

Dunnellon
Community Redevelopment Agency

(a component unit of the City of Dunnellon, Florida)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORTS

Fiscal year ended September 30, 2020

Dunnellon Community Redevelopment Agency

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the City Council of the Dunnellon Community Redevelopment Agency
City of Dunnellon, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Dunnellon Community Redevelopment Agency (the CRA) a component unit of the City of Dunnellon, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA'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 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 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.

Opinion

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 major fund of the Dunnellon Community Redevelopment Agency as of September 30, 2020, 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.

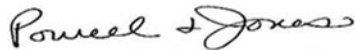
Other Matters

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 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 May 27, 2021, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Dunnellon Community Redevelopment Agency's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
May 27, 2021

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Management's Discussion and Analysis

September 30, 2020

The Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the Dunnellon Community Redevelopment Agency's ("CRA") financial activities, a component unit of the City of Dunnellon, Florida ("City"). The analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the CRA's financial activity, identify the changes in the CRA's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues of concern.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the CRA's financial statements and independent auditors' report (beginning on Page 1).

Financial Highlights

- The CRA's assets exceeded its liabilities at the close of fiscal year 2020 by \$908,022 (net position), all of which is restricted for community redevelopment uses.
- The CRA's total net position increased by \$204,904 or 29% for the year ended September 30, 2020.
- Total revenues increased by \$79,616 or 4% during the year ended September 30, 2020.
- Total expenses increased by \$27,760 or 63% for the year ended September 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements focus on both the CRA as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the CRA's accountability. The Statement of Net Position and Statement of Activities seek to give the user a combined overview of the CRA's financial position.

The financial statements use accrual accounting (which focuses on economic resources) in the government-wide statements, while maintaining modified accrual accounting (which focuses on current financial resources—budget basis) at the fund level (governmental funds only). This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements. The CRA'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.

Government-wide Financial Statements

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

The Statement of Net position presents information on all the CRA's assets and liabilities with the residual measure reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CRA is improving or deteriorating.

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Management's Discussion and Analysis

September 30, 2020

The statement of activities presents information showing how the CRA's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by private-sector business in that revenue is recognized when earned or established criteria are satisfied, and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the year, and expenses are reported even though they may not have used cash during the current fiscal year. Both government-wide financial statements are designed to distinguish functions of the CRA that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The CRA does not engage in business-type activities and as such, no business-type activities are reported in the financial statements.

The governmental activities of the CRA are exclusively comprised of the community redevelopment function. The government-wide financial statements can be found by referencing the table of contents of this report.

Fund Financial Statements

Fund financial statements: Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the CRA, rather than reporting on the CRA as a whole. The CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities if there are any differences between the two.

The CRA maintains only one fund, a major governmental fund designated as the general fund.

The basic governmental fund financial statements can be found by referencing the table of contents 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 by referencing the table of contents 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 CRA's general fund budgetary comparisons. Required supplementary information can be found by referencing the table of contents of this report.

DUNNELLO COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Management's Discussion and Analysis

September 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current year, the CRA's net position was \$908,022. The following table reflects a summary of net position compared to the prior year. For additional information, see the Statement of Net Position by referring to the table of contents of this report.

**Statement of Net Position (Summary)
as of September 30,**

	Governmental Activities	
	2020	2019
Current assets	\$ 913,971	\$ 708,848
Total assets	913,971	708,848
Current liabilities	5,949	5,730
Total liabilities	5,949	5,730
Net position:		
Restricted	908,022	703,118
Total net position	\$ 908,022	\$ 703,118

The total balance of unrestricted net position, \$908,522 or 100% of the CRA's net position in 2020 is reported as restricted and can only be used for community redevelopment activities in accordance with Chapter 163, Florida Statutes and the community redevelopment plan.

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Management’s Discussion and Analysis

September 30, 2020

Statement of Activities - The following table reflects a summary of the Statement of Activities which can be found by referring to the table of contents of this report.

Statement of Activities (Summary)
For the year ended September 30,

	Governmental Activities	
	2020	2019
Revenues:		
<i>General revenues:</i>		
Property taxes - CRA	\$ 275,700	\$ 196,128
Other	888	844
Total revenues	276,588	196,972
Expenses:		
Governmental activities:		
Community redevelopment	71,684	43,924
Total expenses	71,684	43,924
Change in Net Position	204,904	153,048
Net position - Beginning	703,118	550,070
Net position - Ending	\$ 908,022	\$ 703,118

During 2020, the governmental activities’ net position increased by \$204,904 compared to an increase of \$153,048 in the prior year. The main reason for the current year changes are as follows:

- Total property tax increment revenue increased by \$79,572 or 41% due to increased property values within the CRA District.
- Total expenses increased by \$27,760 or 63%.

FINANCIAL ANALYSIS OF THE CRA’S FUNDS

Governmental funds: The focus of the CRA’s governmental fund (general fund) statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CRA’s financing requirements.

As of the end of the current fiscal year, the CRA’s sole fund, the general fund, reported ending fund balances of \$908,022 an increase of \$204,904 in comparison with the previously reported balance in the prior year of \$703,118. The prior year change in fund balances was an incline of \$153,048. The entire fund balance of the CRA’s general fund is restricted for community development expenditures.

The major changes in the current year in comparison to the prior year are detailed above in the statement of activities section.

DUNNELLO COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Management's Discussion and Analysis

September 30, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues and other financial sources were less than budgeted resources by \$301,542 and actual expenditures were \$506,446 less than budgeted resulting in an overall favorable budget variance of \$204,904. The general fund budget was amended during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Additional information on the CRA's capital assets can be found in Note 5 of the Notes to the Financial Statements.

Long-term obligations. At the end of the current fiscal year the CRA reported no long-term obligations.

REQUEST FOR INFORMATION

This financial report is designed to provide users with a general overview of the CRA'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, 20750 River Drive, Dunnellon, Florida 34431 or telephone (352) 465-8500. You can also access our website at www.dunnellon.org.

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Statement of Net Position

September 30, 2020

	Governmental
	Activities
ASSETS	
Equity in pooled cash and investments	\$ 913,971
TOTAL ASSETS	913,971
LIABILITIES	
Accounts payable and accrued expenses	5,949
TOTAL LIABILITIES	5,949
NET POSITION	
Restricted for:	
Community redevelopment	908,022
TOTAL NET POSITION	\$ 908,022

The accompanying notes are an integral part of these financial statements

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Statement of Activities

For the year ended September 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grant and Contributions	
Governmental activities:				
Economic environment	\$ 71,684	\$ -	\$ -	\$ (71,684)
Total governmental activities	71,684	-	-	(71,684)
GENERAL REVENUES				
Taxes:				
Property taxes, levied for community redevelopment purposes				275,700
Investment earnings				781
Miscellaneous				107
Total general revenues				<u>276,588</u>
CHANGE IN NET POSITION				<u>204,904</u>
NET POSITION, beginning of year				<u>703,118</u>
NET POSITION, end of year				<u><u>\$ 908,022</u></u>

The accompanying notes are an integral part of these financial statements

DUNNELLO COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Balance Sheet – Governmental Fund

September 30, 2020

	General Fund
ASSETS	
Equity in pooled cash and investments	\$ 913,971
TOTAL ASSETS	<u>\$ 913,971</u>
LIABILITIES	
Accounts payable	5,949
TOTAL LIABILITIES	<u>5,949</u>
FUND BALANCE	
Restricted for:	
Community redevelopment	908,022
TOTAL FUND BALANCES	<u>908,022</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 913,971</u>
 SUMMARY RECONCILIATION TO THE GOVERNMENT WIDE FINANCIAL STATEMENTS:	
FUND BALANCES - TOTAL GOVERNMENT FUND	\$ 908,022
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 908,022</u>

General Fund balance is the same as net position of governmental activities.

The accompanying notes are an integral part of these financial statements

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund

For the year ended September 30, 2020

	General Fund
REVENUES:	
Taxes	\$ 275,700
Fines and forfeitures	107
Other	781
Total revenues	<u>276,588</u>
EXPENDITURES:	
Current:	
Economic environment	22,061
Capital outlay	49,623
Total expenditures	<u>71,684</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>204,904</u>
NET CHANGE IN FUND BALANCE	204,904
FUND BALANCE, beginning of year	<u>703,118</u>
FUND BALANCE, end of year	<u>\$ 908,022</u>
 SUMMARY RECONCILIATION TO THE GOVERNMENT WIDE FINANCIAL STATEMENTS:	
 NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	 \$ 204,904
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	 <u>\$ 204,904</u>

The net change in fund balance of the governmental fund is the same as the change in net position of governmental activities.

The accompanying notes are an integral part of these financial statements

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Dunnellon Community Redevelopment Agency's ("CRA") financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established by GAAP and used by the CRA are discussed below.

A. REPORTING ENTITY

The CRA is a dependent special district created by the City of Dunnellon, Florida (the "City") by City Ordinances 00-3 and 2011-07 pursuant to Florida Statutes Chapter 163. The CRA was created to eliminate and prevent the spread of blight throughout the redevelopment area pursuant to the City of Dunnellon City Council findings of blight, Chapter 163, Part III, of the Florida Statutes (The Florida Community Redevelopment Act) and the City of Dunnellon Community Redevelopment Plan adopted by the City of Dunnellon City Council. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The Board of Directors of the CRA is comprised of the five City Council members.

While the City and the CRA are separate legal entities, the parties share the mutual goal of redevelopment within the CRA District. The City provides administrative support services in the same manner as provided by the City in the conduct of its own affairs or as otherwise provided by the CRA Plan. City Management has operational responsibility for the CRA.

The accompanying financial statements present the CRA. Criteria for determining if other entities are potential component units of the CRA which should be reported with the CRA's basic financial statements are identified and described in the GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The application of these criteria provides for identification of any entities for which the CRA is financially accountable and other organizations for which the nature and significance of their relationship with the CRA are such that exclusion would cause the CRA's basic financial statements to be misleading or incomplete. Based on these criteria, the financial reporting entity does not include or exclude any component units.

The City is financially accountable for the CRA and as such, the CRA is reported as a blended component unit in the City's basic financial statements.

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

B. BASIS OF PRESENTATION

The basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide Financial Statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all the nonfiduciary activities of the CRA. The effects of interfund activity would have been removed from these statements if there were any interfund activity. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from any Business-type activities, which rely to a significant extent on fees and charges for support. The CRA does not engage in any business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment, including depreciation. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - The financial transactions of the CRA are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Each major fund is presented in a separate column and all non-major funds are aggregated and presented in a single column. Due to the CRA's fund structure, there were no non-major funds.

The financial activities of the CRA are reported in a single governmental "general" fund. There are no other governmental funds, no proprietary funds nor any fiduciary funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions are reported as liabilities until the eligibility requirements (excluding time requirements) are met and as deferred inflows if received before time requirements are met and all other eligibility requirements have been satisfied.

D. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE

CASH AND CASH EQUIVALENTS - The City maintains a central pooled cash account that is used by all operating funds of the City, including the CRA. Interest income earned in the pooled cash and investments account is allocated to the individual funds based on their respective monthly balances. The CRA's "share" of the pooled cash and cash equivalent account is reported as a component of cash and cash equivalents on the accompanying balance sheet/statement of net position and includes a share of all deposits with banks and financial institutions including certificates of deposit and all highly-liquid investments (with original maturities of three months or less), including repurchase agreements, short-term commercial paper and investments in state pools of the City. The CRA also maintains two separate bank accounts outside of the City's centralized cash and cash equivalent pool.

INVESTMENTS – Investments are reported at fair value or amortized cost, which approximates fair value. Purchases and sales of investments are reflected on trade dates. Net realized gains or losses on sales of investments are based on the cost of investments applied on a first-in, first-out basis and are reflected in current operating results. The CRA had no investments at year end.

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

CAPITAL ASSETS - In the government-wide financial statements, capital assets may include land, buildings, improvements, construction in progress, and furniture and equipment.

The CRA often engages in the construction, renovation, and/or acquisition of capital assets which may include land, buildings, improvements or furniture and equipment. None of these assets are titled to the CRA and the CRA does not have operational oversight nor obligation for ongoing repair and maintenance of the assets rather the assets are transferred to the City upon acquisition or upon completion of construction or renovation.

For long term construction or renovation projects, the costs are capitalized as construction in progress in the governmental activities of the CRA and are transferred to the City upon completion. Capital assets that are donated to the City are reported as a functional expense in the statement of activities.

In the event that capital assets are purchased and titled to the CRA or if the CRA is obligated for ongoing operational responsibility of a capital asset, the CRA would report these at historical cost, if purchased and at estimated acquisition value if donated. Capital assets are defined by City policy as those assets with an individual cost of \$5,000 or more and an estimated useful life in excess of one year. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets, are charged to expense.

In the fund financial statements, capital assets used in governmental fund operations or those that are, or will be, donated to the City are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

INTEREST COSTS - Interest costs are recognized as an expense in the period in which the cost is incurred in the statement of activities or as an expenditure on a basis consistent with governmental fund accounting principles in the statement of revenues, expenditures and changes in fund balance.

LONG-TERM OBLIGATIONS - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The CRA had no long-term debt at year end.

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

EQUITY CLASSIFICATIONS -

Government-wide Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

- *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The CRA had no capital assets at year end.
- *Restricted net position* - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position is available for use, it is the CRA's policy to use restricted net position first, and then unrestricted net position as they are needed.

Fund Statements - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the CRA is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the CRA's circumstances. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable* - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted* — This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* — This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the CRA Board of Directors. These amounts cannot be used for any other purpose unless the CRA Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

- *Assigned* — This classification includes amounts that are constrained by the CRA's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the CRA Board of Directors or through the CRA Board of Directors delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- *Unassigned* — This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.

The details of the fund balances are included in the governmental fund's balance sheet. The CRA uses restricted funds first, followed by committed resources, and then assigned resources, as opportunities arise, but reserves the right to selectively spend unassigned resources first.

USE OF ESTIMATES – The preparation of the basic financial statements in conformity with generally accepted accounting principles, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the basic financial statements. Actual results could differ from estimates.

NOTE 2 - PROPERTY TAX CALENDAR AND INCREMENTAL PROPERTY TAX REVENUE

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Council prior to October 1 of each year and the Marion County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills.

The CRA's primary source of revenue is tax-increment funds. This revenue is computed by applying the respective operating tax rates for the City and Marion County, Florida (the "County") multiplied by the increased value of property located within the boundaries of the redevelopment areas of the CRA in excess of the base property value, minus 5%. The City and County are required to fund this amount annually by January 1 of each year without regard to tax collections or other obligations.

The City and County millage rates in effect for the fiscal year ended September 30, 2020 were 6.5000 and 4.42, respectively.

The tax levy of the City/County is established by the City Council/County Commission prior to October 1 of each year. All property is reassessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

DUNNELLON COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 3 - BUDGETARY LAW AND PRACTICE

The budget is approved by the Board of Directors of the CRA and then formally adopted by Resolution on a City-wide basis for all City funds, including the CRA, on or before October 1 of each year as required by State Statute. Because the City has operational responsibility for the CRA, the CRA utilizes the City's budgetary level of control policy which establishes the legal level of budgetary control at the department level for all the CRA's funds. Expenditures may not exceed appropriations at this level. The budgets for all CRA funds are adopted on the modified basis of accounting.

All final budget amounts presented in the accompanying supplementary information have been adjusted for legally authorized amendments.

NOTE 4 - DEPOSITS AND INVESTMENTS

DEPOSITS IN FINANCIAL INSTITUTIONS – As previously discussed, the amounts reported as cash and cash equivalents include the CRA's claim on the cash and cash equivalent pool maintained by the City. The remainder of this note refers to City investment and risk policies. Because City Management has operational responsibility for the CRA and because a portion of the CRA funds is combined with other City funds for investment purposes, references to the City apply to the CRA because of this arrangement.

Municipalities in Florida are required by State Statute Chapter 280 - "Security for Public Deposits Act", to deposit operating funds only with financial institutions who are members of the State of Florida collateral pool ("qualified public depositories"). The State of Florida collateral pool is a multiple financial institution collateral pool with the ability to make additional assessments to satisfy the claims of governmental entities if any member financial institution fails. This ability provides protection which is similar to depository insurance.

The captions on the government-wide statement of net position for "equity in pooled cash and investments" is comprised of the following:

Cash deposits in financial institutions:	
Insured or fully collateralized bank deposits	\$ 913,971
CRA's share of City cash and investments pool	-
Total equity in pooled cash and investments	<u>\$ 913,971</u>

On September 30, 2020, 100% of the City's cash pool consisted of deposits in financial institutions.

DUNNELLO COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Notes to Financial Statements

September 30, 2020

NOTE 5 - CAPITAL ASSETS

All expenditures for capital assets are classified as additions to the governmental capital assets of the City of Dunnellon and are not separately included as capital assets of the CRA fund.

NOTE 6 – RISK MANAGEMENT LITIGATION

During the ordinary course of its operations, the CRA may be exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The CRA is covered by the City’s insurance plans. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. In the opinion of the City’s management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the CRA.

The CRA may be contingently liable with respect to lawsuits and other claims which arise in the ordinary course of carrying out its public service. Management believes that any losses not covered by insurance which may ultimately be incurred as a result of the suits and claims will not be material, with the exception of attorney’s fees which are not determinable.

NOTE 7 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions - the CRA had no material violations of finance related legal and contractual provisions.

Deficit Fund Balance or Net Position of Individual Funds - As of September 30, 2020, no individual fund had a deficit fund balance or net position deficit.

Excess of Expenditures Over Budget Appropriations in Individual Funds - For the year ended September 30, 2020, no budgetary fund had an excess of expenditures over appropriations.

REQUIRED SUPPLEMENTARY INFORMATION

DUNNELLO COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Dunnellon, Florida)

Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund

For the year ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 553,321	\$ 553,321	\$ 275,700	\$ (277,621)
Fines and forfeitures	-	-	107	107
Other	24,809	24,809	781	(24,028)
Total revenues	<u>578,130</u>	<u>578,130</u>	<u>276,588</u>	<u>(301,542)</u>
EXPENDITURES:				
Economic environment	58,194	58,194	22,061	36,133
Capital outlay	519,936	519,936	49,623	470,313
Total expenditures	<u>578,130</u>	<u>578,130</u>	<u>71,684</u>	<u>506,446</u>
EXCESS (DEFICIENCY) OF REVENUE OVER				
(UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>204,904</u>	<u>204,904</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,904</u>	<u>\$ 204,904</u>

Note 1 – Budgetary Procedures and Budgetary Accounting

The CRA adheres to the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

Prior to September 30, the CRA Administrator submits, to the City Council, a proposed operating budget for the General Fund for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means for financing them. The CRA budget is included in the city-wide budget of the City of Dunnellon.

The CRA budget is also included in the City’s budget and is presented to the City Council for ratification prior to September 30.

CRA management is authorized to transfer budget amounts. Revision that alters the total expenditures must be approved by the CRA Board. Legal level of budgetary control is maintained at the department level.

COMPLIANCE SECTION



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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

To the City Council of the Dunnellon Community Redevelopment Agency
City of Dunnellon, 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 major fund of the Dunnellon Community Redevelopment Agency (the CRA), a component unit of the City of Dunnellon, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated May 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA'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 CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA'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.

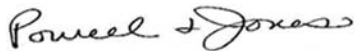
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA'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.



POWELL & JONES

Certified Public Accountants

May 27, 2021



Powell & Jones
Certified Public Accountants

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MANAGEMENT LETTER

To The City Council of the Dunnellon Community Redevelopment Agency
City of Dunnellon, Florida

In planning and performing our audit of the financial statements of the Dunnellon Community Redevelopment Agency (the CRA) a component unit of the City of Dunnellon, Florida, for the year ended September 30, 2020, we considered the CRA's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter furnishes information required by Chapter 10.550, *Rules of the Auditor General*, and other compliance matters.

PRIOR YEAR RECOMMENDATIONS

There were no reportable findings in the prior year relating to the CRA.

CURRENT YEAR FINDINGS

There were no reportable findings during the current year.

AUDITOR GENERAL COMPLIANCE MATTERS

Financial Emergency Status - We have determined that the CRA did not meet any of the conditions described in Section 218.503(1)(a), *Florida Statutes*, that might result in a financial emergency.

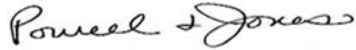
Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)5.b and 10.556(8)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

CONCLUSION

We have reviewed this information with appropriate officials or employees and have provided them with documentation as requested. We very much enjoyed the challenges and experiences associated with our audit of the CRA. We appreciate the helpful assistance and courtesy afforded us by all City employees and look forward to working with you in the future.

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES

Certified Public Accountants

Lake City, Florida

May 27, 2021



Powell & Jones
Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT

To The City Council of the Dunnellon Community Redevelopment Agency
City of Dunnellon, Florida

We have examined the Dunnellon Community Redevelopment Agency's (the CRA) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. We have also examined the CRA's compliance with Sections 163.387(6) and (7), *Florida Statutes* during the year ended September 30, 2020. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the CRA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the CRA's compliance with specified requirements.

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

POWELL & JONES
Certified Public Accountants
Lake City, Florida
May 27, 2021