

GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

and

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2022

with

INDEPENDENT AUDITORS' REPORT

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REQUIRED SUPPLEMENTARY INFORMATION

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2022**

The Gwinnett Place Community Improvement District (CID) was formed March 15, 2005 through a resolution of the Gwinnett County Board of Commissioners. The CID receives funding, through special tax assessments on commercial property within the CID area, to be used for purposes outlined by the Gwinnett County Community Improvement Districts Act. Taxes are collected by the Gwinnett County Tax Commissioner and are disbursed to the CID less a one-percent processing fee, which will not exceed \$25,000.

The CID pursues its mission through a comprehensive approach to planning and development that includes initiatives to enhance public safety, improve the physical environment, develop alternative transportation solutions, promote innovation and economic growth, encourage environmentally sustainable resource use, and strengthen the urban amenities.

This section of the CID's annual financial report presents our discussion and analysis of the CID's financial performance during the year ended December 31, 2022. Please read it in conjunction with the basic financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

Net Position:

- Net position increased 10% to \$2,402,494 at December 31, 2022.

Change in Net Position:

- Net revenue increased 22% to \$1,692,557 in 2022.
- Operations expenses increased 2% to \$408,954 in 2022.
- Project expenditures increased 2% to \$522,613 in 2022.
- Program expenditures increased 58% to \$539,019 in 2022.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2022**

STATEMENT OF NET POSITION

The CID holds the majority of its cash to provide funding for active and anticipated improvement projects, as well as long-term funding for recurring programs and operations. The CID's Board monitors assets and liabilities to make certain funds are available for these purposes. The table below is the net position as of December 31:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
ASSETS			
Cash and cash equivalents	\$ 2,409,385	\$ 2,215,976	\$ 193,409
Accounts receivable	7,425	24,306	(16,881)
Prepaid expenses	3,307	5,829	(2,522)
Right-of-use asset	<u>206,837</u>	<u>-</u>	<u>206,837</u>
	<u>2,626,954</u>	<u>2,246,111</u>	<u>380,843</u>
LIABILITIES			
Accounts payable	20,352	65,588	(45,236)
Lease liability	<u>204,108</u>	<u>-</u>	<u>204,108</u>
	<u>224,460</u>	<u>65,588</u>	<u>158,872</u>
NET POSITION	<u><u>\$ 2,402,494</u></u>	<u><u>\$ 2,180,523</u></u>	<u><u>\$ 221,971</u></u>

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2022**

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

The CID's principal source of revenue is Community Improvement District taxes paid annually by commercial property owners within the CID boundary in Gwinnett County, Georgia. Net property tax revenues in 2022 totaled \$1,457,388, 5% above 2021 and 6% above the 2022 final budget estimate of \$1,370,000. Below is a table showing the change in net position for the years ending December 31:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
REVENUES			
Property tax revenues	\$ 1,457,388	\$ 1,389,880	\$ 67,508
Revitalization study reimbursement income	220,000	-	220,000
Interest income	<u>15,169</u>	<u>3,001</u>	<u>12,168</u>
	<u>1,692,557</u>	<u>1,392,881</u>	<u>299,676</u>
EXPENSES			
Operations	408,954	401,114	7,840
Projects	522,613	509,908	12,705
Program	<u>539,019</u>	<u>341,639</u>	<u>197,380</u>
	<u>1,470,586</u>	<u>1,252,661</u>	<u>217,925</u>
 CHANGE IN NET POSITION	 <u>\$ 221,971</u>	 <u>\$ 140,220</u>	 <u>\$ 81,751</u>

Total expense levels between years and against budget estimates are heavily impacted by the timing of the CID's funding of expenditures for approved major capital projects.



INDEPENDENT AUDITORS' REPORT

**Board of Directors
Gwinnett Place Community Improvement District**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gwinnett Place Community Improvement District (the "CID"), which comprise the balance sheet as of December 31, 2022, which collectively comprise the CID'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 financial position of the CID as of December 31, 2022, and the results of their operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Governmental 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 CID 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; 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 CID's ability to continue as a going concern for one year after the date of this report.

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 opinion. 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 GAAS 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 can arise from fraud or error and 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 GAAS, 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 CID'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 CID'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.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5, 6 and 21, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated as of the date of this letter, on our consideration of the CID'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 CID's internal control over financial reporting and compliance.

Smith and Howard PC

April 3, 2023

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

ASSETS

Cash and cash equivalents	\$ 257,793
Restricted cash	2,151,592
Accounts receivable, no allowance for doubtful accounts deemed necessary	7,425
Prepaid expenses	3,307
Right-of-use asset	<u>206,837</u>
	<u>\$ 2,626,954</u>

LIABILITIES AND NET POSITION

Accounts payable	\$ 20,352
Operating lease liability	<u>204,108</u>
	<u>224,460</u>
Net position	<u>2,402,494</u>
	<u>\$ 2,626,954</u>

The accompanying notes are an integral part of these financial statements.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022**

Program Revenues:	
Property taxes and inter-governmental grants	\$ 1,457,388
Program Expenses:	
Community Improvement District	<u>1,470,586</u>
Net decrease in net position before other income	(13,198)
Other Income:	
Revitalization Study Reimbursement Income	220,000
Interest Income	<u>15,169</u>
	<u>235,169</u>
Increase in net position	221,971
Net position, beginning of year	<u>2,180,523</u>
Net position, end of year	<u><u>\$ 2,402,494</u></u>

The accompanying notes are an integral part of these financial statements.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
BALANCE SHEET
DECEMBER 31, 2022**

ASSETS

Cash and cash equivalents	\$ 257,793
Restricted cash	2,151,592
Accounts receivable, no allowance for doubtful accounts necessary	7,425
Prepaid expenses	3,307
Right-of-use asset	<u>206,837</u>
	<u><u>\$ 2,626,954</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 20,352
Deferred revenues	14,281
Operating lease liability	<u>204,108</u>
	<u>238,741</u>
Fund balance	<u>2,388,213</u>
	<u><u>\$ 2,626,954</u></u>

The accompanying notes are an integral part of these financial statements.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
RECONCILIATION OF FUND BALANCE TO NET POSITION
DECEMBER 31, 2022**

Fund balance (pages 12 and 14)	\$ 2,388,213
Deferred revenues are not available to pay for current period expenditures and, therefore, are deferred in the fund financial statements	<u>14,281</u>
Net position (pages 10 and 11)	<u>\$ 2,402,494</u>

The accompanying notes are an integral part of these financial statements.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2022**

Revenues	
Property tax revenues, net of administrative fee	\$ 1,457,388
Revitalization study reimbursement income	220,000
Interest income	<u>15,169</u>
Total revenues	<u>1,692,557</u>
Expenditures	
Accounting	24,424
Business development	21,274
Cameras	132,500
Computer expense	2,385
Dues and subscriptions	1,449
Insurance	15,183
Legal ads	104
Legal fees	12,988
Occupancy expenses	39,768
Office supplies	1,376
Other	1,086
Payroll and related expenses	297,154
Postage and delivery	23
Programs, projects, and studies	916,781
Telecommunications	2,524
Website maintenance	<u>1,567</u>
Total expenditures	<u>1,470,586</u>
Increase in Fund Balance	221,971
Fund Balance, beginning of year	<u>2,166,242</u>
Fund Balance, end of year	<u><u>\$ 2,388,213</u></u>

The accompanying notes are an integral part of these financial statements.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
RECONCILIATION OF CHANGES IN FUND BALANCE TO CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022**

Change in Restricted Fund Balance (page 14)	<u>\$ 221,971</u>
Change in Restricted Net Position (page 11)	<u><u>\$ 221,971</u></u>

The accompanying notes are an integral part of these financial statements.

GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity, Formation, and Nature of Activities

The Gwinnett Place Community Improvement District (CID) was formed March 15, 2005 through a resolution of the Gwinnett County Board of Commissioners. The CID receives funding, through special tax assessments on commercial property within the CID area, to be used for restricted purposes outlined by the Gwinnett County Community Improvement Districts Act. Taxes are collected by the Gwinnett County Tax Commissioner and are disbursed to the CID less a one-percent processing fee.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements (pages 10 and 11)

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental-Fund Financial Statements (pages 12 to 14)

Governmental-fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when 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 government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Taxes, grants, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the CID receives cash.

Adoption of New Accounting Policy

Effective January 1, 2022, the CID adopted Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The CID adopted ASU 2016-02 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment to equity recognized upon adoption, if necessary. Adoption of ASU 2016-02 did not result in changes to the CID’s beginning equity balance.

GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Policy (Continued)

Additionally, upon adoption, the CID elected to use risk-free discount rate (United States Treasury Yield Curve Rate), an option only available to private entities, when calculating the present value of future lease payments and has made an accounting policy election to not recognize lease assets and lease liabilities for leases with terms of 12 months or less.

Adoption of this ASU resulted in the CID recording a right-of-use (“ROU”) asset and corresponding operating lease liability of \$234,645 on January 1, 2022 which represents the present value of future lease payments on the CID’s office lease further detailed in Note E at the date of adoption. Operating lease expense continues to be recorded on a straight-line basis throughout the lease term and the ROU asset and corresponding operating lease liability are reduced as lease payments are made.

Revenue Recognition

Property tax revenues are recorded when levied annually by the CID Board of Directors. Any tax, fee or assessment so levied is collected by the Gwinnett County Tax Commissioner in the same manner as any other taxes, fees and assessments levied by Gwinnett County (the “County”). The County is governed by the increased population provision of the Official Code of Georgia Annotated (OCGA) 48-5-23, which requires the Tax Commissioner to collect taxes in two payments. For the year 2021, property owners remitted payment on/before October 15. Tax revenues are reflected net of a 1% administrative fee charged by the County to the CID Board of Directors.

Fund Balance

The CID implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent.

The CID reports a Restricted Fund Balance which is defined as amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The CID’s Restricted Fund Balance reflects its’ mission of improving the CID.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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. Accordingly, actual results could differ from those estimates.

GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less from the date of purchase. The CID places its cash with high quality credit institutions in bank deposit accounts. The CID's cash and cash equivalents are maintained in fully collateralized demand deposit or money market accounts with a financial institution.

Property and Equipment

Property and equipment consist of leasehold improvements and a vehicle and are recorded at cost. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements. The vehicle was depreciated using the straight-line method over 5 years. As of December 31, 2022, all fixed assets were fully depreciated.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE B – RISKS AND UNCERTAINTIES

The CID depends on an annual tax assessment levied by the CID Board of Directors. The assessment amounts vary based upon the assessed value of property, and the mill-rate approved by the CID's board of directors. The CID's board of directors believes the CID has the resources to continue its programs, however, its ability to do so and the extent to which it continues is dependent upon the above factors.

NOTE C – RESTRICTED CASH AND DEFERRED REVENUES

Restricted cash and deferred revenues reported in the CID's balance sheet consists of SPLOST funds received from Gwinnett County (the "County") which had been received but were not appropriated at year end. At December 31, 2022, the CID had \$4,706 in unused SPLOST funds which is included in restricted cash on the accompanying statements of net position and balance sheet.

NOTE D – LINE OF CREDIT

The CID has an unsecured revolving line of credit agreement with a bank whereby the CID may borrow up to \$1,100,000. Borrowings under the agreement bear interest at LIBOR plus a two-point margin (an effective rate of 6.36% at December 31, 2022), with final payment of principal and unpaid interest due on March 31, 2023. There were no outstanding borrowings under the agreement at December 31, 2022.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE E – LEASE COMMITMENTS

As discussed in Note 2, the CID adopted ASC 842 *Leases* effective January 1, 2022. The CID has an operating lease agreement for its office space with a third party which expires in June 2029. As of December 31, 2022, the remaining lease term was 6.5 years and the discount rate was 3.88%.

At December 31, 2022, the CID's operating lease liability was comprised of the following:

Gross operating lease liability	\$ 233,729
Less: Imputed interest	<u>(29,621)</u>
Present value of operating lease liability	204,108
Less: current portion of operating lease liability	<u>(12,335)</u>
Long-term operating lease liability	<u><u>\$ 191,773</u></u>

The maturities of lease liabilities as of December 31, 2022 were as follows:

2023	\$ 19,844
2024	36,361
2025	37,460
2026	38,590
2027	39,752
Thereafter	<u>61,722</u>
Total lease payments	<u><u>\$ 233,729</u></u>

Rental lease expense for the year ended December 31, 2022 approximated \$40,000.

NOTE F – BUDGETARY INFORMATION

The CID adopted a formal budget for the general fund. The budget is prepared utilizing the accrual basis of accounting, comparable to actual amounts in the supplementary Statement of Activities and Changes in Net Position – Budget and Actual.

SUPPLEMENTARY INFORMATION
REPORTS AND OTHER SCHEDULES

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
GOVERNMENT WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts <u>Original</u>	Budgeted Amounts <u>Final</u>	Actual <u>Amounts</u>	Variance with Final Budget <u>Positive (Negative)</u>
Revenues and Other Support				
Property tax revenues	\$ 1,200,000	\$ 1,370,000	\$ 1,457,388	\$ 87,388
Investment income	<u>3,000</u>	<u>2,300</u>	<u>15,169</u>	<u>12,869</u>
	<u>1,203,000</u>	<u>1,372,300</u>	<u>1,472,557</u>	<u>100,257</u>
Expenses and Other Losses				
Operations	421,485	431,468	408,954	22,514
Programs	<u>532,650</u>	<u>559,673</u>	<u>539,019</u>	<u>20,654</u>
	<u>954,135</u>	<u>991,141</u>	<u>947,973</u>	<u>43,168</u>
Net change in Fund Balance	<u>248,865</u>	<u>381,159</u>	<u>524,584</u>	<u>143,425</u>
Other Income (Expenses)				
Revitalization study reimbursement income	-	-	220,000	220,000
Project expenses	<u>-</u>	<u>-</u>	<u>(522,613)</u>	<u>(522,613)</u>
	<u>-</u>	<u>-</u>	<u>(302,613)</u>	<u>(302,613)</u>
Restricted Net Position, Beginning of Year			<u>2,180,523</u>	
Restricted Net Position, End of Year			<u>\$ 2,402,494</u>	



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

Board of Directors Gwinnett Place Community Improvement District

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 Gwinnett Place Community Improvement District (the "CID"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the CID's basic financial statements, and have issued our report thereon dated as of the date of this letter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CID'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 CID's internal control. Accordingly, we do not express an opinion on the effectiveness of the CID'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 CID'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 CID'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 CID'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 CID's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith and Howard PC

April 3, 2023