

**SEMINOLE COUNTY
ECONOMIC AND COMMUNITY
DEVELOPMENT SERVICES**

**LIMITED REVIEW OF THE
US 17-92 CRA PROGRAM**

REPORT NO. 040913

APRIL 2013

Prepared by:
The Office of the
Clerk of the Circuit Court



MARYANNE MORSE
Clerk of the Circuit Court
Seminole County

April 9, 2013

The Honorable Bob Dallari,
Chairman
The Board of County Commissioners
Seminole County, Florida
1101 East First Street
Sanford, FL 32771

Dear Mr. Chairman:

I am very pleased to present you with the attached limited review of the US17-92 CRA PROGRAM.

Although requested, the Economic and Community Development Services Department did not provide any written responses to this report.

I would like to acknowledge the assistance of the county staff for their cooperation and assistance throughout the course of this review. The assistance is deeply appreciated. With warmest personal regards, I am

Most cordially,

Maryanne Morse
Clerk of the Circuit Court
Seminole County

cc: Ms. Brenda Carey
Mr. Lee Constantine
Mr. Carlton Henley
Mr. John Horan

BCC Records

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**LIMITED REVIEW OF THE
COMMUNITY DEVELOPMENT SERVICES**

US17-92 CRA PROGRAM

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**Limited Review of the
Community Development Services**

US 17-92 CRA Program

PURPOSE

The objective of this review was to determine if the internal controls over the US 17-92 CRA program were in compliance with Seminole County Ordinances, Resolutions and Florida Statutes. Also, to determine if corrective action plans from previous audits were implemented and are operating effectively.

BACKGROUND

The US 17-92 CRA corridor is approximately 13 miles long. It includes the historic down town Sanford area and runs south through Seminole County and ends in Fern Park.

In 1997, Seminole County Ordinance 97-54 created this CRA. It was based on recommendations in the consultant's report entitled "Finding of Necessity for a Community Redevelopment". This CRA is also authorized under the mandate of Florida Statute Part III of Chapter 163 (known as the "Community Redevelopment Act of 1969").

A so-called trust fund was established to set in reserve tax money to restore the properties within the district; and also to promote economic growth. Since 1997, business owners have been encouraged to submit an application for grant money from the CRA to improve their property; money has also been used for capital improvements to the corridor.

On January 1st of each year each city and Seminole County are required to make a contribution to the fund based on the appreciation of the properties within the corridor since the first year the CRA was adopted. As property values increase from the base year (1997) the revenues dedicated to the CRA also increase.

Every year, the program manager is required to submit a budget to the CRA Board for approval.

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SCOPE OF WORK

The scope of this review included all revenue and disbursement activity for the period October 1, 2009 to June 30th, 2012. The following areas were subject to this review:

- Implementation of corrective actions in Internal Audit No. 100307;
- US 17-92 Corridor Redevelopment Master Plan;
- Budget vs. Actual Revenue and Expenses;
- Grants awarded to business owners;
- Compliance with State and County Policies; and,
- Other procedures as needed.

The audit was conducted by the Office of the Seminole County Clerk of the Circuit Court.

OVERALL EVALUATION

We are of the opinion that the internal controls over the US 17-92 program, are for the most part, in compliance with Seminole County Ordinances, Resolutions and Florida Statutes.

There is, however, no written plan to ensure complete compliance with FS 163.387 (7) which requires:

“Monies remaining in the Trust Fund on the last day of every year (“carry over”) are to be returned to each taxing authority which paid the increment in proportion to the amount paid unless the funds are used by the CRA to:

1. Reduce the amount of any indebtedness to which increment revenues are pledged;
2. deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues are pledged; and

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3. appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan which project will be completed within three years from the date of such appropriation.”

County financial records indicate that annually the program manager submits a formal budget. However, based on review of actual expenses no money or very little money was spent on planned capital improvements; thus, a rather large surplus remained after close of each of the fiscal years.

Florida Statute 163.387 (7) requires that funds not appropriated should be returned to municipalities at the end of the each fiscal year.

A written policy should be formally agreed to by the cities and county on how surplus funds are to be handled. At a minimum, if funds are actually appropriated, then, the projects need to be completed within three years of appropriation based on FS 163.387 (7). This simply has not been the case with this CRA.

The following conditions warrant management’s attention:

- No written policy on returning surplus funds; and,
- Reimbursement submittals not always complete.

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FINDINGS AND RECOMMENDATIONS

FINDING NO. 1

There is no written policy on returning surplus funds.

Florida Statutes Chapter 163.387 (7) states:

“Monies remaining in the Trust Fund on the last day of every year (“carry over”) are to be returned to each taxing authority which paid the increment in proportion to the amount paid unless the funds are used by the CRA to:

- (1) Reduce the amount of any indebtedness to which increment revenues are pledged;
- (2) deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues are pledged; and
- (3) appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan which project will be completed within three years from the date of such appropriation.”

Based on a review of the money being budgeted and the amount actually spent, and the encumbrances at year end, it appears the CRA needs to establish a policy on when to return the excess funds to the municipalities.

Budget vs. Actual Cost Comparison

<u>Fiscal Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
2008/2009	\$9.1m	\$1.1m	\$8m
2009/2010	\$10.5m	\$1.5m	\$9m
2010/2011	\$10.8m	\$1.4m	\$9.4m
2011/2012	\$11.1m	\$1.0m	\$10.1m

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CRA has recently submitted a revised and up to date operating plan with a 5 year Capital Improvement Plan. The plan is in the process of being approved by the CRA Board. With this being said, and considering the Florida Statute requirements, there appears to be a need to develop some authoritative guidance or plan on complying with FS 163.387.

By having a written policy or plan on what to do with the surplus monies the county will be in compliance with regulatory requirements. The plan may simply be to get written approval from the municipalities to keep their shares of the funds in the trust fund.

Recommendation

Develop a written policy and/or plan on disposition of surplus money at the end of the fiscal year to ensure compliance with Florida Statute 163.387.

Management Comments

FINDING NO. 2

Reimbursement submittals not always complete.

The US 17-92 CRA Grant Guidelines state in part that:

“Upon completion of the improvements, final inspection and approval by the US 17-92 CRA Program Manager, the applicant submits a reimbursement package which includes:

- a. Completed reimbursement form;*
- b. Copies of applicable invoices received;*
- c. Proof of payment for improvements; and*
- d. Photos of improvements (before and after)”*

The US -17-92 CRA Grant Guidelines also provide the following definition for acceptable documentation:

“Acceptable documentation is defined as PAID invoices/statements and/or schedule of values from vendors

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clearly detailing the work done for the project accompanied by copies of release of contractor liens”

4 of 11 files reviewed did not have enough documentation to support the applicant’s claim of the costs incurred; also, we noted 6 of 11 files did not have the appropriate contractor lien releases; and finally, one applicant had actually completed the work before application was approved by the CRA Board. This is a violation of the program requirements.

Although there is missing documentation, both the CRA Program Manager and Internal Audit reviewed the properties for compliance with the board approved grant agreements and found they complied.

Complying with the terms of the grant ensure that program expenses are properly supported and in accordance with the guidelines approved by the CRA Board.

Current Status

This issue was reviewed with program management and steps are underway to ensure that all future submittals are appropriately documented. The issue noted above was prior to the new management team taking over the program.

Recommendation

Comply with the requirements outlined in the grant agreements.

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