

ANNUAL

FINANCIAL REPORT

Eatonville Community Redevelopment Agency

(A Component Unit of the Town of Eatonville, Florida)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Town of Eatonville



**Management's Discussion and Analysis
Basic Financial Statements**

**Fund Financial Statements, Required Supplementary Information,
Together with Independent Auditor's Reports.**

**Eatonville Community Redevelopment Agency
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

<u>TABLE OF CONTENTS</u>		
		Pages
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-7
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements		
Statement of Net Assets		9
Statement of Activities		10
Fund Financial Statements:		
Balance Sheet – Governmental Funds		11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position		12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds		13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		14
Notes to the Financial Statements		15-23
REQUIRED SUPPLEMENTARY INFORMATION:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund		24
Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund		24
COMPLIANCE SECTION:		
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 <i>Government Auditing Standards</i>		26-28
Independent Auditor's Management Letter in Accordance with the Rules of The Auditor General of the State of Florida		29-30
Independent Auditor's Report on Compliance Pursuant to Section 218.415 Florida Statutes		31

Eatonville Community Redevelopment Agency

For the Fiscal Year Ended September 30, 2019



Independent Auditor's Reports

Management's Discussion and Analysis



Honorable Chairman and Board of Directors
Eatonville Community Redevelopment Agency
Town of Eatonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Eatonville Community Redevelopment Agency (the "Agency") a component unit of the Town of Eatonville, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic 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 opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the General Fund of the Agency as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

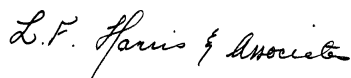
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–7 and 23 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, 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 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 our report dated June 15, 2020, on our consideration of the Agency'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 solely 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 the effectiveness of the Agency's 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 Agency's internal control over financial reporting and compliance.

L.F. Harris & Associates, CPA, P.A.



Orlando, Florida
June 15, 2020

**MANAGEMENT'S
DISCUSSION
AND
ANALYSIS**

Town of Eatonville



Management's Discussion and Analysis

As management of the Eatonville Community Redevelopment Agency, we offer readers of the Eatonville Community Redevelopment Agency's "the Agency" financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended September 30, 2019. Please read our discussion and analysis of the Agency's financial activities for the year ended September 30, 2019 in conjunction with the Agency's basic financial statements which immediately follow the discussion.

Financial Highlights

1. The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$1,439,972 (*net assets*), \$1,335,659 of which were restricted for community development
2. The Agency's total net assets decreased by \$29,018. Approximately 61% of this decrease is attributable to general operation and planning activities.
3. As of the close of the current fiscal year, the Agency's governmental funds reported an ending fund balance of \$1,337,869; which represents a decrease of \$27,726 in comparison with the prior year. The Agency invested \$80,035 in capital improvements in the Town.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Eatonville Community Redevelopment Agency's basic financial statements. The Agency's basic financial statements are comprised of three components:

- 1) Government-wide financial statements;
- 2) Fund financial statements; and
- 3) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Agency's assets and liabilities, with the difference between the two being reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information that demonstrates how the government's net position changed during the most recent fiscal year. All changes in position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Overview of the financial statements- (Continued):

items that will only result in cash flows in future fiscal periods (for example amounts due from the Town but are uncollected, and earned but unused vacation leave).

All of the Agency's revenues and expenditures are considered to be governmental activities for the community redevelopment.

These government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency is a Governmental fund.

Governmental Funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, 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 a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Agency maintains one individual governmental fund, the General Fund, for its activities.

The Agency adopts an annual appropriated budget for its general funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-23 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Agency's General Fund budgetary comparison schedule. The General Fund budgetary comparison schedules can be found on page 24 of this report.

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$1,559,779 at the close of the most recent fiscal year.

By far the largest portion of the Agency's net assets, ninety-three percent (93%), are restricted for community development. The Agency uses these assets to provide value to citizens by implementing its' redevelopment plans.

	Governmental Activities	
	2019	2018
Current and other assets	\$ 1,347,460	\$ 1,375,519
Capital assets	103,313	105,972
Total assets	1,450,773	1,481,491
Current liabilities	10,958	111,292
Long-term liabilities	843	2,209
Total liabilities	11,801	113,501
Net position:		
Invested in capital assets net of related debt.	103,313	105,972
Restricted.	1,335,659	1,262,018
Total net position	\$ 1,438,972	\$ 1,367,990

Eatonville Community Redevelopment Agency's Changes in Net Position

Governmental Activities: Governmental activities decreased the Agency's net position by \$29,018 thereby accounting for one hundred percent (100%) of the total decrease in the net Agency's assets.

	2019	2018
Revenues:		
General revenues:		
Tax increment financing	\$ 300,000	\$ 300,000
Miscellaneous revenue	1,174	50
Interest earnings	450	487
Total revenue	301,624	300,537
Expenses:		
General government	200,332	174,523
Economic environment	50,020	175,823
Redevelopment	80,035	104,983
Interest on long term debt	265	265
Total expenses	330,642	455,594
Decrease in net position before transfers	(29,018)	(155,057)
Transfers	-	-
Increase in net assets	(29,018)	(155,057)
Net position - beginning	1,467,990	1,523,047
Net position - end	\$ 1,438,972	\$ 1,367,990

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Government-wide Financial Analysis – (Continued)

The amount of tax increment financing revenue received from the Town and Orange County, Florida is determined by an interlocal agreement between the Town, Orange County Florida and the Agency. The funding remained constant between fiscal years 2019 and 2018.

Financial Analysis of the Town of Eatonville CRA

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with the legal requirements for financially related matters.

The focus of the Agency's General Fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements.

At the end of the current fiscal year, the Agency reported a fund balance of \$1,337,869 for the general fund. This represents a decrease of \$27,726 in comparison to the prior year's fund balance of \$1,365,595. As a measure of the Agency's liquidity, it may be useful to compare both Reserved fund balance to total fund expenditures. Reserved fund balance represents forty-eight times the Agency's fund expenditures for 2019. The CRA has ample funds available for future expenditures.

General Fund Budgetary Highlights Town of Eatonville CRA

In fiscal year 2018-2019, actual revenues were favorable over budgetary estimates by approximately \$1,175, and actual expenditures were favorable over budgetary estimates by \$1,151,399 under final appropriations for the fiscal year ended September 30, 2019. Refer to page 24 for budgetary comparison schedule.

Capital Asset and Debt Administration

Long-term debt: At the end of the current fiscal year, the Town of Eatonville CRA had \$843 in total long-term debt outstanding resulting from the leasing of office equipment. The remaining debt represents debt incurred by the Agency for operation purposes and are classified as current liabilities. Additional information on the Agency's long-term debt can be found in Note C, on page 20 of this report.

Capital assets: The Town of Eatonville CRA's investment in capital assets for its governmental fund as of September 30, 2019, amounts to \$103,313 (net of accumulated depreciation). This investment in capital assets includes land, leasehold improvements, equipment, and a concrete sign built for the Catalina Park neighborhood of the Town. Additional information on the Town of Eatonville CRA's capital assets can be found in Note G on page 21 of this report.

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Economic Factors "Future Growth"

Assessed property values within the community redevelopment district increased approximately 8% versus the prior year. The interlocal agreement between the Town, Orange County and the Agency requires a 16% increase in tax increment revenue to be contributed to the Agency.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information, should be addressed to the Office of the Finance Director, Eatonville Community Redevelopment Agency, 307 Kennedy Blvd., Eatonville Florida, 32751.

FINANCIAL STATEMENTS

Town of Eatonville



**Eatonville Community Redevelopment Agency
(A Component Unit of the Town of Eatonville, Florida)**

Statement of Net Assets

September 30, 2019

	<u>2019 Governmental Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,023,005
Prepaid expenses	2,175
Due from Town	<u>322,280</u>
Total Current Assets	<u>1,347,460</u>
Non-Current Assets	
Capital assets, Not being depreciated:	
Land and improvements	93,600
Capital assets, being depreciated:	
Leasehold improvements	2,265
Furniture and equipment	5,469
Signage	9,119
Less: accumulated depreciation	<u>(7,140)</u>
Total capital assets, net	<u>103,313</u>
Total assets	<u>\$ 1,450,773</u>
LIABILITIES	
Accounts payable	\$ 9,195
Accrued expenses	396
Note payable	1,367
Portion due or payable after one year:	
Note payable	843
Total liabilities	<u>11,801</u>
NET POSITION	
Invested in capital assets, net of related debt	103,313
Restricted for community development	<u>1,335,659</u>
Total net position	<u>1,438,972</u>
Total Liabilities and net position	<u>\$ 1,450,773</u>

The accompanying notes to financial statements are an integral part of this statement

**Eatonville Community Redevelopment Agency
(A Component Unit of the Town of Eatonville, Florida)**

Statement of Activities

For the Year Ended September 30, 2019

Function/Program	Program Specific Revenues				Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government:						
Governmental Activities:						
General government	\$ 200,322	\$ -	\$ -	\$ -	\$ (200,322)	\$ (200,322)
Physical environment	50,020	-	-	-	(50,020)	(50,020)
Redevelopment projects	80,035	-	-	-	(80,035)	(80,035)
Interest on long-term debt	265	-	-	-	(265)	(265)
	<u>\$ 330,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (330,642)</u>	<u>\$ (330,642)</u>
General Revenues:						
Tax increment revenues					300,000	300,000
Miscellaneous revenues					1,174	1,174
Interest and other income					450	450
Total General Revenues					<u>301,624</u>	<u>301,624</u>
Changes in Net Position					(29,018)	(29,018)
Net position at beginning of the year - As restated					<u>1,467,990</u>	<u>1,467,990</u>
Net position at end of the year					<u>\$ 1,438,972</u>	<u>\$ 1,438,972</u>

The accompanying notes to financial statements are an integral part of this statement

**Eatonville Community Redevelopment Agency
(A Component Unit of the Town of Eatonville, Florida)**

**Balance Sheet - Governmental Funds
September 30, 2019**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,023,005
Accounts receivable	
Due from Town	322,280
Prepaid and other assets	2,175
Total assets	\$ 1,347,460
LIABILITIES	
Accounts payable and accrued expenses	\$ 9,195
Accrued liabilities	396
Total liabilities	\$ 9,591
FUND BALANCES	
Non-spendable:	
Prepaid and other assets	\$ 2,175
Spendable:	
Restricted for community development	1,335,694
Total fund balances	1,337,869
Total liabilities and fund balances	\$ 1,347,460

The accompanying notes to financial statements are an integral part of this statement

**Eatonville Community Redevelopment Agency
(A Component Unit of the Town of Eatonville, Florida)**

**Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position**

For the Year Ended September 30, 2019

Total Fund Balances - Governmental Funds \$ 1,337,869

Amounts reported for governmental activities in the statement of net assets are different because:

Long-term liabilities, including notes payable, are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at the year end consist of :

Notes payable (2,210)

Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in the governmental funds. The cost of fixed assets is \$110,453 and the accumulated depreciation is \$(7,140)

Total Net Position - Governmental Activities 103,313
\$ 1,438,972

**Eatonville Community Redevelopment Agency
(A Component Unit of the Town of Eatonville, Florida)**

**Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds**

For the Year Ended September 30, 2019

	General Fund
REVENUES	
Tax Increment Financing	\$ 300,000
Interest Income	450
Miscellaneous Revenue	1,174
Total Revenue	301,624
 EXPENDITURES	
Current	
General Government	197,663
Physical Environment	50,020
Capital Expenditures	80,035
Debt Service Interest	265
Debt Service Principal	1,367
Total Expenditures	329,350
Excess (deficiency) of Revenues Over Expenditures	(27,726)
 OTHER FINANCING SOURCES (USES)	
Total other financing sources	-
Net change in fund balances	(27,726)
Fund balances at beginning of year - as restated	1,365,595
Fund balances at end of year	\$ 1,337,869

The accompanying notes to financial statements are an integral part of this statement

**Eatonville Community Redevelopment Agency
(A Component Unit of the Town of Eatonville, Florida)**

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended September 30, 2019

Net Changes in Fund Balances - Total Governmental Funds	\$ (27,726)
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (for example leases and notes)	-
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The net effect of various miscellaneous transactions	2
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. There were no capital outlays in the current period.

Depreciation expense of \$2,659 was reported in the current period.	<u>(2,659)</u>
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Governmental funds report debt payments as expenditures. However, they are not reported on the statement of activities. The amount paid during the year were \$1367

	<u>1,367</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (29,018)</u></u>
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**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE A: NATURE OF ORGANIZATION AND REPORTING ENTITY

The Town of Eatonville Community Redevelopment Agency (“Agency”), a public body was established on December 16, 1997. Pursuant to the requirements of Chapter 163, Part III of Florida Statutes, the Town of Eatonville Florida (“the Town”) with the consent of Orange County, created the Agency and designated the Redevelopment Area to foster improvement activities in Eatonville. The Agency uses future tax increment revenues to fund a variety of improvement projects.

The Redevelopment Plan for the Town is intended to formulate and implement a strategy for the Agency, for the comprehensive and coordinated revitalization of the Town’s Redevelopment Area (“CRA”) which encompasses the entire extent of the Town limits.

The Community Redevelopment Act (Florida Statutes, Chapter 163, Part III), as adopted by the Florida Legislature, provides the legislative authority for local governments to use creative approaches to redevelopment of unused or underutilized property within their communities. The Act primarily focuses upon overcoming the burdens of deteriorated, older areas of a community by outlining a comprehensive program to provide the legal framework and financing mechanisms for local government’s use to arrest the deterioration and encourage redevelopment of those ‘blighted’ areas.

Section three, Ordinance 97-08, established the Redevelopment Trust Fund. The Trust Fund is funded by municipal and county property tax revenues. These taxes are collected from properties within the boundaries of the CRA. The funding is comprised of the increases in property tax revenues above the base-tax revenues during 1997, the year the Agency was created. These tax increment revenues are the primary source of revenue for the Agency. Tax increment revenues are collected from two governmental entities that levy property taxes within the legally defined redevelopment area of the CRA, which is the Town of Eatonville, Florida and Orange County, Florida.

The funds shall be used by the Agency to finance or refinance any community redevelopment the Agency undertakes in the designated Area pursuant to the approved community redevelopment plan.

The Agency is a component unit of the Town of Eatonville, Florida (“Town”) for financial reporting purposes; the Agency has no component units that meet the criteria for inclusion in the Agency's basic financial statements. The governing board of the Agency consists of the Town’s Mayor and members of the Town Council. It also includes an appointee of the Town Council and an appointee of the County Commissioner for District 2.

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund statements. The government-wide financials (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the CRA. The Agency has no fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Operating type special assessments for maintenance and debt service are treated as charges for services; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as general revenues.

Measurement Focus / Basis of Accounting / and Financial Statement Presentation

The accounting and reporting policies of the Town of Eatonville, CRA relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB).

Measurement focus refers to what is being measured. Basis of accounting refers to the process of revenues and expenditures being recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as 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 the liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within ninety days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

The CRA has only one major governmental fund reported in basic financial statements, the general fund. The general fund is the general operating fund of the CRA. It is used to account for all financial resources. When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted resources first for qualifying expenditures, then restricted resources as they are needed.

Estimates

The preparation of financial statements in accordance with the modified accrual or accrual basis of accounting described in the previous paragraphs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets or liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Control

The Town of Eatonville CRA, in accordance with its bylaws and State Law, adheres to the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

Annual Operating Budget - An annual operating budget is prepared by the CRA's Finance Department. The CRA's Executive Director submits this proposed operating budget for the ensuing fiscal year to the CRA's Board for approval.

This budget includes proposed expenditures and the means by which to finance them, including a proposed Tax Increment Financing. Expenditures may not exceed legal appropriations. All appropriations lapse at year end. Amendments or revisions to the original budget require a Board resolution.

The budget for the CRA, is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts included in these financial statements are as formally amended by the CRA Board's during the year.

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term highly liquid investments with maturity dates within three months from the date of purchase. Cash and cash equivalents consist of petty cash and deposits held by qualified public depositories under Florida Law. All deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statute.

Investments

The Agency's investment policy is designed to ensure the prudent management of funds, and the availability of operating and capital funds when required, while earning a competitive return within the policy framework. The primary objectives, in order of priority, of investment activity shall be safety, interest rate risk, liquidity and yield. As of September 30, 2019, the Agency did not have any investments.

Due from the Town

The due from the Town balance of \$322,280 results from services provided to the Town prior to 2019.

Capital Assets

Capital Assets are defined by the Agency as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are reported at fair value. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets are depreciated using the straight-line method over the assets' estimated useful lives of all reported capital assets, except land and land improvements. The estimated useful life of furniture, fixtures and equipment is four to ten years.

Compensated Absences

It is the Agency's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the fund financial statements of the governmental funds if the benefits are expected to be liquidated with expendable available financial resources.

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity / Net Position

Fund Equity

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent, as follows:

- Non-spendable fund balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts that are restricted to specific purposes when constraints placed on the use of revenues are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.
- Assigned fund balance – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purpose within the general fund.

When both restricted and unrestricted amounts are available for use, it is the Agency’s practice to use unrestricted resources first. Additionally, the Agency would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance.

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE C: CAPITAL LEASES

The Town’s governmental activities entered into leasing agreements as a mechanism for financing the acquisitions of certain equipment. These lease agreements qualify as capital leases under the Provisions of ASC 840 and have been recorded at the present value of their future minimum lease payments as of the inception dates of the agreements.

The assets acquired through capital leases are as follows:

Assets Capitalized	Amount
Equipment	\$ 5,469
Less accumulated amortization	(3,646)
Net book value of assets capitalized	\$ 1,823

Future minimum lease payments are as follows:

FYE September 30,		
2020	\$	1,367
2021		843
Total	\$	<u>2,210</u>

NOTE D: FUND BALANCES

At September 30, 2019, the Agency reported fund balance of \$1,337,869 in its general fund. Of This amount \$1,335,694 was restricted, for community development purposes.

NOTE E: COMMITMENTS AND CONTIGENCIES

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency purchases commercial insurance for the risks of loss to which it is exposed. Policy limits and deductibles are reviewed by management and established at amounts to provide reasonable protection from significant financial loss. The Agency is involved in legal actions and claims arising in the normal course of business. After taking into consideration legal counsel’s evaluations of such actions, management is of the opinion that their outcome will not have a significant effect on the CRA’s financial statements.

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE F: RELATED PARTY TRANSACTIONS

The Agency is a blended component unit of the Town of Eatonville, Florida. For the year ended September 30, 2019, the Agency's tax increment revenues include \$183,566 received from the Town. In addition, the Agency reimbursed the Town for services performed on behalf of the Agency such as recording, information technology services, human resource and payroll services, paid during the year. Payment to the Town for these services during the year ended September 30, 2019 totaled \$113,219.

NOTE G: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2019, is as follows:

	Balance at 9/30/2018	Additions	Deletions	Balance at 9/30/2019
Land and improvements	\$ 93,600	\$ -	\$ -	\$ 93,600
Capital assets, being depreciated:				
Improvements	2,265	-	-	2,265
Furniture and Equipment	5,469	-	-	5,469
Signage	9,119	-	-	9,119
Total capital assets, being depreciated	<u>16,853</u>	<u>-</u>	<u>-</u>	<u>16,853</u>
Less accumulated depreciation for:				
Improvements	227	228	-	455
Furniture and Equipment	3,646	1,823	-	5,469
Signage	608	608	-	1,216
Total accumulated depreciation	<u>4,481</u>	<u>2,659</u>	<u>-</u>	<u>7,140</u>
Total capital assets, being depreciated, net	<u>12,372</u>	<u>-</u>	<u>-</u>	<u>9,713</u>
Total capital assets, net of accumulated depreciation	<u>\$ 105,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,313</u>

Depreciation expense of \$2,659 was charged to general government for fiscal year 2019.

NOTE H: Economic development programs

The Agency established economic and redevelopment programs in an effort to promote the elimination of blighting influences and the redevelopment of and retain existing businesses located in the CRA area as well as attract new businesses and residences to the Town of Eatonville, Florida. These include Code Compliance Program, Curb Appeal Grant and Infill Construction Loan Program. During the fiscal year 2019, the Agency closed and disbursed \$50,000 in Economic Development Grants.

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE I: NEW PRONOUNCEMENTS ISSUED

The following new pronouncements effective for the fiscal year ending September 30, 2019 were adopted by the Agency, but it was determined by management that such pronouncements did not have an effect on the Agency's financial reporting:

GASB Statement No. 83, Certain Asset Retirement Obligations

GASB Statement No 88, Certain Disclosures Related to Debt, including Direct Borrowings and Placements

NOTE J: DEPOSITS AND WITHDRAWALS

As required by Florida Statute 163.387 subsection (8) (b) 1 the following schedule describes the amount and source of deposits into, and the amount and purpose of withdrawals from the trust fund during fiscal year ending September 30, 2019:

Source of Deposits:

Tax increment financing -Town	\$ 494,395
Tax increment financing - Orange County	300,597
Interest earnings	451
Miscellaneous revenue	1,174
Total sources	<u>\$ 796,617</u>

Purpose of Withdrawals:

Tax increment financing rebate-Town	\$ 307,828
Tax increment financing rebate – Orange County	187,163
Professional services	53,607
Salaries and Benefits	113,219
Repairs & maintenance	3,590
Operations	26,092
Neighborhood enhancements	130,055
Travel	2,787
Total withdrawals	<u>\$ 824,341</u>

NOTE K: SUBSEQUENT EVENTS

The Agency evaluated subsequent events during June 15, 2020, the date the financial statements were available to be issued, and does not believe that there are any such events or transactions that require disclosure.

**EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE L: RESTATEMENT

During the current year, the Agency determined that its interpretation of the allowability of incurring certain expenses under a joint agreement with the Town of Eatonville was incorrect. Expenditures totaling \$100,000 were incorrectly accrued as Due to Town in the General Fund. To correct this error, the beginning fund balance of the General Fund of \$1,265,595, as originally reported, has been increased to \$1,365,595. In addition, beginning net position for governmental activities of \$1,367,990, as originally reported, has been increased to \$1,467,990.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Town of Eatonville



**Eatonville Community Redevelopment Agency
(A Component Unit of the Town of Eatonville, Florida)**

**Required Supplementary Information
Budget Comparison Schedule - General Fund**

For the Year ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Tax Increment Financing	\$ 299,000	\$ 299,000	\$ 300,000	\$ 1,000
Interest	-	-	450	\$ 450
Miscellaneous Revenues	-	-	1,174	1,174
Total Revenues	<u>299,000</u>	<u>299,000</u>	<u>301,624</u>	<u>2,624</u>
EXPENDITURES				
General Government	292,783	296,950	197,663	99,287
Physical Environment	385,000	285,000	50,020	234,980
Capital Outlay	790,000	890,000	80,035	809,965
Debt Service	1,632	1,632	1,632	-
Total Expenditures	<u>1,469,415</u>	<u>1,473,582</u>	<u>329,350</u>	<u>1,144,232</u>
Excess (deficiency) of revenues over expenditures	<u>(1,170,415)</u>	<u>(1,174,582)</u>	<u>(27,726)</u>	<u>1,146,856</u>
Fund balances at beginning of year	<u>1,265,595</u>	<u>1,265,595</u>	<u>1,365,595</u>	<u>-</u>
Fund balances at end of year	<u>\$ 95,180</u>	<u>\$ 91,013</u>	<u>\$ 1,337,869</u>	<u>\$ 1,146,856</u>

Budget Information:

The Budget is prepared on a modified accrual basis consistent with accounting principles generally accepted in the United States of America (GAAP), with the exception of compensated absences. Compensated absences are budgeted only to the extent expected to be paid, rather than on the modified accrual basis. The level of control at which expenditures may not exceed budget is in the aggregate. Budget amendments that increase the aggregate budgeted appropriations must be approved by the Board. Unexpended balances of appropriation lapse at year end.

COMPLIANCE SECTION

Town of Eatonville





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*

Honorable Chairman and Board of Directors
Eatonville Community Redevelopment Agency
Town of Eatonville, Florida

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 governmental activities, and the general fund of Eatonville Community Redevelopment Agency (the "Agency"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated June 15, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, certain deficiencies in internal control were identified by the Orange County Comptroller's office and included in their report dated December 30, 2019. They are considered to be significant deficiencies and are described below:

Finding 2019-001

Criteria: The Agency's policies stipulate only the Board of Directors has the authority to authorize and contractually bind the Agency.

Statement of Condition: Awarding of a \$100,000 infill program construction loan was approved by the executive director without prior board approval.

Statement of Cause: The Board authorized the Agency's new Executive Director to implement the program. However, the Executive Director is authorized to commit the Agency in contracts up to \$2,000 per month with dual signature of the Chairman per the Agency's policies.

Possible Asserted Effect: None.

Managements Response: No funds were expended and the awarded loan has not distributed to awarding applicant. All future contracts will be presented to the Board for approval consistent with the Town of Eatonville procurement policy as amended and adopted by the Agency and as required by statute.

Finding 2019-002

Criteria: The Agency's contracted professional services without competitive negotiation as required by Florida Statute 287.055.

Statement of Condition: Awarded two professional service contracts for \$79,000 and \$45,000 for architectural services to develop conceptual master plans without proof of compliance with Florida Statute 287.055.

Statement of Cause: The Board approved the proposed contracts for the architectural services under the assumptions a continuing service contract was still in effect.

Possible Asserted Effect: None

Managements Response: The Agency's Board approved piggybacking on Orange County's and the Town's cooperative procurements. The contracts were subsequently awarded by the Agency piggybacking on a County contract.

The Agency's response to the findings identified in our audit is described previously. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

L.F. Harris & Associates, CPA, P.A.

L.F. Harris & Associates

Orlando, Florida
June 15, 2020



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

Honorable Chairman and Board of Directors
Eatonville Community Redevelopment Agency
Town of Eatonville, Florida

Report on the Financial Statements

We have audited the financial statements of the Eatonville Community Redevelopment Agency (the "Agency"), a component unit of the Town of Eatonville, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 15, 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated June 15, 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 financial audit report. There were no findings or 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 and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such disclosures are made in note A to the Agency's financial statements.

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 Agency met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Agency 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 for the Agency. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and 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.

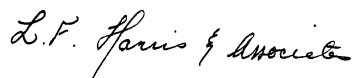
Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance 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 Board of Directors and management of the Agency, and is not intended to be and should not be used by anyone other than these specified parties.

L.F. Harris & Associates, CPA, P.A.



Orlando, Florida
June 15, 2020



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
FLORIDA STATUTE SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Honorable Chairman and Board of Directors
Eatonville Community Redevelopment Agency
Town of Eatonville, Florida

We have examined the Eatonville Community Redevelopment Agency (the “Agency”), a component unit of the Town of Eatonville, Florida, compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2020. Management of the Agency is responsible for the Agency’s compliance with those requirements.

Our responsibility is to express an opinion on the Agency’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 Agency complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, 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 Agency’s compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2020.

This report is intended solely for the information and use of the Florida Auditor General, the Agency’s Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

L.F. Harris & Associates, CPA, P.A.

L.F. Harris & Associates

Orlando, Florida
June 15, 2020