

Annual Financial Report

September 30, 2020



**City of Fruitland Park, Florida
Community Redevelopment Agency**

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Financial Section



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and CRA Commission
City of Fruitland Park Community Redevelopment Agency, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the *City of Fruitland Park, Florida Community Redevelopment Agency (the "CRA")*, a component unit of the City of Fruitland Park, 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 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 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 principles 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 each major fund, of the City of Fruitland Park Community Redevelopment Agency, as of September 30, 2020, and the respective changes in financial position, and the respective budgetary comparison for the general fund 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 on pages 3 through 7 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 a report dated April 8, 2021 on our consideration of *City of Fruitland Park Community Redevelopment 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 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 *City of Fruitland Park Community Redevelopment Agency's* internal control over financial reporting and compliance.



Orlando, Florida
April 8, 2021

As management of the *City of Fruitland Park Community Redevelopment Agency* (the "CRA") we offer readers of the CRA's financial statements this narrative overview and analysis of the financial activities of the CRA for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by \$308,981 (net position).
- The government's total net position increased by \$158,427.
- At the close of the current fiscal year, the CRA's governmental fund reported ending fund balance of \$308,981, an increase of \$158,427 in comparison with the prior year. All of this amount is restricted for community redevelopment within the boundaries of the CRA.
- At the end of the current fiscal year, fund balance for the general fund was 104% of total general fund expenditures.

Overview of the Financial Statements

The financial statements focus on both the CRA as a whole (government-wide) and on the individual fund. Both perspectives (government-wide and 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.

This discussion and analysis are intended to serve as an introduction to the CRA basic financial statements. The CRA's basic financial statements comprise 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 CRA's financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities*.

The *Statement of Net Position* presents information on all of the CRA's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net 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 items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the CRA that are principally supported by taxes and intergovernmental revenues (*governmental activities*).

The government-wide financial statements include only the CRA itself (known as the *primary government*).

The government-wide financial statements can be found on pages 8 - 9 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 CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general fund of the CRA is categorized as 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 Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The CRA adopts an annual appropriated budget for its general fund. The budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget at page 12.

The basic governmental fund financial statements can be found on pages 10 - 11 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 financial statements can be found on pages 13 - 20 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the CRA, assets exceeded liabilities by \$308,981 at the close of the most recent fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 8.

City of Fruitland Park Community Redevelopment Agency

Statement of Net Position

	Governmental Activities	
	2020	2019
Assets:		
Current and other assets	\$ 377,699	\$ 266,844
Total assets	377,699	266,844
Liabilities:		
Other liabilities	68,718	116,290
Total liabilities	68,718	116,290
Net Position:		
Restricted	308,981	150,554
Total net position	\$ 308,981	\$ 150,554

Net position that are subject to external restrictions as to how they may be used total \$308,981 (100%).

The CRA's net position increased by \$158,427 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 9.

City of Fruitland Park Community Redevelopment Agency
Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
General Revenues		
Property taxes	\$ 451,535	\$ 333,847
Investment income and miscellaneous	4,298	4,412
Total revenues	455,833	338,259
Expenses:		
General government	297,406	212,634
Total expenses	297,406	212,634
Increase (decrease) in net position	158,427	125,625
Net position, October 1	150,554	24,929
Net position, September 30	\$ 308,981	\$ 150,554

Governmental Activities

Governmental activities increased the CRA net position by \$158,427. This was primarily due to increases in property values.

Financial Analysis of the Government's Funds

As noted earlier, the CRA used fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the CRA's *governmental fund* 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. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the CRA's general fund reported combined ending fund balances of \$308,981, an increase of \$158,427 in comparison with the prior year. The entire fund balance is restricted for community development within the boundaries of the CRA.

General Fund Budgetary Highlights

During the year, actual revenues were \$800 less than budgeted revenues and actual expenditures were \$159,227 less than budgeted expenditures. Expenses were lower than budgeted primarily due to anticipated capital projects that were delayed due to uncertainties caused by the COVID-19 pandemic.

Next Year's Budget and Rates

During the next fiscal year, the CRA is expecting to incur enough revenues to cover expenditures.

Requests for Information

This financial report is designed to provide a general overview of the CRA's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Finance Director, *City of Fruitland Park Community Redevelopment Agency*, 506 W. Berkman Street, Fruitland Park, Florida 34731.

Basic Financial Statements

City of Fruitland Park, Florida Community Redevelopment Agency
Statement of Net Position
September 30, 2020

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 277,699
Investments	100,000
Total assets	<u>377,699</u>
Liabilities:	
Accounts payable and accrued expenses	67,964
Deposits payable	754
Total liabilities	<u>68,718</u>
Net Position:	
Restricted for community redevelopment	308,981
Total net position	<u>\$ 308,981</u>

City of Fruitland Park, Florida Community Redevelopment Agency
Statement of Activities
For the Year Ended September 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Primary Government		
Governmental Activities:		
General Government	\$ 297,406	\$ (297,406)
Total governmental activities	<u>297,406</u>	<u>(297,406)</u>
General Revenues:		
Property taxes		451,535
Unrestricted investment earnings		<u>4,298</u>
Total general revenues		<u>455,833</u>
Change in net position		158,427
Net position, beginning		<u>150,554</u>
Net position, ending		<u><u>\$ 308,981</u></u>

City of Fruitland Park, Florida Community Redevelopment Agency
Balance Sheet
Governmental Funds
September 30, 2020

	<u>General Fund</u>
Assets:	
Cash and cash equivalents	\$ 277,699
Investments	<u>100,000</u>
Total assets	<u>\$ 377,699</u>
Liabilities:	
Accounts payable	\$ 67,964
Deposits payable	<u>754</u>
Total liabilities	<u>68,718</u>
Fund Balances:	
Restricted for community redevelopment	<u>308,981</u>
Total fund balances	<u>308,981</u>
Total liabilities and fund balances	<u>\$ 377,699</u>

City of Fruitland Park, Florida Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2020

	<u>General Fund</u>
Revenues:	
Property taxes	\$ 451,535
Investment earnings	4,298
Total revenues	<u>455,833</u>
Expenditures:	
Current:	
General government	40,208
Capital outlay	257,198
Total expenditures	<u>297,406</u>
Excess (deficiency) of revenues over expenditures	<u>158,427</u>
Net change in fund balances	158,427
Fund balances, beginning	<u>150,554</u>
Fund balances, ending	<u><u>\$ 308,981</u></u>

City of Fruitland Park, Florida Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 455,359	\$ 455,359	\$ 451,535	\$ (3,824)
Investment earnings	1,274	1,274	4,298	3,024
Total revenues	456,633	456,633	455,833	(800)
Expenditures:				
Current:				
General government	96,633	96,633	40,208	56,425
Capital outlay	360,000	360,000	257,198	102,802
Total expenditures	456,633	456,633	297,406	159,227
Excess (deficiency) of revenues over expenditures	-	-	158,427	158,427
Net change in fund balances	-	-	158,427	158,427
Fund balance, beginning	150,554	150,554	150,554	-
Fund balance, ending	\$ 150,554	\$ 150,554	\$ 308,981	\$ 158,427

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The *City of Fruitland Park* (the "City") is a political subdivision of the state of Florida located in Lake County. The City created the Community Redevelopment Agency (the "CRA") in March of 1995. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The CRA Commission, being the duly elected governmental body for the designated area, passed Resolution 95-012, which established the *City of Fruitland Park Community Redevelopment Agency* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area and adopted a community development redevelopment plan. Through Ordinance 95-001 the CRA established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund. In September 2006, the CRA adopted Resolution 2006-022 to expand the CRA boundaries and modified the redevelopment plan.

In evaluating how to define the government, for financial reporting purposes, the CRA has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, the CRA is a component unity of the City.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the CRA. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately.

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 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*.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the CRA.

The government reports the following funds:

General Fund - established as a dependent taxing district of the City. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the CRA are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The CRA's investments consist of investments authorized per their investment policy, adopted in accordance with Section 218.415, Florida Statutes.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectable amounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the County, multiplied by 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 the County, are required to fund this amount annually without regard to tax collections or other obligations.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the CRA's capitalization policy as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Any assets purchased with CRA funds are conveyed to the City for ownership and maintenance. As a result, the CRA does not own any capital assets at September 30, 2020.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The CRA has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The CRA has no items that qualify for reporting in this category.

Net Position Flow Assumptions

Sometimes the CRA will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the CRA's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Flow Assumptions

Sometimes the CRA will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balances). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the CRA's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The CRA itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the CRA's highest level of decision-making authority. The Commission is the highest level of decision-making authority for the CRA that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the CRA for specific purposes but do not meet the criteria to be classified as committed. The commission has maintained authority to assign fund balance. The commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

In fiscal year 2020, the CRA implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of provisions in certain other statements. There was no effect on beginning balances of the CRA for the implementation of the statement.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The CRA follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the end of the fiscal year, the CRA Manager submits to the CRA Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public workshops are held where the Commission, CRA Manager and department heads refine budget detail items. Public hearings are held to obtain taxpayer comments. The budget is then enacted through passage of a resolution no later than September 30.
3. Appropriations are authorized by resolution at the department level. These are the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets.
4. The CRA Manager is authorized to transfer budgeted amounts between line items within any department; however, any revisions that alter the total expenditures of a department must be approved by a majority vote of the CRA Commission.
5. Formal budgetary integration is employed as a management control device during the year for governmental funds. Total budgeted appropriations within a governmental fund type may not be exceeded legally.
6. Encumbrance accounting is currently employed by the CRA. Encumbrances outstanding at year end do not constitute expenditures or liabilities and are not reported as committed or assigned fund balances. All appropriations and encumbrances lapse at year end.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

All bank deposits were covered by Federal Depository Insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

Investments

The CRA's investment policies are governed by State Statutes and City ordinances. City ordinance allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the Florida Statutes. Authorized investments are:

1. U.S. Government obligations, U.S. Government agency obligations, and U.S. Government instrumentality obligations;
2. Canadian Government obligation (payable in local currency);
3. Certificates of Deposit;
4. Savings and loan association deposits;
5. Prime bankers acceptances;
6. Prime commercial paper;
7. Investment-grade obligations of state, provincial and local governments and public authorities;
8. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of domestic securities;
9. Statewide investment pools;
10. Mutual funds;
11. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida interlocal Cooperation Act, as provided as provided in F.S. § 163.01;
12. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
13. Savings accounts in state-certified qualified public depositories, as defined in F.S. § 280.02;
14. Certificates of deposit in state-certified qualified public depositories, as defined in F.S. § 280.02;
15. Direct obligations of the U.S. Treasury;
16. Federal agencies and instrumentalities.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The CRA's investment policy does not specifically address interest rate risk.

Credit Risk

The CRA's investment policy limits its investments to the State Board of Administration investment pool, certificates of deposit, highly rated money market funds, government obligation, and mutual funds.

Notes to Financial Statements

Year Ended September 30, 2020

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2020, none of the Trust investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The State Board of Administration (SBA) Local Government Investment Pool (LGIP), operated by the Florida State Board of Administration, is a "2a-7 like" pool in accordance with GASB 31; therefore, it is not presented at fair value but at its actual pooled share price which approximates fair value. The LGIP is not a registrant with the SEC; however, the State of Florida does provide regulatory oversight.

Investments held by the CRA at September 30, 2020 are detailed below:

Investment Type	Fair Value	Credit Rating	Weighted Avg. Maturity
Florida Prime	\$ 277,699	AAAm	48 days
Certificates of deposit	100,000	N/A	N/A
	\$ 377,699		

NOTE 4 COMMITMENTS AND CONTINGENCIES

Litigation

The CRA is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2020. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the CRA.

Risk Management

The CRA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the CRA carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage during the past three years.

NOTE 5 RELATED PARTY TRANSACTIONS

The CRA is component unit of the City of Fruitland Park, Florida. For the year ended September 30, 2020, the CRA's tax increment revenues include \$183,533 received from the City. In addition, the CRA reimbursed the City for services performed on behalf of the CRA for administrative services. Payment to the City for these services during the year ended September 30, 2020 was approximately \$40,000.

Notes to Financial Statements

Year Ended September 30, 2020

NOTE 6 SOURCES OF DEPOSITS AND PURPOSE OF WITHDRAWALS

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the CRA Funds for the fiscal year ended September 30, 2020:

Source of Deposit:

Tax increment	\$	451,535
Investment income		4,298
Total sources	\$	455,833

Purpose of Withdrawal:

Capital outlay	\$	257,198
Professional services		40,033
Miscellaneous		175
Total withdrawals	\$	297,406

Other Reports

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

The Honorable Mayor and City Council
City of Fruitland Park, Florida Community Redevelopment Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the *City of Fruitland Park, Florida Community Redevelopment Agency* (the "CRA") 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 April 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the *City of Fruitland Park, Florida Community Redevelopment Agency's* internal control over financial reporting (internal control) as a basis for designing 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 *City of Fruitland Park Community Redevelopment Agency'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 *City of Fruitland Park Community Redevelopment 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 result of our tests disclosed an instance noncompliance which is described in Appendix A.

CRA's Response to Findings

The CRA's response to the finding identified in our audit are described in the accompanying report. The CRA'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.

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.

McDiernit Davis

Orlando, Florida
April 8, 2021

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Fruitland Park, Florida Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the *City of Fruitland Park, Florida Community Redevelopment Agency (the "CRA")*, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated April 8, 2021.

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 Florida 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*; and Independent Accountant's Reports on examinations conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements accordance with Chapter 10.550, rules of the Auditor General. Disclosures in those reports, which are dated April 8, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There was no previously issued 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. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate results of our determination as to whether or not the *City of Fruitland Park, Florida Community Redevelopment Agency* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions(s) met. In connection with our audit, we determined that the *City of Fruitland Park, Florida Community Redevelopment 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 CRA. It is management's responsibility to monitor the *City of Fruitland Park, Florida Community Redevelopment Agency's* financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 which warrants the attention of those charged with governance. We noted one finding of noncompliance which is described in Appendix A.

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 City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McDiarmid Davis

Orlando, Florida
April 8, 2021

ML20-1 - Investment Policy

Finding

During our audit, it was noted that the continuing professional education required by Florida Statutes 218.415 was not taken by the required individuals.

Criteria

The City has established an investment an investment policy that requires annual continuing education courses to be taken by certain responsible individuals.

Cause

Courses that were scheduled to be attended were cancelled due to the COVID-19 pandemic and no suitable replacement could be found before year end.

Effect

The CRA is not in compliance with Florida Statues.

Recommendation

We recommend that the required individuals take the continuing education courses as soon as a suitable course can be identified.



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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and City Council
City of Fruitland Park, Florida Community Redevelopment Agency

We have examined City of Fruitland Park Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, 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 the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States 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, other than the noncompliance noted in Appendix A, City of Fruitland Park Community Redevelopment Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

McDermitt Davis

Orlando, Florida
April 8, 2021



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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 163.387(6) AND (7), FLORIDA STATUTES**

The Honorable Mayor and City Council
City of Fruitland Park Community Redevelopment Agency, Florida

We have examined City of Fruitland Park Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 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 the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States 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, CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

McDermitt Davis

Orlando, Florida
April 8, 2021