

**PORT ORANGE TOWN CENTER
COMMUNITY REDEVELOPMENT AGENCY**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

**PORT ORANGE TOWN CENTER COMMUNITY REDEVELOPMENT AGENCY
TABLE OF CONTENTS
SEPTEMBER 30, 2020**

	<u>Page Number(s)</u>
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 - 5
Basic Financial Statements	
Balance Sheet / Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities	7
Notes to Financial Statements	8 – 13
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	15
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	16 - 17
Independent Auditors' Management Letter Required by Chapter 10.550, Rules of the State of Florida Office of the Auditor General	18 - 19
Independent Accountants' Examination Report	20
Management's Response	21

INDEPENDENT AUDITORS' REPORT

To the Governing Board,
Port Orange Town Center Community Redevelopment Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Port Orange Town Center 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

The CRA's 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.

Auditors' 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 auditors' 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.

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

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 CRA, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

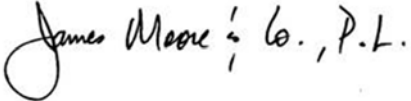
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 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 CRA's internal control over financial reporting and compliance.

Daytona Beach, Florida
June 30, 2021

James Moore & Co., P.L.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Port Orange Town Center Community Redevelopment Agency's (the CRA) management's discussion and analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the CRA's financial activity, (c) identify changes in the CRA's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the MD&A is designed to focus on current year activities, resulting changes, and currently known facts, it should be read in conjunction with the CRA's financial statements which follow this section.

Financial Highlights

- The assets of the CRA fell short (a net position deficit) of its liabilities at September 30, 2020, by \$3,843,012 (net position). Of this amount, \$376,249 represented the CRA's net investment in capital assets, while a deficit of (\$4,219,261) was the CRA's unrestricted net position.
- As of September 30, 2020, the CRA reported ending fund balance (deficit) of (\$4,121,617). Fund balance saw a change of (\$296,655) when compared to the prior year.
- The CRA's long-term debt obligations decreased by \$200,000 due to regularly scheduled payments.

The MD&A is intended to serve as an introduction to the CRA's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Overview of the Financial Statements

This annual report consists of four components: 1) management's discussion and analysis (this section), 2) government-wide and fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

Government-wide Financial Statements

Government-wide financial statements provide readers with a broad overview of the CRA's finances in a manner similar to a private-sector business. The governmental activities of the CRA include reinvesting in the community redevelopment area.

The statement of net position presents information on all of the CRA's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one 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 fiscal year. All changes in net position are reported using the modified cash basis of accounting.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Statement of Net Position

The following is a summary of the CRA's governmental activities net position for each of the past two years:

	Governmental Activities	
	2020	2019
ASSETS		
Current and other assets	\$ 718	\$ 205,428
Capital assets	4,696,249	4,696,249
Total assets	<u>\$ 4,696,967</u>	<u>\$ 4,901,677</u>
LIABILITIES		
Current liabilities	\$ 4,219,979	\$ 4,132,384
Noncurrent liabilities:	4,320,000	4,520,000
Total liabilities	<u>\$ 8,539,979</u>	<u>\$ 8,652,384</u>
NET POSITION		
Net investment in capital assets	\$ 376,249	\$ 176,249
Unrestricted	(4,219,261)	(3,926,956)
Total net position	<u>\$ (3,843,012)</u>	<u>\$ (3,750,707)</u>

Statement of Activities

The following is a summary of the changes in the CRA's governmental activities net position for each of the past two years:

	Governmental Activities	
	2020	2019
REVENUES		
Property taxes	\$ 69,981	\$ 61,734
Charges for services	4,237	5,285
Intergovernmental and grants	101,196	88,319
Other revenues	792	9,206
Total revenues	<u>176,206</u>	<u>164,544</u>
EXPENSES		
Economic environment	14,293	24,861
Interest and fiscal charges	254,218	266,283
Total expenses	<u>268,511</u>	<u>291,144</u>
Change in net position	<u>(92,305)</u>	<u>(126,600)</u>
Net position , beginning of year	<u>(3,750,707)</u>	<u>(3,624,107)</u>
Net position , end of year	<u>\$ (3,843,012)</u>	<u>\$ (3,750,707)</u>

Financial Analysis of the General Fund

The focus of the CRA's governmental funds 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 an ending fund balance (deficit) of (\$4,121,617), a change of (\$296,655) in comparison with the prior year.

At the end of the current fiscal year, the entire fund balance was restricted for community redevelopment. As the CRA is focused on reinvestment revenues into the CRA district and does not have significant annual operational costs, the CRA does not maintain specific reserve levels for operations.

General Fund Budgetary Highlights

There were no significant amendments between the original and the final CRA budget.

Actual expenditures in the general fund were \$1,160 less than final budget amounts. The main reason for this is due to the timing of capital project and other one-time expenditures.

Budgetary comparisons between the final budget and actual results can be found on page 15 of this report.

Capital Assets and Long-term Debt

See the notes to the financial statements for detailed breakdowns of the CRA's capital asset and long-term debt activity.

Economic Factors and Next Year's Budget

There are many challenges facing local governments today. Property values have continued to increase in recent years, contributing to related growth in the revenues of the CRA. While property values for the 2020-2021 fiscal year have increased, the future outlook of property values during and after the COVID-19 pandemic, and any potential impact they will have on the CRA's finances, are unknown.

Requests for Information

This report is designed to provide an overview of the CRA's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to the City of Port Orange, Finance Director, 1000 City Center Circle, Port Orange, FL 32129.

**PORT ORANGE TOWN CENTER COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET / STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	<u>Balance Sheet</u> <u>General</u> <u>Fund</u>	<u>Adjustments</u>	<u>Statement of</u> <u>Net Position</u> <u>Governmental</u> <u>Activities</u>
ASSETS			
Receivables, net	\$ 718	\$ -	\$ 718
Capital assets:			
Non-depreciable	-	4,696,249	4,696,249
Total assets	<u>\$ 718</u>	<u>\$ 4,696,249</u>	<u>\$ 4,696,967</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 137	\$ -	\$ 137
Customer deposits	1,540	-	1,540
Unearned revenue	113	-	113
Accrued interest payable	-	97,644	97,644
Due to primary government	4,120,545	-	4,120,545
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	205,000	205,000
Due in more than one year:			
Bonds and notes payable	-	4,115,000	4,115,000
Total liabilities	<u>4,122,335</u>	<u>4,417,644</u>	<u>8,539,979</u>
FUND BALANCE / NET POSITION			
Fund Balance:			
Unassigned	(4,121,617)	4,121,617	-
Net Position:			
Net investment in capital assets	-	376,249	376,249
Unrestricted	-	(4,219,261)	(4,219,261)
Total fund balance / net position	<u>(4,121,617)</u>	<u>278,605</u>	<u>(3,843,012)</u>
Total liabilities and fund balance / net position	<u>\$ 718</u>	<u>\$ 4,696,249</u>	<u>\$ 4,696,967</u>

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

**PORT ORANGE TOWN CENTER COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE /
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Statement of Revenues, Expenditures, and Changes in Fund Balance		Statement of Activities
	General Fund	Adjustments	Governmental Activities
Revenues			
Taxes	\$ 69,981	\$ -	\$ 69,981
Intergovernmental	101,196	-	101,196
Charges for services	4,237	-	4,237
Investment income	785	-	785
Miscellaneous	7	-	7
Total revenues	<u>176,206</u>	<u>-</u>	<u>176,206</u>
Expenditures / expenses			
Current:			
Economic environment	14,293	-	14,293
Debt service:			
Principal retirement	200,000	(200,000)	-
Interest and fiscal charges	258,568	(4,350)	254,218
Total expenditures / expenses	<u>472,861</u>	<u>(204,350)</u>	<u>268,511</u>
Net change in fund balance / net position	<u>(296,655)</u>	<u>204,350</u>	<u>(92,305)</u>
Fund balance / net position, beginning of year	(3,824,962)	74,255	(3,750,707)
Fund balance / net position, end of year	<u><u>\$ (4,121,617)</u></u>	<u><u>\$ 278,605</u></u>	<u><u>\$ (3,843,012)</u></u>

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

PORT ORANGE TOWN CENTER COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:**

The financial statements of the Port Orange Town Center Community Redevelopment Agency (the CRA), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the CRA has adopted the GASB Codification. The following is a summary of the CRA's significant accounting policies:

(a) **Reporting entity**—The Port Orange Town Center Community Redevelopment Agency was created by Ordinance No. 1998-79 of the City of Port Orange, Florida (the City), pursuant to Florida Statute 163.387, to account for the receipt and expenditure of property tax revenues from the tax increment financing district to support redevelopment in the designated community redevelopment area. Since the City is financially accountable for the activities of the CRA, its governing board is the same, and its relationship to the CRA is significant, the CRA is considered to be a blended component unit in the City's financial statements, where it is also reported as a major special revenue fund.

The CRA has determined there are no component units that meet criteria for inclusion in the CRA's financial statements.

(b) **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 activities of the CRA. The CRA only has governmental activities and does not engage in any business-type activity. Direct expenses are those that are clearly identifiable with a specific function or segment. General revenues include ad valorem taxes and interest income. Fund financial statements are presented for the CRA's General Fund. The General Fund, which accounts for all financial operations of the CRA, is considered to be a major fund and is the only fund of the CRA.

(c) **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. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA considers property revenues to be available if they are collected within 60 days of the end of the current period. Grants, other intergovernmental revenues, charges for services, 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. Expenditures generally are recorded when a liability is incurred. However, expenditures related to long-term agreements are recorded only when payment is due.

(d) **Budgets and budgetary accounting**—The governing board of the CRA adopts an annual operating budget, which is prepared on a modified accrual basis and can be amended by the board throughout the year. At the fund level, actual expenditures cannot exceed the budgeted amounts. The accompanying budgeted financial statements for the General Fund reflect the final budget authorization amounts, including all amendments.

PORT ORANGE TOWN CENTER COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Deposits and investments**—The CRA’s cash and cash equivalents include cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

(f) **Receivables and payables**—Activity between the CRA and the City has been classified as amount due to/from the primary government on the balance sheet and statement of net position. All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of outstanding balances and historical trends. At September 30, 2020, all of the CRA’s receivables were considered fully collectible.

(g) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(h) **Capital assets**—The CRA owns limited capital assets. The majority of capital outlay expenditures made by the CRA are deemed to be on behalf of the City who takes ownership of the assets along with the perpetual maintenance obligation for those assets. Capital assets owned by the CRA, which includes land, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

(i) **Long-term obligations**— In the government-wide financial statements, long-term debt and other long-term obligations, as applicable, are reported as liabilities in the CRA’s governmental activities. Original issue 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 premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Certain debt service expenditures are made on behalf of the primary government who is ultimately liable for such debts.

The CRA does not have any employees. Any employees who provide services to the CRA are employees of the primary government and do so at either no charge to the CRA, or any allocations made to the CRA represent reimbursements by the CRA to the primary government for services rendered (any items recorded to personnel expense accounts are only for ease of tracking the reimbursement amounts). As a result, there is no compensated absences, other post-employment benefits (OPEB), or pension liabilities recorded on the CRA’s financial statements.

PORT ORANGE TOWN CENTER COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes based on actions taken by the CRA governing board through ordinance.

Assigned – amounts the CRA intends to use for a specific purpose. Intent can be expressed by the CRA governing board or by an official or body which the Board delegates authority.

Unassigned – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available; the CRA considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the CRA considers amounts to have been spent first out of committed funds, then assigned funds and finally, unassigned funds, as needed.

(k) **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 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 meet this reporting criteria.

(l) 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 represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The CRA has no items that meet this reporting criteria.

(m) **Net position flow assumption**—Sometimes the CRA will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the CRA's policy to consider restricted net position to have been used before unrestricted net position is applied.

(n) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

PORT ORANGE TOWN CENTER COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Included in the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is as follows: capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds; long-term liabilities, including bonds payable and the related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Included in the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is as follows: governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The repayment of principal of long-term debt consumes the current financial resources of governmental funds. The change in accrued interest on notes payable does not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds

(3) **Deposits and Investments:**

The CRA is subject to the investment policy of the primary government and maintains interest-bearing banking accounts for substantially all CRA funds. Additional accounts are held for various other purposes, or to segregate cash balances for amounts which are restricted or held on behalf of others. State statutes authorize the CRA to invest excess funds in time deposits, or obligations of the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

As of September 30, 2020, all CRA deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

All of the CRA's deposits are held with public depositories and as of September 30, 2020, the CRA's deposits and investments were not subject to any substantial interest rate, credit, or concentration risks.

**PORT ORANGE TOWN CENTER COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

(4) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 4,696,249	\$ -	\$ -	\$ 4,696,249

(5) Long-Term Liabilities:

Long-term liability activity for the year ended September 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 4,520,000	\$ -	\$ (200,000)	\$ 4,320,000	\$ 205,000

Bonds payable in the CRA's governmental activities at September 30, 2020, were comprised of the following obligations:

Series 2007 Town Center Community Redevelopment Agency Tax Increment Note, was issued to fund the construction of infrastructure improvements in the Town Center Community Redevelopment Area, due in payments of principal plus interest ranging from 4.00% to 4.625% semi-annually on April 1 and October 1 of each year until final maturity on April 1, 2036. Pledged by Town Center tax increment revenues. At September 30, 2020, the outstanding balance was \$4,320,000.

Annual debt service requirements to maturity for the CRA's governmental activities notes payable are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 205,000	\$ 195,288	\$ 400,288
2022	215,000	186,319	401,319
2023	225,000	176,859	401,859
2024	235,000	166,959	401,959
2025	245,000	156,619	401,619
2026	260,000	145,594	405,594
2027	265,000	67,294	332,294
2028	270,000	133,894	403,894
2029	275,000	55,038	330,038
2030	280,000	121,744	401,744
2031	290,000	42,319	332,319
2032	295,000	109,144	404,144
2033	305,000	28,906	333,906
2034	310,000	95,869	405,869
2035	320,000	14,800	334,800
2036	325,000	81,919	406,919
	<u>\$ 4,320,000</u>	<u>\$ 1,778,565</u>	<u>\$ 6,098,565</u>

PORT ORANGE TOWN CENTER COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(6) Commitments and Contingencies:

The CRA is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2020. The outcomes of established claims are included in these financial statements. In the opinion of the CRA and the primary government's legal counsel, no legal proceedings are pending or threatened against the CRA which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

The CRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

During the year ended September 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending and investment markets have been substantially impacted. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other future impact to the CRA as of June 30, 2021, management believes that a material impact on the CRA's financial position and results of future operations is reasonably possible.

(7) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates, as adjusted based on the impacts of GASB Statement No. 95, effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the CRA's financial statements:

- (a) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.
- (b) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

**PORT ORANGE TOWN CENTER COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TOWN CENTER CRA
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 69,502	\$ 69,502	\$ 69,981	\$ 479
Intergovernmental	101,814	101,814	101,196	(618)
Charges for services	3,500	3,500	4,237	737
Investment income	1,317	1,317	785	(532)
Miscellaneous	-	-	7	7
Total revenues	<u>176,133</u>	<u>176,133</u>	<u>176,206</u>	<u>73</u>
Expenditures				
Current:				
Economic environment	19,920	15,420	14,293	1,127
Debt service:				
Principal retirement	200,000	200,000	200,000	-
Interest and fiscal charges	254,101	258,601	258,568	33
Total expenditures	<u>474,021</u>	<u>474,021</u>	<u>472,861</u>	<u>1,160</u>
Excess (deficiency) of revenues over expenditures	<u>(297,888)</u>	<u>(297,888)</u>	<u>(296,655)</u>	<u>1,233</u>
Other financing sources (uses)				
Transfers in from primary government	297,888	297,888	-	(297,888)
Total other financing sources (uses)	<u>297,888</u>	<u>297,888</u>	<u>-</u>	<u>(297,888)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(296,655)</u>	<u>(296,655)</u>
Fund balances, beginning of year	(3,824,962)	(3,824,962)	(3,824,962)	-
Fund balances, end of year	<u>\$ (3,824,962)</u>	<u>\$ (3,824,962)</u>	<u>\$ (4,121,617)</u>	<u>\$ (296,655)</u>

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

To the Governing Board,
Port Orange Town Center Community Redevelopment Agency:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Port Orange Town Center 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 June 30, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness 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 CRA'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.

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

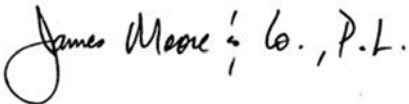
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA's financial statements are free of 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 financial statements. 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
June 30, 2021

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Governing Board,
Port Orange Town Center Community Redevelopment Agency:

Report on the Financial Statements

We have audited the basic financial statements of the Port Orange Town Center Community Redevelopment Agency (the CRA), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 30, 2021.

Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 30, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No prior separate audit has been performed for the CRA, therefore there are no prior findings and recommendations.

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. The legal authority for the CRA is disclosed in Note 1 of the basic financial statements.

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the CRA, 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 CRA'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. As part of such assessment, we noted the following:

2020-001 Financial Condition: The CRA has sustained repeated operating losses over each of the past five (5) years due to revenues insufficient to meet the annual debt service requirements of the CRA's bonds payable, and the CRA's fund balance at year-end was a deficit of (\$4,121,617). While sufficient funding is available in the City of Port Orange, Florida (the City) general fund to absorb such losses, we recommend the CRA and the City ensure the potential future need for such a subsidy to be required be continuously factored into all future City budget considerations as it relates to the CRA.

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 had no such recommendations.

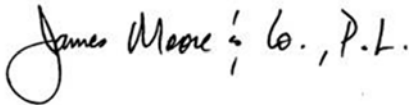
Additional Matters

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. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the CRA's governing board and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Daytona Beach, Florida
June 30, 2021



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

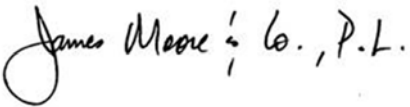
To the Governing Board,
Port Orange Town Center Community Redevelopment Agency:

We have examined the Port Orange Town Center Community Redevelopment Agency's (the CRA) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, and Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund* (collectively, the "Statutes"), for 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied with the Statutes, for the year ended September 30, 2020, in all material respects. An examination involves performing procedures to obtain evidence about the CRA's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Town Center Community Redevelopment Agency complied, in all material respects, with the Statutes for the year ended September 30, 2020.

Daytona Beach, Florida
June 30, 2021



121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Management's Responses to Findings

2020-001 Financial Condition

Management agrees with this comment and is continuously monitoring the CRA's financial position. Should the CRA be unable to recover the deficit by the time the CRA sunsets, the City has sufficient funding to be able to cover such losses.