

**MURDOCK VILLAGE
COMMUNITY REDEVELOPMENT
AGENCY**

(A Blended Component Unit of Charlotte County, FL)

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021**

PREPARED BY:

ROGER D. EATON
CLERK OF THE CIRCUIT COURT AND
COUNTY COMPTROLLER

SUSAN GERVAIS
FINANCE DIRECTOR

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FINANCIAL SECTION

Report of Independent Auditor

To the Honorable Board of Murdock Village
Community Redevelopment Agency
Port Charlotte, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Murdock Village Community Redevelopment Agency (the "CRA"), a component unit of Charlotte County, Florida, as of and for the year ended September 30, 2021, 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the CRA as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 March 22, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.



Orlando, Florida
March 22, 2022

**Murdock Village Community Redevelopment Agency
Charlotte County, Florida**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following narrative provides management's discussion and analysis of Charlotte County's Murdock Village Redevelopment Agency (CRA) for the year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the financial statements and notes to the financial statements.

The CRA is a blended component unit of Charlotte County, Florida (County) and the financial information detailed in this report is also contained in the Charlotte County, Florida Annual Comprehensive Financial Report.

FINANCIAL HIGHLIGHTS

At the close of business September 30, 2021, the CRA's net position was \$35.4 million (assets in excess of liabilities). All of this amount is invested in capital assets or is restricted as the funds are to be used solely for revitalization projects located within the boundaries of the CRA.

The net position of the CRA decreased by \$1.25 million, compared to the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements. The basic financial statements consist of entity-wide financial statements, fund financial statements and also include notes to the financial statements that provide more detail regarding information in the financial statement.

REQUIRED BASIC FINANCIAL STATEMENTS

The entity-wide financial statements report information about the CRA in a manner similar to a private-sector business, and are designed to provide readers with a broad overview of the CRA's finances. The statement of net position presents information on all of the CRA's assets and liabilities, and provides information about the nature and amounts of investments in resources (assets) and obligations (liabilities).

The statement of activities presents information showing the CRA's current year revenues and expenses. The difference between revenues and expenses is reported as the change in net position 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, expenses are reported in this statement for some items where the related cash outflow will occur in future fiscal periods.

FINANCIAL ANALYSIS

The statement of net position may serve over time as a useful indicator of a CRA's financial position. The balance of net position, or the difference between assets and liabilities, is one indicator which can be used to determine if the CRA's financial position is improving or deteriorating. At September 30, 2021, the CRA's assets exceed liabilities by \$35.4 million, representing a decrease in total net position for the year of \$1.25 million.

The table below presents a summary of the CRA's statement of net position over the last two fiscal years:

Murdock Village Community Redevelopment Agency
Summary of Net Position
September 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|----------------------------------|----------------------|----------------------|
| Current Assets | \$ 26,135,634 | \$ 29,570,474 |
| Capital Assets | <u>11,300,615</u> | <u>7,696,615</u> |
| Total Assets | <u>37,436,249</u> | <u>37,267,089</u> |
| | | |
| Current Liabilities | <u>1,988,463</u> | <u>565,463</u> |
| | | |
| Net Position | | |
| Net Investment in Capital Assets | 9,562,252 | 7,381,252 |
| Restricted for Murdock Village | <u>25,885,534</u> | <u>29,320,374</u> |
| Total Net Position | <u>\$ 35,447,786</u> | <u>\$ 36,701,626</u> |

Current assets are comprised of cash and cash equivalents, along with accrued interest earned, amounts due from other governments and land held for resale. Current assets primarily decreased due to construction of capital asset infrastructure which is reflected in the increase to capital assets.

The changes in net position displayed below shows the activities during the previous two fiscal years. The change in net position for each year represents the extent to which expenses exceeded revenues during the year.

Murdock Village Community Redevelopment Agency
 Summary of Revenues and Expenses
 Year Ended September 30, 2021 and 2020

| | 2021 | 2020 |
|--------------------------------|---------------|---------------|
| General revenues | | |
| Taxes | \$ 18,072 | \$ - |
| Special assessments | 74,038 | - |
| Intergovernmental revenues | 5,300,000 | 4,400,000 |
| Interest | 19,143 | 102,030 |
| Total revenues | 5,411,253 | 4,502,030 |
| Program expenses | | |
| Purchased services | 33,945 | 47,738 |
| Contract/professional services | 1,420 | 72,797 |
| Loss on sale of land | 1,849,625 | 3,171,794 |
| Conveyance to Charlotte County | 4,780,103 | 5,181,976 |
| Total program expenses | 6,665,093 | 8,474,305 |
| Change in net position | (1,253,840) | (3,972,275) |
| Net position October 1 | 36,701,626 | 40,673,901 |
| Net position , September 30 | \$ 35,447,786 | \$ 36,701,626 |

The CRA is financed through a portion of the countywide millage assessed on the taxable value of the property located within the boundaries of the CRA, resulting in tax revenue in 2021. The CRA also imposed special assessments of \$74,038 in 2021. Revenues in 2021 also increased by \$909 thousand due to an increase in governmental revenue contributions from County government funds for capital projects. Program expenses decreased \$1.8 million due primarily to a reduced loss on sale of land and reduced conveyance to Charlotte County.

CAPITAL ASSETS

The CRA's investment in capital assets as of September 30, 2021 was \$11.3 million. The investment in capital assets for the Murdock Village CRA is construction in progress for infrastructure that is being installed in a portion of the CRA that was sold in previous years. For the year ended September 30, 2021 and 2020, the capital assets of the CRA totaled \$11,300,615 and \$7,696,615, respectively. Overall the CRA's capital assets increased 46.8% for the current fiscal year compared to the prior year due to infrastructure improvements being made as the community is developed.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The current approved redevelopment plan was adopted in 2005, then amended in 2005, 2010, and 2017. The public purpose statement for this CRA is envisioned to be a mixed use, integrated development which provides for the needs of current and future populations through creating a destination which provides:

- Charlotte County and the surrounding southwest Florida area with a mix of attractions, housing and employment.
- Distinct "neighborhoods" that serve as the basic building block of the community.
- A variety of uses which provide for a vibrancy in the community including entertainment, retail, educational and open spaces.
- An impression of economic stability and a sense of place, which adds to the livability of the area.
- An area and identity that differs from the current (traditional) development patterns and opportunities experienced in Charlotte County and the surrounding municipalities.
- An attractor which takes advantage of its location and regional assets including beaches, sports complex, and transportation resources.
- For the long-term viability of economic development and sustainable development practices which create distinct opportunities for future development.

Currently land clearing is occurring and the West Point development has begun including infrastructure improvements, new roadways and residential subdivisions. Multiple homes have been completed and are being occupied by new Charlotte County residents. In addition, Lost Lagoon LLP is working on the details of the planned entertainment district Arredondo Pointe. The Murdock Village CRA is currently working on the possible sale of another parcel of land which is expected to close in the near future.

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 provided in this report or requests for additional information, contact the Comptroller Division, Charlotte County Clerk of the Circuit Court, 18500 Murdock Circle, Port Charlotte, Florida 33948.

BASIC FINANCIAL STATEMENTS

MURDOCK VILLAGE COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

| ASSETS | Governmental Activities |
|--------------------------------------|----------------------------|
| Current assets: | |
| Cash and cash equivalents | \$ 1,193,164 |
| Restricted cash and cash equivalents | 6,040,924 |
| Land held for resale | 18,870,819 |
| Due from other governmental agencies | 29,791 |
| Interest receivable | 936 |
| Total current assets | 26,135,634 |
| Non-current assets: | |
| Capital Assets | |
| Construction in progress | 11,300,615 |
| Total assets | 37,436,249 |
| LIABILITIES | |
| Current liabilities: | |
| Accounts and vouchers payable | 1,738,363 |
| Due to Charlotte County | 100 |
| Deposits | 250,000 |
| Total current liabilities | 1,988,463 |
| NET POSITION | |
| Net investment in capital assets | 9,562,252 |
| Restricted for: | |
| Murdock Village | 25,885,534 |
| Total net position | \$ 35,447,786 |

See accompanying notes.

MURDOCK VILLAGE COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

| | Governmental Activities |
|--------------------------------|----------------------------|
| Program expenses | |
| Conveyance to Charlotte County | \$ 4,780,103 |
| Loss on sale of land | 1,849,625 |
| Contract/professional services | 1,420 |
| Purchased services | 33,945 |
| Total program expenses | 6,665,093 |
| General revenues | |
| Taxes | 18,072 |
| Special assessments | 74,038 |
| Intergovernmental revenues | 5,300,000 |
| Interest | 19,143 |
| Total general revenues | 5,411,253 |
| Change in net position | (1,253,840) |
| Net position - beginning | 36,701,626 |
| Net position - ending | \$ 35,447,786 |

See accompanying notes.

MURDOCK VILLAGE COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET - GENERAL FUND
September 30, 2021

Assets

| | | |
|--------------------------------------|----|-------------------------|
| Cash and cash equivalents | \$ | 1,193,164 |
| Restricted cash and cash equivalents | | 6,040,924 |
| Due from other governmental agencies | | 29,791 |
| Interest receivable | | 936 |
| Total assets | \$ | <u><u>7,264,815</u></u> |

Liabilities and Fund Balance

| | | |
|------------------------------------|----|-------------------------|
| Liabilities | | |
| Accounts and vouchers payable | \$ | 1,738,363 |
| Due to other governmental agencies | | 100 |
| Deposits | | <u>250,000</u> |
| Total liabilities | | <u>1,988,463</u> |
| Fund Balance | | |
| Restricted | | <u>5,276,352</u> |
| Total fund balance | | <u>5,276,352</u> |
| Total liabilities and fund balance | \$ | <u><u>7,264,815</u></u> |

Reconciliation of the Balance Sheet to the Statement of Net Position - General Fund

Amounts report in the statement of net position differ from amounts reported above as follows:

| | | |
|--|----|--------------------------|
| Fund balance - General Fund | \$ | 5,276,352 |
| Land held for resale in governmental activities is derived from capital assets, which are not financial resources, and is, therefore, not reported in governmental funds | | 18,870,819 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported above. | | 11,300,615 |
| Net position of governmental activities | \$ | <u><u>35,447,786</u></u> |

See accompanying notes.

MURDOCK VILLAGE COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2021

| | |
|--|---------------------|
| Revenues: | |
| Taxes | \$ 18,072 |
| Special assessments | 74,038 |
| Intergovernmental revenues | 5,300,000 |
| Interest | 19,143 |
| Total revenues | <u>5,411,253</u> |
| Expenditures: | |
| Current | |
| Contract/professional services | 1,420 |
| Purchased services | 33,945 |
| Capital outlay | 3,604,000 |
| Conveyance to Charlotte County | 4,780,103 |
| Total expenditures | <u>8,419,468</u> |
| Excess of revenues over/(under) expenditures | (3,008,215) |
| Other financing sources: | |
| Sale of land | <u>86,000</u> |
| Total other financing sources | <u>86,000</u> |
| Net change in fund balance | <u>(2,922,215)</u> |
| Fund balances, October 1, 2020 | 8,198,567 |
| Fund balances, September 30, 2021 | <u>\$ 5,276,352</u> |

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of the General Fund to the Statement of Activities

Amounts reported for governmental activities in the
Statement of Activities are different because:

| | |
|--|-----------------------|
| Net change if fund balance-General Fund | \$ (2,922,215) |
| Capital outlay, reported as expenditures in the governmental fund, is shown as capital assets in the Statement of Net Position | 3,604,000 |
| Sale of land, reported as an other financing source of \$86,000 in the governmental fund, is reported as a loss on sale of land of \$1,849,625 in the statement of governmental activities | (1,935,625) |
| Change in net position of governmental activities | <u>\$ (1,253,840)</u> |

See accompanying notes.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting principles and policies:

(a) Defining the Governmental Reporting Entity

Murdock Village Community Redevelopment Agency (CRA) is a blended component unit of Charlotte County, Florida (County) and was established by County Ordinance 2003.081, pursuant to Chapter 163, Part III of the Florida Statutes. The purpose of this special district is to organize and direct redevelopment in the Murdock Village area of the County. Blended component units are legally separate entities that are in substance part of the County's operations, as they either have governing bodies that are substantially the same as the Charlotte County Board of County Commissioners (Board) or there is a financial benefit or burden relationship between the Board and the blended component unit, or they provide their services exclusively or almost exclusively to the County. The governing body of the CRA is the Board, which provides substantial funding of operations and adopts the budget for the CRA.

Effective for the fiscal year 2020, the State of Florida Legislature enacted Chapter 2019-163 Laws of Florida, which amended section 163.387(8), Florida Statutes, to require a CRA that has revenues or a total of expenditures and expenses in excess of \$100,000 to have performed a separate audit. In accordance with Florida Auditor General Rule 10.557(3), the CRA audit report must include basic financial statements, notes to the financial statements and management's discussion and analysis and other required supplementary information.

The accompanying basic financial statements present the financial position and results of operations of the Murdock Village Community Redevelopment Agency.

(b) Basic Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements include a Statement of Net Position and a Statement of Activities. The Statement of Net Position reports all financial and capital resources of CRA activities. It is presented in a net position format (assets less liabilities equal net position) and shown with three components: net investment in capital assets; restricted net position; and unrestricted net position. The Statement of Activities reports functional categories of programs provided by the CRA and demonstrates how, and to what degree, those programs are supported by program revenue.

The CRA reports the following Major Governmental Fund:

The General Fund is the CRA's primary operating fund. It accounts for the operations of the Murdock Village CRA.

(c) Fund Accounting

The accounts of the CRA operations are organized on the basis of a fund. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to, and accounted for, based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Note 1. Summary of Significant Accounting Policies (continued)

(d) Budgets and Budgetary Accounting

The budget is adopted on a basis consistent with accounting principles generally accepted in the United States. Estimated beginning fund balances are considered in the budgetary process, but are not included in the basic financial statements as budgeted revenue.

(e) Measurement Focus

Murdock Village Community Redevelopment Agency complies with accounting principles generally accepted (GAAP) in the United States. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, and other accounting and financial reporting literature codified by the GASB.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With the economic resources measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. Government-wide financial statements show increases (revenues) and decreases (expenses) in net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

(f) Basis of Accounting

Governmental fund financial statements are presented using the current financial resources and modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds show increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, when they become both measurable and available to pay liabilities of the current period. The CRA considers all revenues available if they are collected within sixty (60) days after year end, with the exception of insurance and grant proceeds, for which the period is six months. Primary revenues, such as taxes, are treated as susceptible to accrual and so have been recognized.

(g) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded as a reservation of fund balance, is employed as an extension of the statutorily required budgetary process under Florida Statutes. Appropriations, even if encumbered, lapse at fiscal year-end. It is the CRA's intention to substantially honor these lapsed appropriations under authority provided in the subsequent year's budget.

Note 1. Summary of Significant Accounting Policies (continued)

(h) Cash and Cash Equivalents

All funds of the CRA are invested with the Board's cash and investment pool, which consists of the Board's cash and investments and that of the component unit redevelopment agencies. There are no restrictions on the CRA's ability to withdraw funds from the Board's pool, so all amounts are considered cash and cash equivalents. All cash equivalents are stated at fair value, based on the CRA's investment portion of the fair value of the Board's pooled investments. The Board's investment pool is not rated.

(i) Land held for resale

Land held for resale consists of Murdock Village land, which was purchased over a period of years and is presented on the government-wide financial statements at a net realizable value of \$18,870,819, based upon an independent appraisal provided during the year ended September 30, 2021. At the end of fiscal year 2020, Lost Lagoon, LLP purchased 101 acres in Murdock Village for the price of \$3,756,000. A contracted sale for an additional 52 acres is to be purchased by Lost Lagoon, LLP at a later date for \$2,923,625. Other minor private sales were completed during the year ended September 30, 2021, which resulted in other financing sources. The contracted sale and independent appraisal are level 2 and 3, respectively, under fair value measurements.

(j) Capital Assets

Capital assets include construction in progress. Infrastructure assets are defined as public domain capital assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets that are immovable and of value only to the governmental unit. Capital assets are reported in the government-wide financial statements. The CRA has a threshold for capitalizing capital assets of \$5,000, except as it relates to capitalizing infrastructure, for which the threshold is \$100,000. Constructed or purchased assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at the estimated acquisition value on the date of donation.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets.

(k) Net Position/Fund Balance Classification

The Governmental fund reports fund balance as either nonspendable or spendable. Spendable fund balances are further classified as restricted, committed, assigned or unassigned, based on the extent to which there are external or internal constraints on the spending of these fund balances.

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The CRA does not have any nonspendable fund balance.

Spendable Fund Balances:

Restricted Fund Balance: Amounts that are restricted to specific purposes, and are restricted through enabling legislation and are legally enforceable. The legislation that creates the revenue stream must also stipulate the purposes for which that revenue can be used.

Note 1. Summary of Significant Accounting Policies (continued)

Committed Fund Balance: Amounts that are committed for specific purposes by formal action of the government's highest level of decision-making authority which, dependent on the nature of the matter, may be in the form of county ordinance, resolution, or agreement, in which are equally binding. These amounts are not subject to legal enforceability as in restricted; however, those amounts cannot be used for any other purpose unless the government removes or changes the limitation by taking the same form of action it employed to previously impose the limitation.

Assigned Fund Balance: Amounts that are intended by the government to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself, or (b) a subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance: Is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, limited, or assigned to specific purposes within the general fund.

Government-wide statements utilize an economic resources measurement focus and categorize net position among the following components:

Net Investment in Capital Assets - indicates that portion of net position which represents the County's equity in capital assets, less the amount of related debt.

Restricted Net Position - indicates that portion of net position which is segregated due to external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - indicates that portion of net position which is available for general operations.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, expenditures will be applied first to restricted fund balance and then to unrestricted fund balance.

(I) Use of Estimate

The preparation of financial statements in conformity with accounting principles generally accepted in the United States, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

Note 2. Cash and Cash Equivalents

Deposits

All CRA depositories are banks or savings institutions designated by the State Treasurer as qualified public depositories. Chapter 280 of the Florida Statutes (Florida Security for Public Deposits Act) provides procedures for public deposits to insure deposits in banks and savings and loans are collateralized as public funds.

Financial institutions qualifying as public depositories shall deposit with the Treasurer eligible collateral having a fair value equal to or in excess of the average daily balance times the depository collateral – pledging the level required pursuant to Chapter 280 as computed and reported monthly or 25 percent of the average monthly balance, whichever is greater. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Chapter 280 defines deposits as time deposit accounts, demand deposit accounts, and certificates of deposit. The bank balance of deposits insured by Federal Depository Insurance or pursuant to Chapter 280 of the Florida Statutes was \$ 6,525,621 as of September 30, 2021.

Cash Equivalents

The Murdock Village Community Redevelopment Agency is authorized to invest directly in the following, or through the Board's investment pool, which is authorized to invest in the following:

- (1) The Local Government Surplus Funds Trust Fund, the State Investment Pool administered by the State Board of Administration.
- (2) The Florida Local Government Investment Trust, administered by the Florida Association of Court Clerks and Comptrollers and the Florida Association of Counties.
- (3) Negotiable direct obligations of, or obligations of which the principal and interest are unconditionally guaranteed by, the United States Government.
- (4) The Florida Fixed Income Trust administered by Water Walker Investments.
- (5) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by United States Government agencies, provided such obligations are backed by the full faith and credit of the United States Government.
- (6) Bonds, debentures, notes or other evidence of indebtedness, including collateralized mortgage obligations and structured notes, issued or guaranteed by United States Government agencies (Federal Instrumentalities) which are not full-faith and credit agencies.
- (7) Non-negotiable interest-bearing time certificates of deposit, money market accounts or savings accounts in banks/savings and loan associations organized under the laws of the United States, doing business and situated in the State, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

Note 2. Cash and Cash Equivalents (continued)

- (8) Repurchase agreements (for purchase and subsequent sale) for any of the investments authorized in numbers 3 and 5 above.
- (9) State and/or local government taxable and tax-exempt debt, General Obligation and/or Revenue Bonds rated at least “Aa” by Moody’s and “AA” by Standard &
- (10) Poor’s for long-term debt, or rated at least MIG-2 by Moody’s and SP2 by Standard & Poor’s for short-term debt.
- (11) Mutual funds comprised of only those investment instruments as authorized in numbers 3, 5, and 8 above.

Restricted Cash Equivalents

The CRA has restricted cash of \$6,040,924, these funds are escrow requirements related to the previous sale of lands and future infrastructure improvements. Once completed the improvements will be transferred to the CRA and the escrowed funds will be released back to the developer.

Note 3. Capital Assets

Capital assets activity for the year ended September 30, 2021 are as follows:

| | Balance October 1, 2020 | Additions | Deletions | Balance September 30, 2021 |
|---------------------------------|-------------------------------|---------------------|-------------|----------------------------------|
| Capital assets not depreciated: | | | | |
| Construction in progress | \$ 7,696,615 | \$ 3,604,000 | \$ - | \$ 11,300,615 |
| Total capital assets | <u>\$ 7,696,615</u> | <u>\$ 3,604,000</u> | <u>\$ -</u> | <u>\$ 11,300,615</u> |

Note 4. Revenues

Revenue sources, other than interest and sales of land, consist of the following:

Taxes

The CRA funding is determined each year and the funded amount is 95% of the difference between the amount of ad valorem taxes levied in the base year within the district boundaries and the amount of ad valorem taxes which is levied in the most recent assessment roll.

Note 4. Revenues (continued)

Special Assessments

The CRA imposed a community redevelopment assessment on each transfer of title of any parcel, within the Core Redevelopment Property, in the amount of three quarters of one percent (.75%) of the sales price, which is due on closing of each transfer of title. The funds collected represent a reasonable and effective source of funding that will contribute to and defray over time a portion of land acquisition and redevelopment initiative related costs and expenses advanced by the County and the CRA.

Intergovernmental Revenues

The County governmental funds provide contributions to the CRA for capital projects within the district's boundaries.

Note 5. Conveyance to Charlotte County

As previously mentioned in Note 1. (i) the original land for the purpose of the CRA was purchased over a period of years. Any debt obligations associated with the land purchases were borrowed directly by the County, and any payments on such obligations have been provided by the General Fund of the County; the CRA has no associated obligations. As of September 30, 2021, the County has outstanding a loan payable and a promissory note payable established for the sole purpose of the CRA, which received the related proceeds. The conveyance to Charlotte County represents payments to the County for annual debt service payments, which the CRA intends to continue doing in the future to the extent funds are available. The total amount conveyed to the County by the CRA during the year ended September 30, 2021 totaled \$4,780,103.

Future debt service obligations of the County that the CRA intends to fund should funds be available are as follows:

| Fiscal Year | Loans Payable | | | Promissory Note Payable | | |
|-------------|---------------|-----------|--------------|-------------------------|------------|--------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2022 | \$ 1,000,000 | \$ 15,173 | \$ 1,015,173 | \$ 3,376,000 | \$ 374,762 | \$ 3,750,762 |
| 2023 | 1,000,000 | 2,173 | 1,002,173 | 3,436,000 | 315,007 | 3,751,007 |
| 2024 | - | - | - | 3,497,000 | 254,190 | 3,751,190 |
| 2025 | - | - | - | 3,558,000 | 192,293 | 3,750,293 |
| 2026 | - | - | - | 3,621,000 | 129,316 | 3,750,316 |
| 2027 | - | - | - | 3,685,000 | 65,225 | 3,750,225 |

Note 6. Expenditures in Excess of Appropriations

For the year ended September 30, 2021, there was \$1,206,112 in excess of expenditures over appropriations due to the costs related to the infrastructure improvements in the West Port area.

Note 7. Related Party Transactions

As explained in Note 1, the CRA is a blended component unit of Charlotte County, FL and is presented as a nonmajor special revenue fund in the County's Annual Comprehensive Financial Report. As required by Florida Statute, additional information regarding the CRA financial activity during the year ended September 30, 2021, is as follows:

| <u>Source of Deposits</u> | <u>Murdock Village CRA</u> |
|--------------------------------|--------------------------------|
| County tax increment funds | \$ 18,072 |
| Special assessments | 74,038 |
| Sale of land | 86,000 |
| Funding from Charlotte County | 5,300,000 |
| Interest | 19,143 |
| Accrued payables | <u>1,423,000</u> |
| Total deposits | <u>\$ 6,920,253</u> |
| | |
| <u>Purpose of withdrawals</u> | |
| Administration fees | \$ 33,332 |
| Contract/professional services | 1,420 |
| Sale of land closing costs | 613 |
| Westport improvements | 3,604,000 |
| Conveyance to Charlotte County | 4,780,103 |
| Change in land for resale | <u>1,935,625</u> |
| Total withdrawals | <u>\$ 10,355,093</u> |

Indebtedness

The CRA does not have pledged incremental revenues or incurred any debt to carry out its activities.

REQUIRED SUPPLEMENTARY INFORMATION

MURDOCK VILLAGE COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GENERAL FUND - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|-------------------|---------------------|---|
| Revenues: | | | | |
| Taxes | \$ 17,797 | \$ 17,797 | \$ 18,072 | \$ 275 |
| Special assessments | - | - | 74,038 | 74,038 |
| Intergovernmental revenues | 5,300,000 | 5,300,000 | 5,300,000 | - |
| Interest | 15,000 | 15,000 | 19,143 | 4,143 |
| Total revenues | <u>5,332,797</u> | <u>5,332,797</u> | <u>5,411,253</u> | <u>78,456</u> |
| Expenditures: | | | | |
| Current | | | | |
| Contract/professional services | 40,000 | 40,000 | 1,420 | 38,580 |
| Purchased services | 13,000 | 13,000 | 33,945 | (20,945) |
| Capital outlay | 1,852,725 | 1,852,725 | 3,604,000 | (1,751,275) |
| Conveyance to Charlotte County | 5,307,631 | 5,307,631 | 4,780,103 | 527,528 |
| Total expenditures | <u>7,213,356</u> | <u>7,213,356</u> | <u>8,419,468</u> | <u>(1,206,112)</u> |
| Excess revenues over/(under) expenditures | (1,880,559) | (1,880,559) | (3,008,215) | (1,127,656) |
| Other financing sources : | | | | |
| Sale of land | <u>-</u> | <u>-</u> | <u>86,000</u> | <u>86,000</u> |
| Net change in fund balance | (1,880,559) | (1,880,559) | (2,922,215) | (1,041,656) |
| Fund balance, October 1, 2020 | 2,189,937 | 2,189,937 | 8,198,567 | (6,008,630) |
| Fund balance, September 30, 2021 | <u>\$ 309,378</u> | <u>\$ 309,378</u> | <u>\$ 5,276,352</u> | <u>\$ (7,050,286)</u> |

COMPLIANCE SECTION

**Report of Independent Auditor 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 Honorable Board of Murdock Village
Community Redevelopment Agency
Port Charlotte, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Murdock Village Community Redevelopment Agency (the “CRA”), a component unit of Charlotte County, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA’s basic financial statements, and have issued our report thereon dated March 22, 2022.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA’s internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 CRA'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 CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Cheryl Behart in cursive script.

Orlando, Florida
March 22, 2022

Independent Auditor's Management Letter

To the Honorable Board of Murdock Village
Community Redevelopment Agency
Port Charlotte, Florida

Report of the Financial Statements

We have audited the financial statements of the governmental activities and the General Fund of Murdock Village Community Redevelopment Agency (the "CRA"), a component unit of Charlotte County, Florida, as of and for the year ended September 30, 2021, and have issued our report thereon dated March 22, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Report of Independent Auditor 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 Report of Independent Accountant on Compliance with Local Government Investment Policies and Community Redevelopment Agency Requirements. Disclosures in those reports, which are dated March 22, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such disclosure is included in the notes to the financial statements. There were no component units related to the CRA.

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 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 condition(s) met. In connection with our audit, the results of our tests did not indicate the CRA met 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.

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.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the CRA reported:

- a. The total number of CRA employees compensated in the last pay period of the district's fiscal year as zero.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as zero.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as zero.
- e. Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as none.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amends a final adopted budget under Section 189.016(6), Florida Statutes, as zero.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, *Rules of the Auditor General*. Accordingly, this management letter is not suitable for any other purpose.



Orlando, Florida
March 22, 2022

**Report of Independent Accountant on Compliance with
Local Government Investment Policies and Community
Redevelopment Agency Requirements**

To the Honorable Board of Murdock Village
Community Redevelopment Agency
Port Charlotte, Florida

We have examined Murdock Village Community Redevelopment Agency's (the "CRA") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, and the community redevelopment agency requirements of Section 163.387, Florida Statutes, during the year ended September 30, 2021. Management of the CRA is responsible for the CRA's compliance with the specified requirements. Our responsibility is to express an opinion on the CRA's compliance with the specified requirements 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, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the CRA's compliance with the specified requirements.

In our opinion, the CRA complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, and the community redevelopment agency requirements of Section 163.387, Florida Statutes, during the year ended September 30, 2021.

The purpose of this report is to comply with the audit requirements of Sections 218.415 and 163.387, Florida Statutes, and *Rules of the Auditor General*.



Orlando, Florida
March 22, 2022