

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

FINANCIAL STATEMENTS

Year Ended September 30, 2022

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council (CRA Board)
City of Mount Dora Community Redevelopment Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and General Fund of the City of Mount Dora, Florida Community Redevelopment Agency (the "CRA"), a component unit of the City of Mount Dora, Florida as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and General Fund of the CRA as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CRA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

The Honorable Mayor and
Members of the City Council (CRA Board)
City of Mount Dora Community Redevelopment Agency

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CRA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

The Honorable Mayor and
Members of the City Council (CRA Board)
City of Mount Dora Community Redevelopment Agency

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023 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 other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 30, 2023

Management's Discussion and Analysis

The Management's Discussion and Analysis (the MD&A) of the Community Redevelopment Agency (the CRA) is intended to provide an overview of the CRA's financial position and results of operations for the fiscal year ended September 30, 2022. The MD&A should be read in conjunction with the CRA's financial statements, including the accompanying notes, to enhance the understanding of the CRA's financial performance.

Financial Highlights

- The CRA's restricted fund balance at the close of the fiscal year was \$2,284,429, which represents unspent tax increment revenues appropriated to specific ongoing or future redevelopment projects.
- Fund balance increased in the current year by \$272,874. Tax increment financing revenues received by the CRA in the current year increased as a result of increased property values within the CRA.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the CRA's basic financial statements, which have the following components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. This report also contains other required 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 and liabilities, with the difference between the two 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 CRA's net position changed during the 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 the statement for some items that will only result in cash flows in future fiscal periods. The governmentwide financial statements listed above distinguish functions of the CRA that are principally supported by ad-valorem taxes.

The government-wide financial statements include only the financial activities of the CRA. However, the CRA is considered a component unit of the City of Mount Dora, Florida (the City) and, as such, the financial information of the CRA is included in the City's Annual Comprehensive Financial Report in each fiscal year.

Management's Discussion and Analysis

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 *nearterm* 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 the comparison between governmental funds and governmental activities when required.

Key elements of the reconciliation of these two statements are that the government-wide statement of activities reports the issuance of debt as a liability, the purchases of capital assets as assets which are then charged to expense over their useful lives (depreciated), and changes in long-term liabilities as adjustments of expenses. Conversely, the governmental funds statements report the issuance of debt as another financing source of funds, the repayment of debt as an expenditure, the purchase of capital assets as an expenditure, and do not reflect changes in long-term liabilities.

The CRA maintains only one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

Notes to the Financial Statements

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

Government-wide Financial Analysis

The following table summarizes the statement of net position for the fiscal years ended September 30, 2022 and 2021:

Management's Discussion and Analysis

Summary Schedule of Net Position

	Net Position	
	2022	2021
Current Assets	\$ 2,295,736	\$ 2,016,161
Capital assets	1,150,040	1,056,248
Total assets	3,445,776	3,072,409
Liabilities:		
Accounts payable	11,307	4,606
Non-Current Liabilities		
Due Within One Year	353,000	345,000
Due in More than One Year	1,920,000	2,273,000
Total Liabilities	2,284,307	2,622,606
Net position:		
Net invested in capital assets	(1,122,960)	(1,561,752)
Restricted for Redevelopment Projects	2,284,429	2,011,555
Total net position	\$ 1,161,469	\$ 449,803

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Governmental activities Increased the CRA's net position by \$711,666 for the year ended September 30, 2022. Key elements of the change are described below.

The table below summarizes the changes in net position:

Summary of Changes in Net Position

	Changes in Net Position	
	2022	2021
General revenues:		
Intergovernmental	\$ 1,383,843	\$ 1,313,999
Investment income (loss)	(3,757)	3,405
Total general revenues	1,380,086	1,317,404
Expenditures/Expenses:		
General government	668,420	1,322,537
Change in net position	711,666	(5,133)
Net position – beginning	449,803	454,936
Net position – ending	\$ 1,161,469	\$ 449,803

Management's Discussion and Analysis

Financial Analysis of the General Fund

The focus of the CRA's governmental fund is to provide information on *near-term* inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CRA's financing requirement. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

The general fund is the only operating fund of the CRA. As per Florida Statute 163.387(7)(d), any monies remaining in a redevelopment trust fund at the end of a fiscal year must be appropriated to specific projects pursuant to an approved community redevelopment plan. At the end of the current year, a fund balance of \$2,284,429 was both restricted and appropriated to ongoing and future redevelopment projects.

The CRA's general fund is required to adopt an annual budget prepared on a basis consistent with accounting principles generally accepted in the United States of America

Budgetary Highlights

The governing board, the CRA, is authorized to transfer budget amounts. Revisions that alter the total expenditure must be approved by both the CRA and City Council. Legal level of control is maintained at the fund level. The difference between the original budget and the final amended amount was a net increase of revenues of \$104,675 due to increase in tax increment revenues.

Actual revenues were lower than the final budgeted revenues by \$4,891 and actual expenditures were under budget by \$1,724,124.

Capital Assets

The CRA's net investment in capital assets as of September 30, 2022 amounts to \$1,150,040, an increase of \$93,792 due to increases in construction in progress from \$104,895 to \$198,687.

	Capital Assets	
	2022	2021
Land and Improvements	\$ 951,353	\$ 951,353
Construction in Progress	198,687	104,895
Total	<u>\$ 1,150,040</u>	<u>\$ 1,056,248</u>

Additional information on the CRA's capital assets can be found in Note 4 of this report.

Economic Factors and Conditions

The City and CRA continue to partner and plan infrastructure improvements that encourage private sector development in the designated downtown area. The CRA will continue to work with the City to ensure all needs are met and planned for as the CRA's redevelopment plans are implemented.

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide users with a general overview of the CRA's finances for all those with an interest in its finances. If you have any questions concerning any of the information provided in this report or need additional financial information, contact Finance and Administrative Services, P.O. Box 176, Mount Dora, Florida 32757.

Additional information can also be found on the City and CRA's website at www.ci.mount-dora.fl.us.

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

**STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET**

September 30, 2022

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS			
Equity in Pooled Cash and Investments	\$ 2,295,731	\$ -	\$ 2,295,731
Accrued Interest Receivable	5	-	5
Capital Assets	-	1,150,040	1,150,040
TOTAL ASSETS	\$ 2,295,736	\$ 1,150,040	\$ 3,445,776
LIABILITIES			
Accounts payable	11,307	-	11,307
Non-Current Liabilities:			
Due Within One Year	-	353,000	353,000
Due in More than One Year	-	1,920,000	1,920,000
TOTAL LIABILITIES	11,307	2,273,000	2,284,307
FUND BALANCES/NET POSITION			
Fund balance:			
Restricted for Redevelopment Projects	2,284,429	(2,284,429)	-
TOTAL FUND BALANCES	2,284,429	(2,284,429)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,295,736		
Net position:			
Net investment in capital assets		(1,122,960)	(1,122,960)
Restricted for Redevelopment Projects		2,284,429	2,284,429
TOTAL NET POSITION		\$ 1,161,469	\$ 1,161,469

The accompanying notes are an integral part of the financial statements.

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

**STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

Year Ended September 30, 2022

	General Fund	Adjustments (Note 2)	Statement of Activities
REVENUES			
Tax Increment Revenues	\$ 1,383,843	\$ -	\$ 1,383,843
Investment and Other Income	(3,757)	-	(3,757)
TOTAL REVENUES	1,380,086	-	1,380,086
EXPENDITURES/EXPENSES			
General government	493,722	-	493,722
Grants & Aid	99,695	-	99,695
Capital outlay	93,792	(93,792)	-
Debt Service:			
Principal Payments	345,000	(345,000)	-
Interest	75,003	-	75,003
TOTAL EXPENDITURES/EXPENSES	1,107,212	(438,792)	668,420
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	272,874	(272,874)	-
CHANGE IN NET POSITION	-	711,666	711,666
FUND BALANCES/NET POSITION			
Beginning of the year	2,011,555	(1,561,752)	449,803
End of the year	\$ 2,284,429	\$ (1,122,960)	\$ 1,161,469

The accompanying notes are an integral part of the financial statements.

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFIANT ACCOUNTING POLICIES

Financial Reporting Entity

On June 16, 1987, the Community Redevelopment Agency (the CRA) was established by the City of Mount Dora, Florida (the City), by Ordinance No. 447 as a public body organized pursuant to Part III of Chapter 163 of the Florida Statutes. The CRA's stated purpose is to intervene in the decline of the economic and physical character of the redevelopment area and transformation of the existing conditions into a functional and vibrant urban center. The CRA district consists of six sub-areas: Downtown Area, Donnelly Street Corridor, Fifth Avenue Corridor, Highland Street Business Area, Lakefront Area, and Robie and Camp Avenues Industrial Area. The statutory life of the CRA is thirty years unless extended by ordinance and notification to contributing parties. The City passed Ordinance 2012-05 on May 1, 2012, to extend the CRA for an additional thirty years. The City Council appointed itself as the governing body for the CRA.

The CRA has agreed to pay a portion of the debt service of a \$1.2 million City borrowing from 2018 in connection with a joint parking lot project. The first principal payment was due on September 30, 2021, with an estimated final maturity of September 30, 2028.

The accounting policies of the CRA conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the governmental activities of the CRA. The government-wide focus is more on the sustainability of the CRA as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level. Governmental activities are normally supported by taxes and intergovernmental revenues.

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Program revenues include operating and capital grants and contributions. In 2022, the CRA did not have any program revenues. Taxes and other items not included as program revenues are reported as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements consist of the government-wide financial statements and fund financial statements. 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. Tax increment financing from property taxes are recognized as revenue in the year when levied for. 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. Only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources are generally included on the balance sheet. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide governmental activities column, a reconciliation is sometimes necessary to explain the adjustments needed to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

Their operating statements present sources (revenue and financing sources) and uses (expenditures and other financing uses) of available spendable resources during the period. 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 CRA considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for debt service expenditures, which are recognized when due.

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax increment financing revenue, when levied for and interest associated with the current fiscal period are both considered to be measurable and have been recognized as revenues of the current fiscal year, if available.

Per Florida Statutes, Section 163.387, resources deposited into a redevelopment trust fund are restricted for community redevelopment activities pursuant to the approved redevelopment plan.

The CRA reports the general fund as a major governmental fund. The General Fund is used to account for all financial resources received by the CRA. The General Fund serves as the primary operating fund of the CRA. The CRA does not have any non-major funds.

Assets, Liabilities and Net Position

Equity in Pooled Cash and Investments: The CRA participates in the City's pooled cash and investment portfolio. Investment earnings are distributed monthly to the participating funds' relative percentage of investments.

Capital Assets: Capital assets include land titled to the CRA. The CRA pays for certain infrastructure improvements (roads, sidewalks, bridges, and other utility infrastructure) within the designated redevelopment area; however, these improvements are considered to be property of the City and, therefore, are included as capital assets in the City's government-wide financial statements when completed.

Capital assets titled to the CRA, if any, are reported in governmental activities in the government-wide financial statements. The CRA utilizes the City's capitalization policy and capitalizes assets with a cost in excess of \$5,000 and an estimated life greater than one year. Capital assets are recorded at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but are expensed as incurred.

Nature and Purpose of Fund Balance: Per Florida Statutes, Section 163.387, unspent tax increment financing revenues are restricted for future redevelopment projects pursuant to the approved community redevelopment plan and are reported as restricted fund balance in the financial statements. There are no other classifications of fund balance.

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensation Costs: The CRA has no employees of its own. Instead, the CRA reimburses the City for the portion of salaries and benefits attributable to CRA activities based on the estimated time spent on those activities as projected during the annual budget process. Any long-term payroll and benefit liabilities, such as compensated absences, other postemployment benefits, or pension liabilities, are reported on the City's financial statements.

Net Position: The government-wide statements utilized a net position presentation. Net investment in capital assets is that portion of net position that relates to the CRA's capital assets reduced by accumulated depreciation, if any, and outstanding long-term liabilities. Restricted net position is unspent tax increment financing revenues that are restricted for future redevelopment projects.

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

Risk Management: The CRA is adequately insured for general liability and directors and officers insurance through the purchase of a commercial insurance policy. The amount of settlements has not exceeded insurance coverage in any of the past three years.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Adjustments were made to include capital assets (net of accumulated depreciation) and long-term liabilities on the statement of net position. This resulted in a net difference between the ending General Fund balances and the total net position of \$1,122,960.

Total fund balance	\$ 2,284,429
Capital assets, net	1,150,040
Long-Term liabilities	<u>(2,273,000)</u>
Total net position	<u>\$ 1,161,469</u>

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

Adjustments were made to eliminate capital outlay expenditures and principal payments on the statement of activities. This resulted in a net difference between “excess revenues over expenditures” and “change in net position” of \$438,792.

Excess of revenues over expenditures	\$ 272,874
Capital outlay	93,792
Principal Payments	<u>345,000</u>
Change in net position	<u>\$ 711,666</u>

NOTE 3 - DEPOSITS AND INVESTMENTS

At year-end, the CRA’s share of the City’s pooled cash and investment balances was \$1,383,843. The City’s bank deposits are held in qualified depositories pursuant to Chapter 280, Florida Statutes, *Florida Security for Public Deposits Act* (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository’s collateral pledging level. The collateral pledging level may range from 25% to 200% depending upon the depository’s financial condition and the length of time that the depository has been established. All collateral must be deposited with an approved financial institution. The Public Depository Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. The CRA’s bank balances were insured either by the federal depository insurance corporation or collateralized in the bank’s participation in the Act.

Authorized Investments

The CRA does not have a separate deposit and investment policy and it follows the deposit and investment policies of the City.

Florida Statute 218.415 authorizes the City to invest in the state pools and in obligations of the United States Treasury and agencies. The City has adopted an investment policy for operating funds pursuant to state statutes that allows the City to contract for investment and related services establish internal controls, and specifies the types of investments that may be purchased. Key objectives of the policy are as follows:

- Safety of principal is the foremost objective of the investment program.
- Provide sufficient liquidity to allow for quick conversion of investments to cash easily and rapidly without loss of principal to meet operating, payroll, and capital requirements.
- The investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 3- DEPOSITS AND INVESTMENTS (Continued)

- Investments held should be diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.

The policy also lists permitted types of investments, limitations as to amounts invested in each type, the amount invested with each issuer, the length of investment maturities, and other statutory or contractual restrictions for each type of investment. The investment in any derivative products or the use of reverse repurchase agreements is not permitted by this investment policy.

Risk Disclosure

The City's investment policy does not address its exposure to interest rate changes, custodial credit risk, or quality credit risk. The following items discuss the City's operating funds' exposure to various risks in primarily the fixed rate portions of their investment portfolios:

- **Interest Rate Risk**—the City's fixed rate investments are intended to be held until the funds are needed, at maturity.
- **Custodial Credit Risk**—for an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City generally utilizes third-party custodians to help manage custodial credit risk.
- **Concentration of Credit Risk**— the investment policy for the operating funds of the City define what percentage of the total investment portfolio may be invested in each type of investment vehicle. The City's policy states that these percentages may be further restricted based on market conditions, risk, and diversification investment strategies.

More detailed information on the City's investment portfolio can be obtained from the City's Annual Comprehensive Financial Report which can be found on the City's website at www.ci.mount-dora.fl.us.

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, follows:

	<u>Balance October 1, 2021</u>	<u>Additions and Transfers</u>	<u>Deletions and Transfers</u>	<u>Balance September 30, 2022</u>
Governmental Activities				
Land and Improvements	\$ 951,353	\$ -	\$ -	\$ 951,353
Construction in Progress	104,895	93,792	-	198,687
Total capital assets, not being depreciated	<u>1,056,248</u>	<u>93,792</u>	<u>-</u>	<u>1,150,040</u>
Total capital assets	<u>\$ 1,056,248</u>	<u>\$ 93,792</u>	<u>\$ -</u>	<u>\$ 1,150,040</u>

NOTE 5 - TAX INCREMENT FINANCING REVENUE

The CRA is primarily funded through tax-increment financing revenue. This revenue is computed by applying the operating tax for Lake County and the City of Mount Dora multiplied by 95% of the increased value of property in the CRA over the base property value. The City and the County are required to fund this amount annually without regard to tax collections or other obligations.

NOTE 6 – LONG-TERM LIABILITIES

The following schedule summarizes the changes in the CRA’s governmental long-term liabilities during the year ended September 30, 2022:

	<u>Balance October 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2022</u>	<u>Due within one year</u>
2013 Redevelopment Note (Direct Placement)	\$ 1,268,000	\$ -	\$ (170,000)	\$ 1,098,000	\$ 173,000
2018 Capital Improvement (Direct Borrowing)	1,350,000	-	(175,000)	1,175,000	180,000
Total	<u>\$ 2,618,000</u>	<u>\$ -</u>	<u>\$ (345,000)</u>	<u>\$ 2,273,000</u>	<u>\$ 353,000</u>

▪ **Redevelopment Revenue Note, Series 2013**

On May 2013, the City issued CRA Redevelopment Revenue Note, Series 2013 (Series 2013 Note), in the amount of \$2,500,000, with a fixed interest rate of 2.17%. The proceeds were used to fund the Downtown Streetscape Project and to pay issuance costs.

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

NOTE 6 – LONG-TERM LIABILITIES (Continued)

▪ **Capital Improvement Note, Series 2018**

During fiscal year 2018, the City drew down proceeds in the amount of \$865,000 and the remainder of \$650,000 during fiscal year 2020. This debt has a fixed interest rate of 3.58%. The proceeds were used to fund a parking garage project.

The following schedule summarizes the retirement of the governmental long-term debt by fiscal year:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 353,000	\$ 64,959	\$ 417,959
2024	362,000	54,739	416,739
2025	371,000	44,253	415,253
2026	385,000	33,502	418,502
2027	394,000	22,306	416,306
Thereafter	408,000	10,844	418,844
Total	<u>\$ 2,273,000</u>	<u>\$ 230,601</u>	<u>\$ 2,503,603</u>

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MOUNT DORA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

Year Ended September 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
GENERAL FUND				
Revenues:				
Tax Increment Revenues	\$ 1,279,168	\$ 1,383,843	\$ 1,383,843	\$ -
Miscellaneous Income (Loss)	1,134	1,134	(3,757)	(4,891)
TOTAL REVENUES	<u>1,280,302</u>	<u>1,384,977</u>	<u>1,380,086</u>	<u>(4,891)</u>
EXPENDITURES				
General Government	618,567	650,567	493,722	156,845
Grants & Aid	125,000	192,500	99,695	92,805
Capital Outlay	1,495,670	1,568,345	93,792	1,474,553
Debt Service:				
Principal	345,000	345,000	345,000	-
Interest	74,924	74,924	75,003	(79)
Total Debt Service	<u>419,924</u>	<u>419,924</u>	<u>420,003</u>	<u>(79)</u>
TOTAL EXPENDITURES	<u>2,659,161</u>	<u>2,831,336</u>	<u>1,107,212</u>	<u>1,724,124</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,378,859)	(1,446,359)	272,874	1,719,233
FUND BALANCE - BEGINNING	<u>1,378,859</u>	<u>1,446,359</u>	<u>2,011,555</u>	<u>565,196</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,284,429</u>	<u>\$ 2,284,429</u>

Note: This schedule is prepared on the basis of generally accepted accounting principles.

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
COMMUNITY REDEVELOPMENT AGENCY
SEPTEMBER 30, 2022**

NOTE 1 – BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING

The Community Redevelopment Agency (CRA) adheres to the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

Prior to September 30, the CRA Administrator submits, to the CRA, a proposed operating budget for the Downtown Redevelopment Trust Fund for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.

The CRA budget is also included in the City of Mount Dora, Florida's (the City) budget and is presented to the City Council for ratification prior to September 30.

CRA management is authorized to transfer budget amounts. Revisions that alter the total expenditures must be approved by the CRA. Legal level of budgetary control is maintained at the fund level. Budget amendments totaling \$67,500 were primarily related to increase operating expenditures.

COMPLIANCE SECTION



Certified Public Accountants

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

The Honorable Mayor and
Members of the City Council (CRA Board)
City of Mount Dora Community Redevelopment Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Mount Dora, Florida Community Redevelopment Agency (the "CRA") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CRA's financial statements and have issued our report thereon dated June 30, 2023.

Report on 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 weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable Mayor and
Members of the City Council (CRA Board)
City of Mount Dora Community Redevelopment Agency

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements and contracts, 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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the CRA in a separate management letter and Independent Accountant's Report dated June 30, 2023.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 30, 2023



INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and
Members of the City Council (CRA Board)
City of Mount Dora Community Redevelopment Agency

We have examined the City of Mount Dora, Florida Community Redevelopment Agency's (the "CRA") compliance with the requirements of Sections 163.387(6) and (7) and 218.415, Florida Statutes, during the year ended September 30, 2022. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the CRA's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the CRA's compliance with the specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 30, 2023



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Council (CRA Board)
City of Mount Dora Community Redevelopment Agency

Report on the Financial Statements

We have audited the basic financial statements of the City of Mount Dora, Florida Community Redevelopment Agency (the "CRA") as of and for the year ended September 30, 2022, and have issued our report thereon dated June 30, 2023.

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 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*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 30, 2023, 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. We deem prior year finding 2021-1 to be resolved.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we 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 identification of 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 communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.38(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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

- a) The total number of CRA employees compensated in the last pay period of the CRA's fiscal year as 7.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as 0.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$191,698.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- 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:
 - Streetscape Repair Design Budgeted – \$291,260; Expended – \$42,130
 - Parking Solution Budgeted – \$1,158,08; Expended – \$43,182
- 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 adopted budget under Section 189.016(6), Florida Statutes as \$(165,481).

The Honorable Mayor and
Members of the City Council (CRA Board)
City of Mount Dora Community Redevelopment Agency

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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 30, 2023