

City of Ocoee, Florida



**FIFTY
WEST**

Community Redevelopment Agency

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING SEPTEMBER 30, 2021



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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Honorable CRA Board
City of Ocoee, Florida 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 *City of Ocoee, Florida Community Redevelopment Agency (the "CRA")*, a component unit of the City of Ocoee, 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

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.

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 respective financial position of the governmental activities, and each major fund, of City of Ocoee Community Redevelopment Agency, as of September 30, 2021, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 3 through 6 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise *City of Ocoee Community Redevelopment Agency's* basic financial statements. The introductory section is presented for purposes of additional analysis and are not a required part of the financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 24, 2022, on our consideration of *City of Ocoee Community Redevelopment Agency's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *City of Ocoee Community Redevelopment Agency's* internal control over financial reporting and compliance.



Orlando, Florida
May 24, 2022

As management of the *City of Ocoee, Florida Community Redevelopment Agency* we offer readers of the *City of Ocoee Community Redevelopment Agency's* financial statements this narrative overview and analysis of the financial activities of the *City of Ocoee Community Redevelopment Agency* for the fiscal year ended September 30, 2021.

Financial Highlights

- The assets of the CRA exceeded its liabilities at the close of the current fiscal year by \$4,934,634 (*net position*). Of this amount, \$3,569,053 represents restricted net position, which is to be used to meet the CRA's ongoing obligations to the fund.
- The CRA's total net position increased by \$1,271,339 or 35%.
- As of the close of the current fiscal year, the CRA's governmental funds reported an ending fund balance of \$3,569,053. The total amount, \$3,569,053, is restricted for the purpose of community redevelopment.

Overview of the Financial Statements

The financial statements focus on the CRA as a whole (government-wide) and on the individual fund. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the CRA's accountability.

This discussion and analysis are intended to serve as an introduction to the CRA basic financial statements. The CRA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the CRA's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CRA is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 7 - 8 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general fund of the CRA is categorized as a governmental fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The CRA adopts an annual appropriated budget for the general fund. Budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget on page 11.

The basic governmental fund financial statements can be found on pages 9-10 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12- 18 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the CRA, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,934,634 at the close of the most recent fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 7.

Statement of Net Position as of September 30,

	Governmental Activities	
	2021	2020
Current and other assets	\$ 3,590,286	\$ 2,430,592
Capital assets	1,365,581	1,347,558
Total assets	4,955,867	3,778,150
Current liabilities	21,233	114,855
Total liabilities	21,233	114,855
Net Position:		
Net investment in capital assets	1,365,581	1,347,558
Restricted	3,569,053	2,315,737
Total net position	\$ 4,934,634	\$ 3,663,295

The CRA's net position of \$1,365,581 is reflected in investment in capital assets, less any outstanding related debt used to acquire those assets. The CRA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the CRA's investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The CRA's net position increased by \$1,271,339 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 8.

Changes in Net Position For the Year Ended September 30,

	Governmental Activities	
	2021	2020
Revenues:		
Program Revenues:		
Capital grants and contributions	\$ 69,849	\$ 589,504
General Revenues:		
Taxes	1,718,937	1,390,115
Miscellaneous	25,000	-
Total revenues	1,813,786	1,979,619
Expenses:		
Physical environment	542,447	635,533
Total expenses	542,447	635,533
Increase (decrease) in net position before transfers	1,271,339	1,344,086
Increase (decrease) in net position	1,271,339	1,344,086
Net position, October 1	3,663,295	2,319,209
Net position, September 30	\$ 4,934,634	\$ 3,663,295

Governmental Activities

Governmental activities increased the CRA's net position by \$1,271,339. This was due to increases in taxes received by the CRA.

Financial Analysis of the Government's Funds

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

Governmental Funds

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 September 30, 2021, the CRA's governmental fund reported combined ending fund balances of \$3,569,053 an increase of \$1,253,316 in comparison with the prior year. The fund balance is restricted for community redevelopment.

The fund balance of the general fund increased by \$1,253,316 during the current fiscal year.

General Fund Budgetary Highlights

During the year, actual revenues were \$111,301 less than budgeted revenues and actual expenditures were \$3,215,671 less than budgeted expenditures. Revenues were lower than budgeted due to a portion of anticipated grant funds were received in a prior year. Expenses were lower than budgeted primarily due to lower capital activity than anticipated.

Capital Assets

At September 30, 2021, the CRA had \$1,365,581 invested in capital assets. At year end, the entire balance was considered construction in progress.

Next Year's Budget and Rates

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

Requests for Information

This financial report is designed to provide a general overview of the *City of Ocoee Community Redevelopment Agency's* finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 150 N. Lakeshore Drive, Ocoee, Florida 34761.

BASIC FINANCIAL STATEMENTS

City of Ocoee, Florida Community Redevelopment Agency
Statement of Net Position
September 30, 2021

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 3,590,286
Capital assets:	
Capital assets (not being depreciated)	1,365,581
Total assets	4,955,867
Liabilities:	
Accounts payable and accrued expenses	19,446
Due to City of Ocoee	1,787
Total liabilities	21,233
Net Position:	
Net investment in capital assets	1,365,581
Restricted	3,569,053
Total net position	\$ 4,934,634

City of Ocoee, Florida Community Redevelopment Agency
Statement of Activities
Year Ended September 30, 2021

Functions/Programs:	Expenses	Program Revenue	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary Government				Governmental Activities
Governmental Activities:				
Physical environment	\$ 542,447	\$ 69,849		\$ (472,598)
Total governmental activities	<u>\$ 542,447</u>	<u>\$ 69,849</u>		<u>\$ (472,598)</u>
	General revenues:			
	Taxes			1,718,937
	Miscellaneous			25,000
	Total general revenues and transfers			<u>1,743,937</u>
	Change in net position			1,271,339
	Net position, beginning			<u>3,663,295</u>
	Net Position, ending			<u>\$ 4,934,634</u>

	<u>General Fund</u>
Assets:	
Cash and cash equivalents	\$ 3,590,286
Total assets	<u>3,590,286</u>
Liabilities:	
Accounts payable	10,117
Accrued expenses	9,329
Due to City of Ocoee	<u>1,787</u>
Total liabilities	<u>21,233</u>
Fund Balance:	
Restricted for community development	<u>3,569,053</u>
Total fund balances	<u>3,569,053</u>
Total liabilities and fund balances	<u>\$ 3,590,286</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance governmental funds	\$ 3,569,053
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	<u>1,365,581</u>
Net position of governmental activities	<u>\$ 4,934,634</u>

City of Ocoee, Florida Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds
Year Ended September 30, 2021

	<u>General Fund</u>
Revenues:	
Taxes	\$ 1,718,937
Intergovernmental revenues	69,849
Miscellaneous revenues	25,000
Total revenues	<u>1,813,786</u>
Expenditures:	
Current	
Physical environment	535,447
Capital Outlay:	
Physical environment	25,023
Total expenditures	<u>560,470</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,253,316</u>
Net change in fund balance	1,253,316
Fund balance, beginning	<u>2,315,737</u>
Fund balance, ending	<u><u>\$ 3,569,053</u></u>
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	
Net change in fund balances - total governmental funds	\$ 1,253,316
Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities the cost of those assets is recorded as capital assets	18,023
Change in net position of governmental activities	<u><u>\$ 1,271,339</u></u>

City of Ocoee, Florida Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual
Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes and impact fees	\$ 1,625,087	\$ 1,625,087	\$ 1,718,937	\$ 93,850
Intergovernmental	-	-	69,849	69,849
Miscellaneous	300,000	300,000	25,000	(275,000)
Total revenues	<u>1,925,087</u>	<u>1,925,087</u>	<u>1,813,786</u>	<u>(111,301)</u>
Expenditures:				
Physical environment	3,776,141	3,776,141	560,470	3,215,671
Total expenditures	<u>3,776,141</u>	<u>3,776,141</u>	<u>560,470</u>	<u>3,215,671</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,851,054)</u>	<u>(1,851,054)</u>	<u>1,253,316</u>	<u>3,104,370</u>
Net change in fund balance	(1,851,054)	(1,851,054)	1,253,316	3,104,370
Fund balance, beginning	2,315,737	2,315,737	2,315,737	-
Fund balance, ending	<u>\$ 464,683</u>	<u>\$ 464,683</u>	<u>\$ 3,569,053</u>	<u>\$ 3,104,370</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Ocoee (the "City") created the Community Redevelopment Agency (CRA) in May of 2006. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The purpose of the CRA is to utilize appropriate private and public resources to eliminate and prevent the development or spread of slum and blighted areas in designated areas within the City. Areas within the CRA are to be redeveloped as an economically sustainable and attractive mixed-use area offering a high quality local destination in a manner that promotes a positive image for the City.

The CRA's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the CRA are discussed below. The financial statements have also been prepared in accordance with GASB Statement 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*.

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the CRA. For the most part, the effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following funds:

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

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

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

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

Deposits and Investments

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

Receivables and Payables

All receivables are shown net of an allowance for uncollectibles.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are defined by the CRA's capitalization policy as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Any assets purchased with CRA funds are conveyed to the City for ownership and maintenance upon completion of the project. At year end, all assets are considered construction in progress.

Long-term obligations

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

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The CRA does not have any item that qualifies for reporting in this category for the year ended September 30, 2021.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The CRA does not have any item that qualifies for reporting in this category for the year ended September 30, 2021.

Net position flow assumptions

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

Fund balance flow assumptions

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

Fund Balance Policies

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

In fiscal year 2021, the CRA has not implemented any new accounting standards with a material effect on the CRA's financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the CRA. The CRA follows these procedures set forth below in establishing the budgetary data reflected in the financial statements.

- 1) Prior to the CRA's September budget meeting, the Executive Director/City Manager submits to the CRA a proposed budget for the fiscal year commencing the following October 1st. The budget includes proposed expenditures, including operating and capital improvement projects, and the means of financing them.
- 2) A noticed CRA budget meeting is held to discuss and approve the CRA's proposed budget. This meeting is held prior to the City Commission's second public hearing to adopt the City's budget.
- 3) The CRA adopts the budget by resolution. The resolution includes language on how to handle the increase or decrease in tax increment revenues and cash brought forward. The CRA's adopted budget is sent to the City Commission and is incorporated into the City's overall budget.
- 4) On or before September 30th of each year, the Commission adopts the final budget by ordinance, which includes the CRA's budget, and establishes the ad valorem tax millage for the City.
- 5) The CRA cannot legally exceed the amended budget, however, the Executive Director/City Manager is authorized to administratively make any adjustments to the CRA's budget. The legal level of budgetary control is at the department level.
- 6) The CRA must transmit the adopted budget and any amendments to Orange County within 10 days of adoption by the CRA Board.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The CRA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The CRA uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the CRA's own data in measuring unobservable inputs. The CRA had no investments as defined by GASB Statement No. 72 as of September 30, 2021.

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

1. State Board of Administration Local Government Investment Pool (SBA LGIP)
2. Registered investment companies (money market mutual funds)
3. Money market funds and certificates of deposit in state-certified qualified public depositories
4. U.S. Government Agency Securities and U.S. Treasury Bills, Notes and Bonds:
5. Repurchase agreements

Credit Risk

The City's investment policy limits credit risk by restricting authorized investments to those described above. The policy requires that investments in U.S. Government Agency Securities be guaranteed by the full faith of the U.S. Government. Also, term repurchase agreements must be collateralized by U.S. Treasury securities and overnight (sweep) repurchase agreements must be collateralized by the full faith or general faith and credit obligations of the U.S. Government or U.S. Government Agency Securities. Securities of registered investment companies must be limited to U.S. Government obligations and to repurchase agreements fully collateralized by such U.S. Government obligations.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2021, all of the CRA's bank deposits were in qualified public depositories.

Notes to Financial Statements

September 30, 2021

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. At September 30, 2021, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk

The policy has no limitations on portfolio composition.

Interest Rate Risk

The policy limits investment in U.S. Government Agency Securities, Treasury Bills, Notes and Bonds to a maximum maturity of five years. The maximum length to maturity for Certificates of Deposit is three years.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,347,558	\$ 18,023	\$ -	\$ 1,365,581
Total capital assets, not being depreciated	<u>\$ 1,347,558</u>	<u>\$ 18,023</u>	<u>\$ -</u>	<u>\$ 1,365,581</u>

NOTE 5 COMMITMENTS AND CONTINGENCIES

Risk Management

The CRA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the CRA is covered under the City's commercial insurance. There have been no significant reductions in insurance coverage from the prior year and there have been no settlements during the past three years.

NOTE 6 RELATED PARTY TRANSACTIONS

The CRA is component unit of the City of Ocoee, Florida. For the year ended September 30, 2021, the CRA's tax increment revenues include \$923,610 received from the City. In addition, the CRA reimbursed the City for services performed on behalf of the CRA such payroll and payroll benefits, paid during the year. Payment to the City for these services during the year ended September 30, 2021 was approximately \$284,000.

At year end, the CRA owed the City \$1,787, primarily for expenditures paid by the City and not yet remitted from the CRA.

Notes to Financial Statements

September 30, 2021

NOTE 7 SOURCE OF DEPOSITS AND PURPOSE OF WITHDRAWALS

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the CRA Funds for the fiscal year ended September 30, 2021:

Source of Deposit:

Tax increment	\$	1,718,937
Grants		69,849
Miscellaneous		25,000
Total sources	\$	1,813,786

Purpose of Withdrawal:

Salaries and benefits	\$	284,288
Professional services		183,877
Miscellaneous		67,282
Capital outlay		25,023
Total withdrawals	\$	560,470

OTHER REPORTS

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

Honorable CRA Board
City of Ocoee Community Redevelopment Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the City of Ocoee Community Redevelopment Agency (the "CRA"), 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 May 24, 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 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDermitt Davis

Orlando, Florida
May 24, 2022

MANAGEMENT LETTER

Honorable CRA Board
City of Ocoee Community Redevelopment Agency, Florida

Report on the Financial Statements

We have audited the financial statements of the *City of Ocoee Community Redevelopment Agency, Florida*, (“CRA”), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 24, 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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant’s Reports on 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 May 24, 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 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. This information has been disclosed in the notes to the financial statements.

Financial Condition

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, 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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter 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 District reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year allocated portions of 3 City employees.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year was 2.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency \$215,897 for allocated portion of 3 City employees.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$59,643.
- 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 projects as not applicable.
- 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 district amends a final budget under Section 189.016(6), Florida Statutes, as included in the budget statements.

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 the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the CRA Board and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McDiarmid Davis

Orlando, Florida

May 24, 2022



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

The Honorable CRA Board
City of Ocoee Community Redevelopment Agency, Florida

We have examined City of Ocoee Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

McDermitt Davis

Orlando, Florida
May 24, 2022