

**CITY OF DUNEDIN, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
FINANCIAL STATEMENTS
Year Ended September 30, 2023**

CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
<i>BASIC FINANCIAL STATEMENTS</i>	
Statement of Net Position and Governmental Fund Balance Sheet	9
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	10
Notes to the Financial Statements	11
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	20
COMPLIANCE SECTION	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	21
INDEPENDENT ACCOUNTANT'S REPORT	23
INDEPENDENT AUDITOR'S MANAGEMENT LETTER	24

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

Members of the Community Redevelopment Agency Board
City of Dunedin, Florida

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 Dunedin, Florida Community Redevelopment Agency (the "CRA"), a component unit of the City of Dunedin, Florida as of and for the year ended September 30, 2023, 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 in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the CRA as of September 30, 2023, 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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.

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 May 16, 2024 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 the 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

Tampa, Florida
May 16, 2024

Management's Discussion and Analysis

As management of the City of Dunedin, Florida Community Redevelopment Agency (the "CRA"), we offer readers of the CRA's financial statements this narrative overview and analysis of the CRA's financial activities for the fiscal year ended September 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CRA's 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 required supplementary information in addition to the basic financial statements.

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 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. Also, capital assets are capitalized and depreciated on the statement of net position whereas related purchases are expended on government fund financial statements.

General Fund. The General Fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the General 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 the General Fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the General Fund 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 General Fund balance sheet and the General Fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between General Fund and governmental activities.

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 are an integral part of the basic financial statements.

Other Information. The CRA adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the CRA, assets exceeded liabilities by \$9,063,850 at September 30, 2023. This compares with \$8,597,025 at the close of the previous fiscal year; an increase of \$466,826. The most significant component of net position for the CRA is net investment in capital assets, which reflects the value of capital assets held, net of accumulated depreciation, less any outstanding debt obligations associated with acquiring such capital assets. During fiscal year 2023, capital assets increased as a result of the \$580,350 downtown sidewalk project and \$90,000 in building and other improvements. Partially offsetting the overall increase in capital assets, depreciation expense on such assets amounted to \$307,768 during the fiscal year.

Restricted net position, which is to be used to meet the CRA's ongoing obligations, decreased from \$1,335,046 at the end of fiscal year 2022 to \$1,085,874 at the end of current fiscal year 2023.

	Net Position	
	2023	2022
Current and other assets	\$ 1,312,157	\$ 1,351,304
Capital assets	12,814,716	12,618,876
Total assets	<u>14,126,873</u>	<u>13,970,180</u>
Accounts payable and other current liabilities	226,283	16,258
Noncurrent liabilities:		
Due within one year:		
Revenue note payable	356,000	356,000
Leases payable	158,495	164,568
Due in more than one year:		
Revenue note payable	3,102,000	3,458,000
Leases payable	1,220,245	1,378,329
Total liabilities	<u>5,063,024</u>	<u>5,373,155</u>
Net position:		
Net investment in capital assets	7,977,976	7,261,979
Restricted for community redevelopment	1,085,874	1,335,046
Total net position	<u>\$ 9,063,850</u>	<u>\$ 8,597,025</u>

Governmental Activities. Governmental activities increased the CRA's net position by \$466,826 in fiscal year 2023. Intergovernmental revenues for property taxes increased \$182,610, or 12.03% over the prior fiscal year, primarily due to increased City and Pinellas County contributions to the Trust Fund as a result of the appreciation in property values on which City and County taxes are based. Investments saw an unrealized gain of \$44,938 at September 30, 2023 as a result of the market (fair) value of securities held in the City's investment portfolio increasing in comparison to current values as of the fiscal year end.

Aids and grants decreased by \$239,241 during fiscal year 2023 compared to the prior year as a result of the CRA providing \$200,000 to the State of Florida, Department of Transportation (FDOT) pursuant to a funding agreement whereby the FDOT is to perform all design and survey work associated with the 'State Road 580 / Skinner Boulevard Complete Streets Urban Corridor Improvement Project'. Total funding commitment for the project from the CRA amounts to \$600,000, the first \$400,000 was paid to FDOT during fiscal year 2022.

	Changes in Net Position	
	<u>2023</u>	<u>2022</u>
General revenues:		
Intergovernmental	\$ 1,701,199	\$ 1,518,589
Investment earnings (losses)	44,938	(11,767)
Rents	-	48,168
Total general revenues	<u>1,746,137</u>	<u>1,554,990</u>
Expenses:		
Economic environment	471,221	500,555
Debt service	93,694	91,056
Depreciation / amortization	461,546	404,889
Aids and grants	252,850	492,092
Total expenses	<u>1,279,312</u>	<u>1,488,592</u>
Change in net position	466,825	66,398
Net position - beginning	<u>8,597,025</u>	<u>8,530,627</u>
Net position - ending	<u><u>\$ 9,063,850</u></u>	<u><u>\$ 8,597,025</u></u>

Financial Analysis of the General Fund

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

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

Differences between General Fund operations and governmental activities is the accounting presentation for capital outlay and long-term debt. Capital outlay is accounted for as an expenditure in the General Fund and, to the extent it relates to capital asset additions (property and equipment and / or leased assets), is replaced by depreciation / amortization expense on the *statement of activities*. Long-term debt proceeds are recorded as an 'other financing source' in the *statement of governmental fund revenues, expenditures, and changes in fund balances* of the General Fund, yet is removed from the *statement of activities* and instead reflected as a long-term liability (revenue note payable) on the *statement of net position*.

General Fund Budgetary Highlights

Actual revenues realized in the amount of \$1,746,137 during FY 2023 were under budget of \$1,771,891 resulting in a nominal -1.45% variance. Differences between the final budget and actual operating expenditure categories are summarized as follows:

- **Economic environment.** Expenditures of \$471,221 were \$155,062 less than the \$626,282 budgeted, or 75.24% committed. The unexpended amount relates to professional services and contracted services for projects that have been delayed.
- **Capital outlay.** Expenditures of \$1,242,377 were budgeted during fiscal year 2023, with \$657,387 or 52.91% being committed. The unexpended amount of \$584,990 is primarily due to multiple project delays or deferrals, the most significant of which include:
 - Downtown East End Plan (\$232,505) – deferred to FY 2023 as a result of cost estimates higher than originally anticipated. Scope has been revised.
 - City Hall Adaptive Reuse (\$7,000) – deferred to FY 2023 as a result of cost estimates higher than originally anticipated. Project has been re-engineered and downsized.
 - Downtown pavers, walkability enhancements (\$58,000) – project started later than expected. Final expenses encumbered to FY 2024.
 - New City Hall (\$60,500) – project finalization expenses delayed due to project completion date delayed in FY2023.
 - Skinner Blvd Improvements (\$44,000) – project design costs delayed due to overall FDOT project delay.
- **Aids and grants.** Amounts expended towards aids and grants of \$252,850 was under the \$427,408 budgeted by \$174,558, or 40.84% primarily due to \$150,000 budgeted towards the Affordable / Workforce Housing program being deferred until fiscal year 2024.

Capital Asset Administration

The CRA's net investment in capital assets as of September 30, 2023 amounts to \$7,977,976 an increase of \$715,998 over the prior fiscal year-end balance. Capital assets, net of accumulated depreciation, increased by \$349,619; from \$11,055,509 at the end of fiscal year 2022 to \$11,405,128 at the end of current fiscal year 2023. During the current year, the CRA incurred cost of \$580,350 towards the Downtown Sidewalk Improvement project, additional \$90,000 into building improvements and other improvements, with the difference being attributable to depreciation expense on held capital assets during the fiscal year.

Governmental Accounting Standards Board (GASB) Statement No. 87 was implemented by the CRA during FY 2022, which requires that leases exceeding one year in length and which meet certain other criteria be accounted for as assets of the entity for financial statement purposes. The CRA has entered into agreements to lease nonfinancial assets including a building for the Artisan Incubator Project, real property (land) for public parking, a parking garage, and copier equipment. Offsetting the financial statement presentation of the leased assets, a long-term liability is recorded to measure the net present value of future lease payments over the remaining term of the lease. The leased assets are amortized annually using the straight-line method. Right to use leased assets, net of accumulated amortization, decreased by \$153,779; from \$1,563,367 at the end of fiscal year 2022 to \$1,409,588 at the end of current fiscal year 2023. No new leases were entered into during fiscal year 2023.

	Capital Assets	
	2023	2022
<i>Capital Assets (net of Depreciation)</i>		
Land	\$ 8,509,375	\$ 8,509,375
Buildings	93,551	59,941
Improvements other than buildings	2,187,935	2,435,527
Machinery and equipment	8,786	11,634
Construction in progress	605,480	39,033
Total capital assets	<u>\$ 11,405,128</u>	<u>\$ 11,055,509</u>
 <i>Right to Use Leased Assets (net of Amortization)</i>		
Buildings	\$ 29,301	\$ 57,990
Infrastructure	1,380,287	1,504,250
Machinery and equipment	0	1,127
Total right to use leased assets	<u>\$ 1,409,588</u>	<u>\$ 1,563,367</u>
 Total Capital Assets	<u><u>\$ 12,814,716</u></u>	<u><u>\$ 12,618,876</u></u>

Economic Factors and Conditions

An increase in area property values resulted in an increase in City and County contributions to the Trust Fund for FY 2023. Total taxable values rose 12.72% in FY 2023, reflecting the continued growth trend over the past several years. The CRA was set to sunset in 2018. Pinellas County granted an extension of the City's CRA to 2033, with a mid-term review scheduled for 2025.

Requests for Information

This financial report is designed to provide a general overview of the CRA's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the Director of Finance, at 737 Loudon Ave, Dunedin, Florida, 34698.

CITY OF DUNEDIN, FLORIDA

COMMUNITY REDEVELOPMENT AGENCY

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

September 30, 2023

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS			
Pooled cash and equivalents	\$ 1,271,039	\$ -	\$ 1,271,039
Receivables-net of allowance for uncollectibles	5,757	-	5,757
Prepaid items	34,062	-	34,062
Other assets	1,300	-	1,300
Capital Assets - net	-	12,814,716	12,814,716
TOTAL ASSETS	<u>\$ 1,312,157</u>	<u>\$ 12,814,716</u>	<u>\$ 14,126,873</u>
LIABILITIES			
Accounts payable	\$ 189,261	\$ -	\$ 189,261
Contracts payable	27,912	-	27,912
Accrued wages payable	7,112	-	7,112
Deposits payable	2,000	-	2,000
Revenue note payable	-	3,458,000	3,458,000
Leases payable	-	1,378,740	1,378,740
TOTAL LIABILITIES	<u>226,283</u>	<u>4,836,740</u>	<u>5,063,024</u>
FUND BALANCES / NET POSITION			
Fund balances:			
Nonspendable	34,062	(34,062)	-
Restricted	1,051,812	(1,051,812)	-
TOTAL FUND BALANCES	<u>1,085,874</u>	<u>(1,085,874)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,312,157</u>		
Net position:			
Net investment in capital assets		7,977,976	7,977,976
Restricted for community redevelopment		1,085,874	1,085,874
TOTAL NET POSITION		<u>\$ 9,063,850</u>	<u>\$ 9,063,850</u>

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

CITY OF DUNEDIN, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY

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

Year Ended September 30, 2023

	General Fund	Adjustments (Note 2)	Statement of Activities
REVENUES			
Intergovernmental	\$ 1,701,199	\$ -	\$ 1,701,199
Investment earnings (losses)	44,938	-	44,938
TOTAL REVENUES	1,746,137	-	1,746,137
EXPENDITURES / EXPENSES			
Economic environment	471,221	-	471,221
Debt service	613,852	(520,158)	93,694
Depreciation / amortization	-	461,546	461,546
Capital outlay	657,387	(657,387)	-
Aids and grants	252,850	-	252,850
TOTAL EXPENDITURES / EXPENSES	1,995,310	(715,998)	1,279,312
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(249,173)	715,998	466,824
CHANGE IN FUND BALANCE / NET POSITION	(249,173)	715,998	466,826
FUND BALANCES / NET POSITION			
Beginning of the year	1,335,047	7,261,979	8,597,025
	<u>\$ 1,085,874</u>	<u>\$ 7,977,976</u>	<u>\$ 9,063,850</u>

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

CITY OF DUNEDIN, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Dunedin, Florida Community Redevelopment Agency (the "CRA") is a blended component unit of the City of Dunedin, Florida (the "City"). The CRA was originally created in May, 1988 by the adoption of Resolution No. 88-31, which was further ratified and readopted under 1991 Resolution No. 91-4. By adoption of Resolution No. 88-16, which was further ratified and readopted by Resolution No. 91-9, the rights, powers, duties, privileges and immunities of the CRA were invested in the City Commission. The governing board of the CRA consists of the Mayor, Vice Mayor, and the remaining three members of the City's Commission. The CRA as an agency exists until its sunset in 2033.

The CRA was created pursuant to Section 163.356, Florida Statutes, through ordinances passed by the City and Pinellas County. The primary goal of the City is to provide a tool through the CRA that will guide private and public initiatives for creating economic development, improved physical characteristics, encourage investment in downtown Dunedin, improve the quality of life for residents, and establish a framework for the proper evaluation of the CRA District. The City provides accounting and administrative support to the CRA without charge.

Pursuant to Florida Statute 163.387, the CRA is funded primarily by incremental ad valorem tax revenues levied and remitted in amounts proportionate to property tax values for each participating entity. The CRA is economically dependent on such revenue.

The accounting policies of the CRA conform to accounting principles generally accepted in the United States of America.

These financial statements present the financial position and results of operations controlled by or dependent upon the CRA. In evaluating the CRA as a reporting entity, management has addressed all potential component units for which the CRA may or may not be financially accountable and, as such, be includable in the CRA's financial statements. No component units exist which would require inclusion in the CRA's financial statements.

Government-wide and Fund Financial Statements

The CRA has only governmental activities and only one function, and, as such, it is eligible for special-purpose financial statement presentation; accordingly, the government-wide financial statements are presented together with the governmental fund financial statements, described below, with an adjustment column presented to reconcile the two sets of statements.

CITY OF DUNEDIN, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2023

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental Fund Financial Statements - The CRA has one governmental fund type, which is the General Fund. The General Fund is the primary operating fund used to account for all resources and operations. Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position.

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred.

When both restricted and unrestricted resources are available for use, it is the CRA’s policy to use restricted resources first, then unrestricted resources, as they are needed. When both assigned and unassigned resources are available for use, it is the CRA’s policy to use assigned resources first, then unassigned resources, as they are needed.

Budgets and the Budgetary Process

The CRA Agency adopts an annual operating budget, which can be amended by the Board throughout the year.

At the fund level, actual expenditures cannot exceed the budgeted amounts; however, with proper approval by the Board, budgetary transfers between line items can be made.

CITY OF DUNEDIN, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2023

The accompanying 'Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual' for the General Fund reflects the original and final budget authorization amounts, which includes all amendments. Appropriations lapse at the close of the fiscal year.

The CRA's management cannot amend or transfer appropriations.

For the year ended September 30, 2023, the CRA's budget was prepared on a modified accrual basis.

Pooled Cash and Equivalents

Pooled cash and equivalents are stated at fair value.

Prepaid Items

Payments made to vendors for services that will benefit subsequent fiscal years are recorded as prepaid items. The cost of these items are recorded as expenditures when consumed rather than when purchased. Prepaid items are equally offset by a fund balance reserve categorized as nonspendable, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets.

Capital Asset

Property and equipment purchased in the General Fund are recorded as expenditures at the time of purchase. It is the policy of the CRA to capitalize property and equipment over \$5,000 with an estimated useful life in excess of one year. Lesser amounts are expensed. Depreciation has been recorded using the straight-line method over useful lives varying from 5 to 50 years, depending upon the asset type. The CRA does not have donated fixed assets.

Leased/Right to use assets, which include copier equipment, real property for use as parking facilities, a parking garage, and building space, are recorded in the CRA's financial statements as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. These leased assets are initially measured at an amount equal to the related lease liability, and are amortized on a straight-line basis over the term of the related lease agreement.

Long-term Obligations

In the *statement of net position*, borrowed debt and other long-term obligations (leases payable) are reported as liabilities. As semi-annual debt service payments are made towards servicing the debt, the outstanding liability (revenue notes payable) balance is reduced accordingly. For leased, or right to use assets, the outstanding liability (leases payable) reflect the net present value of all future lease payments to be made in accordance with the underlying lease agreements. The lease obligation is amortized (reduced) over the remaining term of the lease(s).

CITY OF DUNEDIN, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2023

Property Taxes

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the assessment roll is certified by the County Property Appraiser. The County mails to each property owner on the assessment roll a notice of tax levy by the various governmental entities in the County. Taxes may be paid upon receipt of such notice with discounts at the rate of 4% if paid in November, 3% if paid in December, 2% if paid in January and 1% if paid in February. Taxes paid during the month of March are without discount. All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which the taxes were assessed.

Fund Balance / Net Position

The restricted fund balance for governmental funds represents amounts that may only be spent for specific purposes as stipulated by external resource providers or as imposed by law through constitutional provisions or enabling legislation.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - POOLED CASH AND EQUIVALENTS

The CRA's pooled cash and equivalents is combined with the pooled cash of the City. The City's cash accounts consist of interest-bearing, demand accounts and certificates of deposit, all of which were entirely covered by federal depository insurance or by a multiple financial institution collateral pool pursuant to the Public Depository Security Act of the State of Florida. This Act requires that the City maintain deposits only in "qualified public depositories." All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. In addition, qualified public depositories are required under the Act to assume mutual responsibility against loss caused by the default or insolvency of other qualified public depositories of the same type. Should a default or insolvency occur, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City.

Earnings (losses) from the pooled funds are allocated to the CRA based on the CRA's proportionate share of the pool.

CITY OF DUNEDIN, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2023

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in the CRA's capital assets and right to use leased assets during the fiscal year ended September 30, 2023:

	Balance October 1, 2022	Additions and Transfers	Deletions and Transfers	Balance September 30, 2023
<i>Capital Assets being Depreciated:</i>				
Land	\$ 8,509,375	\$ -	\$ -	\$ 8,509,375
Construction in progress	39,033	580,350	(13,904)	605,480
Total capital assets, not being depreciated	8,548,408	580,351	(13,904)	9,114,855
<i>Capital assets being depreciated:</i>				
Buildings	77,738	37,500	-	115,238
Improvements other than buildings	7,162,861	53,440	-	7,216,302
Machinery and equipment	35,298	-	(6,223)	29,075
Less: Accumulated depreciation	(4,768,796)	(307,768)	6,223	(5,070,341)
Total capital assets being depreciated	2,507,101	(216,828)	-	2,290,274
Total capital assets	<u>\$11,055,509</u>	<u>\$ 363,522</u>	<u>\$ (13,904)</u>	<u>\$ 11,405,128</u>
	Balance October 1, 2022	Additions and Transfers	Deletions and Transfers	Balance September 30, 2023
<i>Right to use leased assets being amortized:</i>				
Buildings	\$ 86,679	\$ -	\$ -	\$ 86,679
Infrastructure	1,575,802	-	-	1,575,802
Machinery and Equipment	2,254	-	-	2,254
Total Leased Assets Being Amortized	1,664,735	-	-	1,664,735
<i>Less: Accumulated amortization for -</i>	-	-	-	-
Buildings	(28,689)	(28,689)	-	(57,378)
Infrastructure	(71,552)	(123,963)	-	(195,515)
Machinery and Equipment	(1,127)	(1,127)	-	(2,254)
Total Accumulated Amortization	(101,368)	(153,779)	-	(255,147)
Right to Use Leased Assets, net	<u>\$ 1,563,367</u>	<u>\$ (153,779)</u>	<u>\$ -</u>	<u>\$ 1,409,588</u>
Total Capital Assets, net	<u>\$12,618,876</u>	<u>\$ 209,744</u>	<u>\$ (13,904)</u>	<u>\$ 12,814,716</u>

Depreciation expense amounted to \$307,768 and amortization expense amounted to \$153,779 during fiscal year 2023, which is included on the statement of activities.

CITY OF DUNEDIN, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2023

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum period of more than one year, in an exchange or exchange-like transaction.

The CRA has recorded right to use leased assets. The assets include leased copier equipment, real property for public parking, a parking garage, and building space. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

Leased/right to use asset activity for the fiscal year ended September 30, 2023, was as noted on the following page. The total of the CRA's leased assets are recorded at a cost of \$1,664,735, less accumulated amortization of \$255,147 at September 30, 2023.

NOTE 4 - LONG-TERM OBLIGATIONS

Non-Ad Valorem Revenue Note, Series 2021B

On November 18, 2021, the City of Dunedin issued \$4,114,000 of Non-Ad Valorem Revenues Notes, Series 2022B. The purpose of the borrowing was to finance the purchase of real property to be used as a public parking lot. The financing included costs of issuance in the amount of \$50,329. An interlocal agreement between the City of Dunedin and the CRA provides terms whereby the CRA shall reimburse the City for its obligations incurred by the financing by paying to the City the annual amount of the principal and interest on the borrowing attributable to the CRA.

The terms, interest rates and payments are as follows:

Original Amount Issued	\$	4,114,000
Final Maturity		August 1, 2032
Interest Rate		1.515%
Annual Payments Range	\$	414,000
Amount Outstanding at September 30, 2023	\$	3,458,000

Leased / Right to Use Assets

The CRA has entered into agreements to lease certain equipment, real property, and buildings. The lease agreements qualify as other than short-term leases under Governmental Accounting Standards Board (GASB) Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of implementation of the Statement.

CITY OF DUNEDIN, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2023

An agreement was executed on April 5, 2023, for the lease of real property to be utilized as a public parking lot. The lease term ends May 31, 2027, with an option to renew for two additional one-year terms. The agreement calls for semi-annual payments starting at \$20,000, escalating to \$22,000 over the term of the lease. For this lease, an intangible asset has been recorded with a net book value of \$219,183 at September 30, 2023.

An agreement was executed on March 19, 2020, for the lease of real property to be utilized as a public parking lot. The lease term ends July 31, 2023, with an option to renew for three additional one-year terms. The agreement stipulates the CRA is to reimburse the lessor for the annual property taxes assessed on the subject land. As such, the ongoing lease payment requirements are considered to be variable in value. For measurement of the total lease liability, the current fiscal year's lease payment value is assumed to remain consistent throughout the lease term. For this lease, an intangible asset has been recorded with a net book value of \$16,225 at September 30, 2023.

An agreement was executed on October 1, 2015, for the lease of building space to be used as an artisan incubator. The initial lease term ended September 30, 2020, with an option to renew for up to an additional five years. At the end of the initial term, the lease was renewed and extended for two additional years, ending September 30, 2023. A restated and amended lease agreement was entered into effective October 1, 2023, for a period of two years, terminating on September 30, 2024. The current agreement requires quarterly payments of \$7,411, escalating to \$7,929 by lease end. For this lease, an intangible asset has been recorded with a net book value of \$28,689 at September 30, 2023.

An agreement was executed on March 11, 2016, for the lease of space in a building structure (parking garage) for public parking, including a maintenance component to cover taxes, insurance, repair & maintenance, and utilities. The lease term ends January 31, 2038. The agreement requires annual payments of \$69,289 for the maintenance fee, which is funded by the CRA. For this lease, an intangible asset has been recorded with a net book value of \$1,144,879 at September 30, 2023.

An agreement has been executed, effective October 23, 2019, to lease copier equipment. The lease is for a period of four years, terminating October 22, 2023. The CRA's prorated share of the fixed lease payment amounts to \$94 per month. For this lease, an intangible asset has been recorded with a net book value of \$0.00 at September 30, 2023.

As of September 30, 2023, the CRA had minimum principal and interest payment requirements for its leasing activities, with a remaining term in excess of one year, as follows:

CITY OF DUNEDIN, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2023

	Liability Beginning Balance	Total Principal	Total Interest	Total Payment	Liability Ending Balance
Fiscal year ending September 30, 2023	<u>\$ 1,542,898</u>	<u>\$ 164,158</u>	<u>\$ 35,874</u>	<u>\$ 200,032</u>	<u>\$ 1,378,740</u>
FY2024	1,378,740	158,495	32,166	190,661	1,220,245
FY2025	1,220,245	130,501	28,572	159,073	1,089,744
FY2026	1,089,744	134,181	25,369	159,550	955,562
FY2027	955,562	132,912	22,077	154,989	822,650
FY2028-FY2032	822,650	568,981	65,244	634,225	253,669
FY2033-FY2035	253,669	253,669	10,257	263,926	-
Lease liability:		<u>\$ 1,378,740</u>			

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DUNEDIN, FLORIDA

COMMUNITY REDEVELOPMENT AGENCY

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

Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
GENERAL FUND				
Revenues:				
Intergovernmental	\$ 1,765,891	\$ 1,765,891	\$ 1,701,199	\$ (64,692)
Investment earnings (losses)	1,000	1,000	44,938	43,938
Rents	45,000	-	-	-
Other revenue	5,000	5,000	-	(5,000)
TOTAL REVENUES	1,816,891	1,771,891	1,746,137	(25,754)
EXPENDITURES				
Current:				
Economic environment	762,597	626,282	471,221	155,062
Debt service:				
Principal	511,644	511,644	520,158	(8,514)
Interest	94,727	94,727	93,694	1,033
Debt cost of issuance	1,000	1,000	-	1,000
Capital outlay	375,000	1,242,377	657,387	584,990
Aids and grants	150,458	427,408	252,850	174,558
TOTAL EXPENDITURES	1,895,426	2,903,439	1,995,310	908,128
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(78,535)	(1,131,548)	(249,173)	882,374
CHANGE IN FUND BALANCE	\$ (78,535)	\$ (1,131,547)	\$ (249,173)	\$ 882,374
FUND BALANCE AT BEGINNING OF YEAR			1,335,047	
FUND BALANCE AT END OF YEAR			\$ 1,085,874	

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



**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***

Members of the Community Redevelopment Agency Board
City of Dunedin, Florida

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 Dunedin, Florida Community Redevelopment Agency (the “CRA”) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA’s financial statements and have issued our report thereon dated May 16, 2024.

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.

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 May 16, 2024.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Tampa, Florida
May 16, 2024



INDEPENDENT ACCOUNTANT'S REPORT

Members of the Community Redevelopment Agency Board
City of Dunedin, Florida

We have examined the City of Dunedin, Florida Community Redevelopment Agency's (the "CRA") compliance with the requirements of Sections 163.387(6), 163.387(7) and 218.415, Florida Statutes, during the year ended September 30, 2023. 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 specified requirements.

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

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
May 16, 2024



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Members of the Community Redevelopment Agency Board
City of Dunedin, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Dunedin, Florida Community Redevelopment Agency (the "CRA") as of and for the year ended September 30, 2023, and have issued our report thereon dated May 16, 2024.

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 May 16, 2024, 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 recommendations made in the preceding 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. 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 reported:

- a. The total number of CRA employees compensated in the last pay period of the CRA fiscal year as 0.
- 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 \$0.
- 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 listed below:
 - i. N/A
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amends a final adopted budget under Section 189.016(6), Florida Statutes, see page 20.

Members of the Community Redevelopment Agency Board
City of Dunedin, Florida

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 had no 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's Board of Directors, 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

Tampa, Florida
May 16, 2024