

**COMMUNITY REDEVELOPMENT AREAS /
TAX INCREMENT FINANCING
AUDIT 22-01
MAY 5, 2022**



City of Tampa
Jane Castor, Mayor

Internal Audit Department

315 E. Kennedy Boulevard
Tampa, Florida 33602
Office (813) 274-7159

May 5, 2022

Honorable Jane Castor
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Community Redevelopment Areas (CRA)/Tax Increment Financing (TIF), Audit 22-01

Dear Mayor Castor:

Attached is the Internal Audit Department's report of the CRA/TIF.

The CRA has already taken positive actions in response to our recommendation. We thank the management and staff of the CRA for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
Dennis Rogero, Chief Financial Officer
Gina Grimes, City Attorney
Michelle Van Loan, Community Redevelopment Director
Carl Brody, Assistant City Attorney

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/s/ Vivian N Walker

Senior Auditor

/s/ Christine Glover

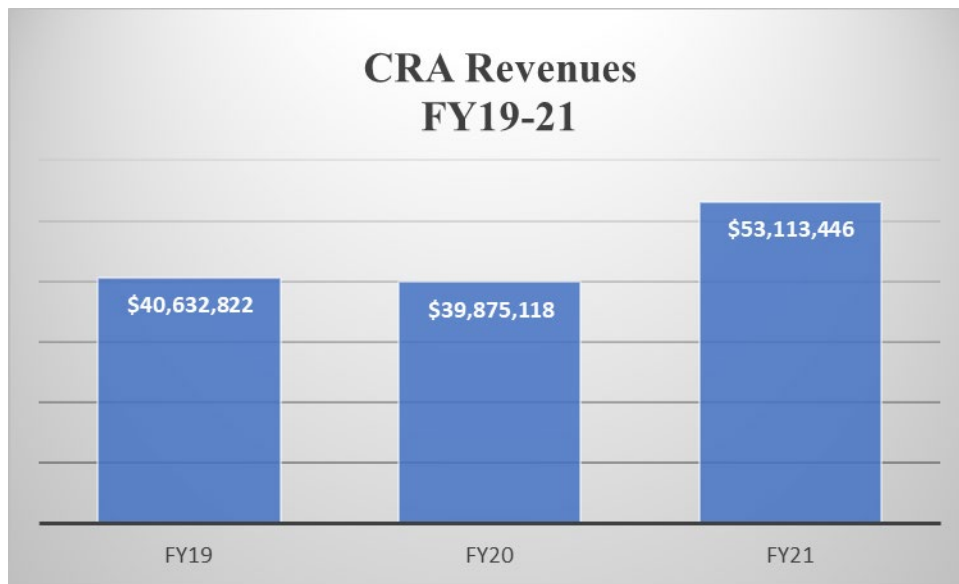
Audit Director

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BACKGROUND

The City of Tampa (City) has nine Community Redevelopment Areas (CRA) that are responsible for the economic development within their designated boundaries. Each CRA has specific objectives and programs it administers. Funding for the economic development for each CRA is through tax increment financing (TIF). TIF dollars are based on any tax revenues generated above the base amount established at the time the CRA was created.

The overall revenue for CRA activities (including interest) have increased, from fiscal year 2019 through fiscal year 2021, more than 30% as reflected below:



Some of the projects in various CRAs using both TIF and non-TIF funds included:

- Downtown CRA: 16,000 square foot expansion of the Tampa Convention Center
- Ybor CRA: East 7th Avenue Streetscape and Gateway Monument
- East Tampa CRA: North 34th Street Safety Enhancement Project
- Channel CRA: Madison Street Park improvements
- West Tampa CRA: Infrastructure improvements for the Cypress Street Outfall
- Drew Park CRA: Tampa Bay Boulevard Linear Park constructed

- Tampa Heights CRA: Infrastructure improvements tied to the Riverwalk expansion
- Central Park CRA: Partnered with Meachum Urban Farm LLC to create an urban farm

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2022 Audit Agenda. The objectives of this audit were to ensure that:

1. The system of internal controls related to CRA use of TIF revenues are adequate.
2. CRAs have the correct folio numbers and accompanying TIF revenues assigned to them.
3. TIF revenues are spent for allowed activities based on the respective CRA plan.
4. CRAs complied with Florida Statute (FS) requirements in chapters 163 and 218.
5. Performance metrics are accurate, consistent, relevant, and verifiable.

STATEMENT OF SCOPE

The audit period covered CRA/TIF activity that occurred from October 2018 to September 2021. Tests were performed to determine whether CRA personnel were fulfilling their stated duties and responsibilities in an effective and efficient manner. Data was generated through Oracle Cloud/Splash BI reports that has been deemed reliable. Original records as well as copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

Listed are the steps performed to determine compliance with the established objectives:

- Reviewed the annual tax roll submitted to the City of Tampa to determine if TIF revenues were assigned to the proper CRA district.
- Compared activities reported in the annual report to supporting documentation for accuracy.
- Reviewed documentation to support compliance with FS chapters 163 and 218.
- Reviewed documentation to determine whether expenses paid with TIF revenues were properly authorized and permitted by the respective CRA plan.
- Reviewed documentation for expenses for adequacy of internal controls related to proper separation of duties between approval and disbursement.

The following steps were performed to determine the accuracy, consistency, relevance, and verifiability of metrics reported:

1. Identified source/system for metrics reported.
2. Reviewed data reliability testing for system generated data.

STATEMENT OF AUDITING STANDARDS

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

AUDIT CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we conclude that:

1. The system of internal controls related to the CRA use of TIF revenues is adequate.
2. CRAs have the correct folio numbers and accompanying TIF revenues assigned to them.
3. TIF revenues are spent for allowed activities based on the respective CRA plan. However, documentation to support compliance with the grant requirement for some activities needs to be improved.
4. CRA complies with Florida Statute requirements in chapters 163 and 218.
5. Performance metrics are accurate, consistent, relevant, and verifiable.

TIF EXPENDITURE DOCUMENTATION

STATEMENT OF CONDITION: Each CRA District is responsible for maintaining documentation to support expenditures using TIF revenues. A sample of 43 transactions totaling more than \$5.3 million dollars was selected to review for proper documentation, including approval by the appropriate level of management. The sample included:

- Co-sponsorships for the Ybor City, Downtown, and Tampa Heights CRA Districts
- Facade grants
- Demolition grants
- Tree trimming grants
- Funding to other departments
- Other expenses specific to the plan for a particular CRA

Of the 43 transactions, there were a total of 10 (23%) payments that did not comply with the requirements of the façade or tree trimming grant. These payments totaled more than \$142,000. Specifically, the following exceptions were noted:

- Façade grant files did not have evidence of a business tax receipt at the time of application. Additionally, reimbursement for one façade grant was submitted by CRA staff to Revenue and Finance for deposit after more than 30 days.
- Tree trimming grant files did not include before and after pictures as required by the program.

CRITERIA: Each grant program requires certain documentation to support payment. For the façade grant, this includes evidence of a current business tax receipt. The tree trimming grant requires before and after pictures.

CAUSE: Both the CRA Department and the East Tampa CRA have experienced Management turnover over the last couple of years, along with staffing shortages. Additionally, the East Tampa CRA has seen an increase in the volume of requests for the tree trimming program.

There is no established process for monitoring the disbursements to the façade grant program administrator for outstanding projects.

EFFECT OF CONDITION: Inadequate documentation provides an opportunity for a loss of revenue to the CRA if payments are deemed an invalid purpose.

RECOMMENDATION: CRA Management should develop a checklist for each project file that documents the requirements. Prior to finalizing a grant, the checklist should be reviewed for any missing documents.

Guidelines should be written for reimbursement from a program administrator for any unused funds. Once developed, CRA Management should develop a process to periodically follow-up with the grantee to determine status and anticipated completion of any outstanding projects.

MANAGEMENT RESPONSE: CONCUR:

Program File Closeout Checklists Updated/Created. Program Tracking Spreadsheets updated to include the completion of the Project File Checklist. STATUS: Completed and Submitted
Internal processes amended to include dept accounts payable/receivable staff and updating of program spreadsheet to document Façade Grant Program unused funds refund from vendor.

TARGET IMPLEMENTATION DATE: Completed and Submitted