June 19, 2026

To the Audit Committee, City Commission, and CRA Management
City of Wauchula Community Redevelopment Agency

We have audited the financial statements of the governmental activities and major fund of the City of Wauchula Community Redevelopment Agency (the "CRA") for the year ended September 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards,* and Chapter 10.550, Rules of the Auditor General, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letters to you dated July 28, 2025 and October 15, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the CRA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, other than the adoption of a new accounting standard as discussed below. We noted no transactions entered into by the CRA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The CRA adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB No. 101) which updates the recognition and measurement guidance for compensated absences, including vacation, sick leave, and other paid leave benefits. Under GASB No. 101, liabilities for compensated absences are recognized when the benefits are both attributable to services already rendered and are expected to be paid. The standard eliminates the requirement to segregate obligations into "vesting" and "non-vesting" components, instead emphasizing whether leave accumulates and whether it is more likely than not to be paid. The adoption of this accounting standard to the CRA's financial statements resulted in a restatement of net position as of October 1, 2024 for governmental activities in the statement of activities, as well as the beginning balance of compensated absences in the statement of net position. The restatement is disclosed in Note 1 to the financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the CRA's financial statements were:

Other Postemployment Benefits (OPEB) Accruals

A long-term liability for the CRA's proportionate share of the City's OPEB liability, deferred outflows related to OPEB and deferred inflows related to OPEB resources have been recorded in the government-wide financial statements for the CRA's proportionate share of the City's OPEB amounts. The amounts are based on an allocation of the City amounts which were determined based on the actuarial calculated amounts as provided by the actuary.

Net Pension Asset and Deferred Inflows and Outflows Related to the Pension Plan

A long-term asset (negative net pension liability), deferred outflows of pension resources and deferred inflows of pension resources have been recorded in the government-wide financial statements for the CRA's proportionate share of the City's pension amounts. The amounts are based on an allocation of the City amounts which were determined based on the actuarial calculated amounts as provided by the actuary.

Compensated Absences Under GASB No. 101

Management's estimate for compensated absences is based on the accumulation of time for services rendered, and the expectation of the amount that is more likely than not to be paid or exercised.

We evaluated the key factors and assumptions used to develop estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Note 1 describes the CRA's significant accounting policies.

Note 2 describes the CRA's capital assets and long-term liabilities.

Note 3 describes the CRA's retirement plans.

Note 4 describes the CRA's other postemployment benefit plan.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Adjustments proposed as part of the audit included adjustments for pension, OPEB and implementation of GASB No. 101, *Compensated Absences*. Management either provided, or reviewed and approved, all adjustments to make corrections, and posted them to the CRA's records.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 19, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the CRA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the CRA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

Required Supplementary Information

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Non-Audit Services

At the request of management of the CRA, we also assisted in preparing the financial statements and related notes of the CRA in conformity with U.S. generally accepted accounting principles based on information provided by the CRA. We also assisted with various other consultations and accounting assistance at the request of the CRA. The non-audit services do not constitute an audit under *Government Auditing Standards* and such services were not conducted in accordance with *Government Auditing Standards*.

CRA management agreed to assume all management responsibilities relating to the non-audit and any services we provided. The CRA has acknowledged in the management representation letter our assistance with the non-audit services as any other services provided and that management of the CRA has reviewed and approved the non-audit services, and any other assistance we provided, and have accepted responsibility for them. Further, management of the CRA oversaw the non-audit services by designating an individual, from senior management, with suitable skill, knowledge, or experience; evaluated the adequacy and results of those services; and accepted responsibility for them.

Upcoming Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued two new accounting pronouncements that will be required effective October 1, 2025 (i.e. for the CRA's September 30, 2026) financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*. This accounting pronouncement affects various matters in the financial statements:

- Management's Discussion & Analysis will include required topics and stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed.
- Defines unusual or infrequent items, recognizing them as inflows and outflows.
- Changes reporting of proprietary fund statements (no impact to the CRA).
- Requires an explanation of significant variances between budget and actual amounts to be presented in the notes to the required supplementary information.

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- Changes reporting of proprietary fund statements.
- Requires an explanation of significant variances between budget and actual amounts to be presented in the notes to the required supplementary information.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This accounting pronouncement will enhance capital asset disclosures by requiring governments to provide more detailed information on certain types of capital assets, such as infrastructure and intangible assets. It will also require additional disclosures for capital assets held for sale.

Restriction on Use

This information is intended solely for the use of management and City Commissioners of the City of Wauchula, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

CS+L CPAs

CS&L CPAs, P.A