Community Redevelopment Agency.

NICEVILLE COMMUNITY REDEVELOPMENT AGENCY ANNUAL REPORT

Attachment B



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF
THE CITY OF NICEVILLE, FLORIDA**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Niceville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, Florida (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, Florida, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Community Redevelopment Agency (CRA) Fund, and Discretionary Sales Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, individual fund financial statement, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City's internal control over financial reporting and compliance.

Warren Everett, LLC

Fort Walton Beach, Florida

March 17, 2020

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

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 governmental funds 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 governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three governmental funds (General Fund, Community Redevelopment Agency Fund, and Discretionary Sales Tax Fund). Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund and the special revenue funds. The City adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements are provided to demonstrate compliance with the adopted budget.

Proprietary Funds

Proprietary Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its utility operations (water operations and distribution, sewer collections and treatment), sanitation, and stormwater utility management operations.

The City's major proprietary funds include the water and sewer fund, sanitation fund, and stormwater fund. The City has no non-major proprietary funds. Found on pages 28 – 32 of this report are the basic proprietary fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government, individuals or private organizations. The City has an Agency Fund that is used to account for resources held pursuant to the Katie W. Moody Estate and Will for scholarships. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Found on page 33 of this report is the Agency Fund financial statement.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. Beginning on page 34 of this report are the notes to the 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. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$57.6 million (net position) for the fiscal year ended September 30, 2019, as reported in Table 1.

**CITY OF NICEVILLE, FLORIDA
GOVERNMENTAL FUNDS – BALANCE SHEET
SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>CRA Fund</u>	<u>Discretionary Sales Tax Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,270,554	\$ 164,582	\$ 890,089	\$ 5,325,225
Receivables	294,295	-	-	294,295
Due from other governments	292,807	-	149,061	441,868
Inventory, at cost	11,372	-	-	11,372
Prepaid items	96,266	-	-	96,266
Restricted assets				
Cash and cash equivalents	305,552	-	-	305,552
TOTAL ASSETS	<u>\$ 5,270,846</u>	<u>\$ 164,582</u>	<u>\$ 1,039,150</u>	<u>\$ 6,474,578</u>
LIABILITIES				
Accounts payable	\$ 677,233	\$ 285	\$ -	\$ 677,518
Accrued interest payable	4,358	-	-	4,358
Accrued wages payable	137,743	-	-	137,743
Unearned revenues	47,962	-	-	47,962
Due to other funds	12,000	-	-	12,000
TOTAL LIABILITIES	<u>879,296</u>	<u>285</u>	<u>-</u>	<u>879,581</u>
FUND BALANCE				
Nonspendable	107,638	-	-	107,638
Restricted	305,552	164,297	1,039,150	1,508,999
Assigned	3,291,427	-	-	3,291,427
Unassigned	686,933	-	-	686,933
TOTAL FUND BALANCE	<u>4,391,550</u>	<u>164,297</u>	<u>1,039,150</u>	<u>5,594,997</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 5,270,846</u>	<u>\$ 164,582</u>	<u>\$ 1,039,150</u>	<u>\$ 6,474,578</u>

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>CRA Fund</u>	<u>Discretionary Sales Tax Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 6,078,037	\$ 45,618	\$ -	\$ 6,123,655
Licenses, fees, and permits	1,606,540	-	-	1,606,540
Intergovernmental	3,063,213	41,734	1,038,331	4,143,278
Charges for services	899,734	-	-	899,734
Fines	64,071	-	-	64,071
Miscellaneous	174,969	8,639	819	184,427
Total revenues	<u>11,886,564</u>	<u>95,991</u>	<u>1,039,150</u>	<u>13,021,705</u>
EXPENDITURES				
Current:				
General government	2,717,205	-	-	2,717,205
Public safety	4,430,112	-	-	4,430,112
Transportation	950,055	-	-	950,055
Internal service	754,747	-	-	754,747
Economic environment	154,599	7,499	-	162,098
Human services	55,998	-	-	55,998
Culture and recreation	2,758,332	-	-	2,758,332
Capital outlay	1,421,136	-	-	1,421,136
Debt service:				
Principal	607,844	-	-	607,844
Interest	34,118	-	-	34,118
Total expenditures	<u>13,884,146</u>	<u>7,499</u>	<u>-</u>	<u>13,891,645</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	<u>(1,997,582)</u>	<u>88,492</u>	<u>1,039,150</u>	<u>(869,940)</u>
OTHER FINANCING SOURCES				
Proceeds from long-term debt issuance	600,000	-	-	600,000
Transfers in	466,049	-	-	466,049
Total other financing sources	<u>1,066,049</u>	<u>-</u>	<u>-</u>	<u>1,066,049</u>
NET CHANGE IN FUND BALANCE	<u>(931,533)</u>	<u>88,492</u>	<u>1,039,150</u>	<u>196,109</u>
FUND BALANCE, BEGINNING	<u>5,323,083</u>	<u>75,805</u>	<u>-</u>	<u>5,398,888</u>
FUND BALANCE, ENDING	<u>\$ 4,391,550</u>	<u>\$ 164,297</u>	<u>\$ 1,039,150</u>	<u>\$ 5,594,997</u>

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

14. GOVERNMENTAL FUND BALANCES

As of September 30, 2019, the City's governmental fund balances were classified as follows:

	<u>General Fund</u>	<u>CRA Fund</u>	<u>Discretionary Sales Tax Fund</u>	<u>Total Governmental Funds</u>
Nonspendable				
Inventory	\$ 11,372	\$ -	\$ -	\$ 11,372
Prepaid items	96,266	-	-	96,266
Total nonspendable	<u>107,638</u>	<u>-</u>	<u>-</u>	<u>107,638</u>
Restricted for				
Capital projects	256,424	-	-	256,424
Discretionary sales taxes	-	-	1,039,150	1,039,150
Law enforcement	49,128	-	-	49,128
Improvement districts	-	164,297	-	164,297
Total restricted	<u>305,552</u>	<u>164,297</u>	<u>1,039,150</u>	<u>1,508,999</u>
Assigned for				
FY 2020 appropriations	-	-	-	-
Salaries and insurance	1,740,000	-	-	1,740,000
Capital projects and equipment	1,454,857	-	-	1,454,857
Other purposes	96,570	-	-	96,570
Total assigned	<u>3,291,427</u>	<u>-</u>	<u>-</u>	<u>3,291,427</u>
Unassigned	<u>686,933</u>	<u>-</u>	<u>-</u>	<u>686,933</u>
	<u>\$ 4,391,550</u>	<u>\$ 164,297</u>	<u>\$ 1,039,150</u>	<u>\$ 5,594,997</u>

15. COMMITMENTS AND CONTINGENCIES

Grants

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



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

Honorable Mayor and City Council Members
City of Niceville, Florida

We have examined the City of Niceville, Florida's (the City's) compliance with the following requirements for the year ended September 30, 2019:

- 1) Section 218.415, Florida Statutes, in regard to investments, and
- 2) Section 218.8018, Florida Statutes, in regard to the Deepwater Horizon Oil Spill receipts and expenditures.

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City'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 City complied, in all material respects, with the specified requirements. An examination involves performing procedures to obtain evidence about whether the City 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. Our examination does not provide a legal determination of the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

Warren Averett, LLC
Fort Walton Beach, Florida
March 17, 2020



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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

Honorable Mayor and City Council Members
City of Niceville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, Florida (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements which collectively comprise the City of Niceville, Florida's basic financial statements and have issued our report thereon dated March 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Warren Averett, LLC

Fort Walton Beach, Florida

March 17, 2020



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MANAGEMENT LETTER

Honorable Mayor and City Council Members
City of Niceville, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Niceville, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 17, 2020.

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 the 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 March 17, 2020, 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. Corrective actions have been taken to address findings (2017-001, 2018-001, and 2018-002) and recommendations made in the preceding 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 City of Niceville, Florida has been disclosed in Note 1 to the financial statements. The City of Niceville included the Niceville-Valparaiso Regional Sewer Board as a component unit in the accompanying financial statements. Additional details regarding the City's relationship with the Niceville-Valparaiso Regional Sewer Board can be found in Note 1 to the financial statements.

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 City of Niceville 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 City of Niceville did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City of Niceville. It is management's responsibility to monitor the City'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.

Additional Matters

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

Purpose of this Letter

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

Warren Averett, LLC

Fort Walton Beach, Florida
March 17, 2020