

2019

Ocala Downtown Development District

Financial Statements

and Independent Auditor's Report

For Fiscal Year Ended September 30, 2019

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**OCALA DOWNTOWN DEVELOPMENT
DISTRICT
OCALA, FLORIDA**

SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Ocala
Ocala, Florida

Report on the Financial Statements

We have audited the financial statements of the Ocala Downtown Development District (the District), a blended special revenue fund within the City of Ocala, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 of 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 auditor's 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.

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The Honorable Mayor and City Council
City of Ocala
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2019, and its changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matters

Reporting Entity

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared solely for the purpose of complying with Florida Statutes, Section 218.39(h). In conformity with Florida Statutes, Section 218.39(h), the accompanying financial statements are intended to present the financial position and changes in financial position of the District of the City of Ocala, Florida, that is attributable to the District. The District is a blended special revenue fund within the City and does not purport to, and do not, present fairly the financial position of the City of Ocala as of September 30, 2019, and the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

COVID-19

As more fully described in Note 5 to the financial statements, the District may be negatively impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the budgetary comparison information, 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 (GASB), 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 MD&A and the budgetary comparison information, 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 MD&A and the budgetary comparison information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards


In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

The Honorable Mayor and City Council
City of Ocala
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the City Council, City Management, and the Florida Auditor General, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

June 30, 2020
Ocala, Florida

**OCALA DOWNTOWN DEVELOPMENT DISTRICT
CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

This supplement to the Independent Auditor's Report and Financial Statements has been developed in accordance with the Government Accounting Standards Board (GASB) Statement No. 34. It is intended to provide the readers of this report with a general overview of the financial activities of the Ocala Downtown Development District (the District). The District provides the following discussion and analysis of the District's financial activities for the fiscal year ended September 30, 2019. Management's Discussion and Analysis is designed to: (a) assist the reader to focus on significant financial issues, (b) provide an overview of the District's financial activities, (c) identify changes in the District's financial position, (d) identify material deviations from the financial plan, and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

THE DOWNTOWN DEVELOPMENT DISTRICT

The Ocala Downtown Development District was created under the laws of Florida, Chapter 67-1782, and Ordinance No. 266 of the City of Ocala (the City). The Governing Board of the District (the Board) is appointed by the Ocala City Council and, therefore, the City exercises significant influence over its operations and fiscal management. The District is considered a component unit for financial reporting purposes and is included as a blended special revenue fund within the City of Ocala's overall basic financial statements. The District has been determined by the State of Florida to be an Independent District pursuant to the provisions of Florida Statutes Section 200.001(8)(e) because it was established before the effective date of the 1968 Constitution and levy's taxes.

These financial statements are presented for the purpose of complying with state law, specifically Florida Statute Section 218.39(h), which requires separate audited financial statements for Independent Special Districts that have revenues or expenditures that exceed \$100,000.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$185,569.
- The District's fund balance decreased by \$30,289 as a result of 2019 operations.
- Revenues for fiscal year 2019 were \$102,514 while expenditures totaled \$97,459. In lieu of operating payments, transfers to the City's General Fund totaled \$35,344.
- For the period ended September 30, 2019, actual revenues exceeded budgeted revenues by \$22,776 while actual expenditures were \$11,979 less than budgeted expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

Governmental Funds. *Governmental funds* are typically used to account for tax-supported (governmental) activities. Governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's financial strength. The District's expendable financial resources and the related liabilities are accounted for through a special revenue fund.

**OCALA DOWNTOWN DEVELOPMENT DISTRICT
CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Special Revenue Funds. *Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Restricted Fund Balance. *Fund Balance* should be reported as Restricted when constraints placed on the use of resources such as enabling legislative, which authorizes the government to access, levy, charge, or otherwise mandate payment of resources. All of the District's fund balance is considered Restricted.

The District requires an audit every three years. During the period from fiscal year 2017 through fiscal year 2019, fund balance has decreased from \$212,734 to \$184,169, a decrease of approximately 13%.

DOWNTOWN DEVELOPMENT DISTRICT

	<u>2017</u>	<u>2019</u>
Revenues		
Property Taxes	\$ 73,272	\$ 79,911
Investment Income	1,128	22,603
Total Revenues	<u>74,400</u>	<u>102,514</u>
Expenditures		
Current:		
Economic Environment	33,982	46,043
Culture and Recreation	-	31,435
Capital Outlay	-	19,981
Depreciation	-	-
Total Expenditures	<u>33,982</u>	<u>97,459</u>
Excess of Revenues Over Expenditures	40,418	5,055
Other Financing Sources (Uses)		
Transfer Out	<u>(10,000)</u>	<u>(35,344)</u>
Net Change in Fund Balance	30,418	(30,289)
Fund Balances, Beginning of Year	<u>182,316</u>	<u>214,458</u>
Fund Balances, End of Year	<u>\$ 212,734</u>	<u>\$ 184,169</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the end of the current fiscal year, the District reported an ending fund balance of \$184,169, a decrease of \$30,289 in comparison with the prior year. Other key financial elements include the following:

**OCALA DOWNTOWN DEVELOPMENT DISTRICT
CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

- Property taxes totaling \$79,911 represented approximately 78% of all revenues.
- The District's fund balance of \$184,169 is restricted for specific purposes and can only be expended in the Downtown Development District.
- The Ocala City Council determines and adopts the millage rate for the District and the property tax revenue is used specifically for promotion and enhancement of the downtown area. For fiscal year 2019, the millage rates have been set at the rolled-back rates listed below.

FISCAL YEAR 2019 MILLAGE RATES

District A	1.7185
District B	1.6332
District C	1.5091

An annual budget is prepared for the District. The budget amounts presented below are the originally adopted and the legally amended final budget for the year ended September 30, 2019. During 2019, City Council approved various supplemental budget appropriations to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of the fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles.

DOWNTOWN DEVELOPMENT DISTRICT

	<u>Original Budget</u>	<u>Final Budget</u>
Revenues		
Property Taxes	\$ 103,970	\$ 79,738
Investment Income	-	-
Total Revenues	<u>103,970</u>	<u>79,738</u>
Expenditures		
Current:		
Economic Environment	50,480	85,480
Culture and Recreation	10,000	45,000
Capital Outlay	-	19,981
Total Expenditures	<u>60,480</u>	<u>150,461</u>
Excess of Revenues Over Expenditures	43,490	(70,723)
Other Financing Sources (Uses)		
Transfers Out	<u>(35,344)</u>	<u>(35,344)</u>
Net Change in Fund Balance	8,146	(106,067)
Fund Balances, Beginning of Year	<u>214,458</u>	<u>214,458</u>
Fund Balances, End of Year	<u>\$ 222,604</u>	<u>\$ 108,391</u>

**OCALA DOWNTOWN DEVELOPMENT DISTRICT
CITY OF OCALA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District’s capital assets, net of depreciation, totaled \$28,122. Capital assets include Land and Buildings, and Improvements and Equipment.

The District had one major capital asset addition in fiscal year 2019 of \$19,981.

At September 30, 2019, the District had no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

- The fiscal year 2019 budget has been prepared as the District continues its prescribed path of embracing change, reform and a culture of discipline intended to achieve new elevations and heights in organizational effectiveness and fiscal reform.
- The fiscal year 2019 budget is balanced with no tax increases.
- The District’s \$51.3 million property value for fiscal year 2019 reflects an increase of 3.9% from fiscal year 2018. The prior fiscal year experienced a 6.7% increase in property values. In fiscal year 2019, the total ad valorem revenue anticipated for these three districts is \$79,738 based on the following rolled-back millage rates:

**DOWNTOWN DEVELOPMENT DISTRICT
MILLAGE RATES**

	2018	2019	% Change
District A	1.7185	1.7185	0.00%
District B	1.6332	1.6332	0.00%
District C	1.5091	1.5091	0.00%

REQUEST FOR INFORMATION

This financial information is designed to present users with a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Office of Budget and Finance, Ocala City Hall, 110 SE Watula Avenue, Ocala, Florida 34471.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2019
OCALA DOWNTOWN DEVELOPMENT DISTRICT - OCALA, FLORIDA

	<u>Special Revenue Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets			
Equity in Pooled Cash and Investment Fund	\$ 183,752	\$ -	\$ 183,752
Accrued Interest Receivable	821	-	821
Due from Other Governments	996	-	996
Capital Assets:			
Capital Assets, Not Being Depreciated	-	12,137	12,137
Capital Assets, Being Depreciated, Amortized (Net)	-	15,985	15,985
Total Assets	<u>185,569</u>	<u>28,122</u>	<u>213,691</u>
Liabilities			
Accounts Payable	1,400	-	1,400
Total Liabilities	<u>1,400</u>	<u>-</u>	<u>1,400</u>
Fund Balance			
Restricted for Downtown Development	184,169	(184,169)	-
Total Fund Balance	<u>184,169</u>	<u>(184,169)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 185,569</u>		
Net Position			
Investment in Capital Assets		28,122	28,122
Restricted for:			
Downtown Development		184,169	184,169
Total Net Position		<u>\$ 212,291</u>	<u>\$ 212,291</u>

See accompanying notes.

FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
SEPTEMBER 30, 2019
OCALA DOWNTOWN DEVELOPMENT DISTRICT - OCALA, FLORIDA

	<u>Special Revenue Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
Revenues			
Property Taxes	\$ 79,911	\$ -	\$ 79,911
Investment Income	22,603	-	22,603
Total Revenues	<u>102,514</u>	<u>-</u>	<u>102,514</u>
Expenditures			
Current:			
Economic Environment	46,043	-	46,043
Culture and Recreation	31,435	-	31,435
Capital Outlay	19,981	(19,981)	-
Depreciation	-	3,996	3,996
(Total Expenditures)	<u>(97,459)</u>	<u>15,985</u>	<u>(81,474)</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(35,344)</u>	<u>-</u>	<u>(35,344)</u>
Net Change in Fund Balance	(30,289)	15,985	(14,304)
Fund Balance/Net Position, Beginning of Year	<u>214,458</u>	<u>12,137</u>	<u>226,595</u>
Fund Balance/Net Position, End of Year	<u>\$ 184,169</u>	<u>\$ 28,122</u>	<u>\$ 212,291</u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS
OCALA DOWNTOWN DEVELOPMENT DISTRICT
OCALA, FLORIDA**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Ocala, Florida (the City) conform to generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The Ocala Downtown Development District (the District) was created under the Laws of Florida, Chapter 67-1782, and Ordinance No. 266 of the City. The Governing Board of the District (the Board) is appointed by the Ocala City Council (the Council) and, therefore, the City exercises significant influence over its operations and fiscal management. The District is considered a component unit for financial reporting purposes and is included as a blended special revenue fund within the City's overall basic financial statements. The District has been determined by the State of Florida to be an Independent District pursuant to the provisions of Florida Statutes Section 200.001(8)(e) because it was established before the effective date of the 1968 State Constitution and levy's taxes.

Financial Statements

These financial statements are presented for the purpose of complying with state law, specifically Florida Statutes, Section 218.39(h), which requires separate audited financial statements for Independent Special Districts that have revenues or expenditures over \$100,000.

Entity-wide financial statements are prepared at the City-wide level by the City and include the District. Copies of that report can be obtained from the City's Office of Budget and Finance.

Basis of Presentation

The financial transactions of the District are recorded in an individual special revenue fund.

■ **Description of Funds and Account Groups**

- **Governmental Fund Type**—Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through a special revenue fund. The measurement focus is upon determination of changes in financial position rather than upon net income determination.
- **Special Revenue Funds**—Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than the debt service or capital projects.

Governmental fund balances are classified either as non-spendable or as spendable. Spendable fund balances are further classified below in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances.

NOTES TO FINANCIAL STATEMENTS
OCALA DOWNTOWN DEVELOPMENT DISTRICT
OCALA, FLORIDA

Non-spendable fund balance—include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. Non-spendable in governmental fund types are for inventories and prepaid items.

Restricted fund balance—include amounts that can be spent only for the specific purposes stipulated by external resources providers either constitutionally or through enabling legislation. Examples include grants and impact fees.

Committed fund balance—include amounts that can be only used for the specific purpose determined by a formal action of the government’s highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance—comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that the resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance—is the residual classification of the general fund only and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Measurement Focus

Governmental fund types are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Reported fund balance (net current assets) is considered a measure of “available, spendable, or appropriable resources”. Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Basis of Accounting

Governmental fund type revenues and expenditures are recognized on the modified accrual basis. This method recognizes revenues in the accounting period in which they become available and measurable. Expenditures are recognized in the period in which the fund liability is incurred (except unmatured interest on general long-term debt, which is recognized when due). Property taxes levied for the 2019 calendar year are not considered available at September 30, 2019, since a legally enforceable claim did not exist as of that date and those revenues are not collected in sufficient time thereafter to be used for fiscal 2019 expenditures.

Budgetary Requirements

An annual budget is prepared for all funds of the City, including the District. The budget amounts presented in the accompanying financial statements are as originally adopted, or as legally amended, by the City Council during the year ended September 30, 2019. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any budget

NOTES TO FINANCIAL STATEMENTS
OCALA DOWNTOWN DEVELOPMENT DISTRICT
OCALA, FLORIDA

amendments that alter the total expenditures of any fund must be approved by the City Council. During 2019, the City Council approved various supplemental budget appropriations to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles.

Property Taxes

Under Florida law, the assessment of all properties and the collection of all property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State of Florida regulating tax assessment are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit Independent Special Districts to levy property taxes at a rate of up to 10 mills.

The tax levy of the District is established by the City Council prior to October 1 of each year. The Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, independent districts, county, and school board tax requirements. The District is divided into three districts for tax levies. The fiscal year 2019 assessed tax rates for Districts A, B, and C were 1.7185, 1.6332, and 1.5091, respectively.

All property is reassessed according to fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State of Florida, Department of Revenue for review to determine if the rolls meet the requirements of Florida Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. Taxes paid in March are without discount.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Delinquent taxes on real property bear interest at 18% per year or as bid in a public sale of tax certificates. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property, or by the five-year statute of limitations.

The Board does not accrue its portion of the County held tax sale certificates or personal property tax warrants because such amounts are not measurable and available as of the balance sheet date.

Key dates in the property tax cycle for the fiscal year ended September 30, 2019, are as follows:

**NOTES TO FINANCIAL STATEMENTS
OCALA DOWNTOWN DEVELOPMENT DISTRICT
OCALA, FLORIDA**

Lien Date	January, 2018
Certification of Taxable Value	July 1, 2018
Certification of Final Taxable Value	October 1, 2018
Beginning of Fiscal Year for Tax Assessment	October 1, 2018
Final Public Hearing to Adopt Proposed Millage Rate	October 2, 2018
Tax Bills Rendered	November 1, 2018
Property Taxes Due by:	
Maximum Discount	November 30, 2018
Due Date	March 31, 2019
Delinquent After	April 1, 2019
Tax Certificates for Delinquent Taxes by	May 31, 2019

Equity in Pooled Cash and Investments

The City maintains a pooled cash fund, which allows the various funds, including the District, to pool monies for investment purposes. The City maintains records to identify the equity of each fund investing in the pool, as well as amounts borrowed from the pool. Investment earnings of the pool are recorded as earned and are allocated to the participating funds based on the respective funds average daily balance. The equity in pooled cash consists of cash, U.S. treasuries, federal instrumentalities, commercial paper, and money market funds. Further information on the City’s investments credit ratings, fair value levels, and effective duration of investments can be found in the notes to the annual financial statements of the City.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the statement of net assets of the City. Capital assets are recorded at historical cost if purchased or constructed. Property, plant and equipment with initial, individual cost that exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Buildings and Improvements are capitalized when their initial cost equal or exceed \$25,000 and possess estimated useful lives of more than one year.

Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The District capitalizes major expenditures for additions and improvements. Expenditures for maintenance and repairs are charged to operating expenses.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land	0
Buildings and Improvements	30
Equipment	5

Transfers

The District makes monthly transfers to the general fund to help augment the additional maintenance from public works above the normal performance provided for the City.

NOTES TO FINANCIAL STATEMENTS
OCALA DOWNTOWN DEVELOPMENT DISTRICT
OCALA, FLORIDA

Note 2 - Explanation of Difference Between the Government-Wide Financial Statements and the Governmental Fund Financial Statements

When capital assets that are to be used in governmental activities are purchased, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole.

Cost of Capital Assets	\$	38,706
Accumulated Depreciation		<u>(10,584)</u>
Difference	\$	<u>28,122</u>

Note 3 - Cash and Equity in Pooled Cash and Investments

Cash and Cash Equivalents

At September 30, 2019, the carrying amount of the District's cash deposits was \$183,752. These funds are part of the City's pooled cash funds. The pooled cash and investments of the City consist of cash, U.S. treasuries, federal instrumentalities, commercial paper, and money market funds. The City's cash deposits are held by a bank that qualifies as a public depository under the *Florida Security for Public Deposits Act* as required by Chapter 280, Florida Statutes. The City maintains an investment policy managing pooled cash and investments. Further information on the City's pooled cash and investments can be found in the notes to the annual financial statements of the City.

Note 4 - Capital Assets

Land, buildings and improvements, and tangible personal property of the District are reported as capital assets in the statement of net assets as part of the basic financial statements of the City. Upon acquisition, such assets are recorded as expenditures in the special revenue fund of the District and capitalized at cost in the capital asset accounts of the City.

Capital asset activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated				
Land	\$ 12,137	\$ -	\$ -	\$ 12,137
Total Capital Assets, Not Being Depreciated	<u>12,137</u>	<u>-</u>	<u>-</u>	<u>12,137</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	6,588	-	-	6,588
Equipment	-	19,981	-	19,981
Total Capital Assets, Being Depreciated	<u>6,588</u>	<u>19,981</u>	<u>-</u>	<u>26,569</u>
Less Accumulated Depreciation				
Buildings and Improvements	(6,588)	-	-	(6,588)
Equipment		(3,996)		(3,996)
Total Accumulated Depreciation	<u>(6,588)</u>	<u>(3,996)</u>	<u>-</u>	<u>(10,584)</u>
Total Capital Assets Being Depreciated, Net	<u>-</u>	<u>15,985</u>	<u>-</u>	<u>15,985</u>
Total Capital Assets, Net	<u>\$ 12,137</u>	<u>\$ 15,985</u>	<u>\$ -</u>	<u>\$ 28,122</u>

**NOTES TO FINANCIAL STATEMENTS
OCALA DOWNTOWN DEVELOPMENT DISTRICT
OCALA, FLORIDA**

Note 5 - Subsequent Event

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of our report causing significant declines in the financial markets and economic activity overall. The ultimate effect of these items is expected to be significant but is not quantifiable at this time.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019
OCALA DOWNTOWN DEVELOPMENT DISTRICT - OCALA, FLORIDA**

	Budgeted Amounts (GAAP Basis)		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 103,970	\$ 79,738	\$ 79,911	\$ 173
Investment Income	-	-	22,603	22,603
Total Revenues	<u>103,970</u>	<u>79,738</u>	<u>102,514</u>	<u>22,776</u>
Expenditures				
Current:				
Economic Environment	50,480	85,480	46,043	39,437
Culture and Recreation	10,000	45,000	31,435	13,565
Capital Outlay	-	19,981	19,981	-
Total Expenditures	<u>60,480</u>	<u>150,461</u>	<u>97,459</u>	<u>53,002</u>
Excess of Revenues Over Expenditures	43,490	(70,723)	5,055	75,778
Other Financing Sources (Uses)				
Transfers Out	(35,344)	(35,344)	(35,344)	-
Net Change in Fund Balance	8,146	(106,067)	(30,289)	75,778
Fund Balances, Beginning of Year	<u>214,458</u>	<u>214,458</u>	<u>214,458</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 222,604</u>	<u>\$ 108,391</u>	<u>\$ 184,169</u>	<u>\$ 75,778</u>

OTHER REPORTS

**INDEPENDENT AUDITOR'S 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**

The Honorable Mayor and City Council
City of Ocala
Ocala, Florida

We have audited, 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, the financial statements of the Ocala Downtown Development District (the District), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated June 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 on the District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we would consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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The Honorable Mayor and City Council
City of Ocala
Ocala, Florida

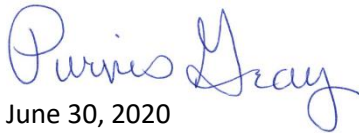
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with such 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 non-compliance 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 City'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 30, 2020
Ocala, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Mayor and City Council
City of Ocala
Ocala, Florida

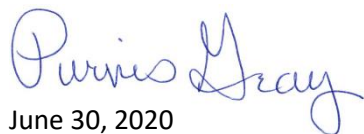
We have examined the Ocala Downtown Development District (the District) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District'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 District complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, 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 on the District's compliance with specific requirements.

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

This report 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, the District, its management, and the Board of the City of Ocala, Florida, and is not intended to be, and should not be used by anyone other than these specified parties.



June 30, 2020
Ocala, Florida

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MANAGEMENT LETTER

The Honorable Mayor and City Council
City of Ocala
Ocala, Florida

Report on the Financial Statements

We have audited the financial statements of the Ocala Downtown Development District (the District) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 30, 2020.

Auditor's 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 Auditor's 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*; and Independent Accountant's Report on examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 30, 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. There were no findings and recommendations made in the preceding annual 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 be disclosed in the Management Letter, unless disclosed in the notes to the financial statements (see Note 1 of the District's financial statements as of and for the year ended September 30, 2019, for this information).

Financial Condition and Management

Sections 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 District has met

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The Honorable Mayor and City Council
City of Ocala
Ocala, Florida

MANAGEMENT LETTER

one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that the District 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. It is management's responsibility to monitor the District'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 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.

Special District Component Units


Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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 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 Honorable Mayor, and City Council and management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 30, 2020
Ocala, Florida