

Financial Report

September 30, 2025

**City of Mascotte, Florida
Community Redevelopment Agency**

Introductory Section

| | <u>Page</u> |
|--|-------------|
| I. Introductory Section: | |
| Table of Contents | i |
| List of Principal Officials | ii |
| II. Financial Section: | |
| Independent Auditor's Report | 1-2 |
| Management's Discussion and Analysis | 3-5 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 6 |
| Statement of Activities | 7 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 8 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds | 9 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Community Redevelopment Fund | 10 |
| Notes to Financial Statements | 11-16 |
| III. Other Reports: | |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards | 17 |
| Independent Auditor Management Letter | 18-19 |
| Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes | 20 |
| Independent Accountant's Report on Compliance with the Requirements of Section 163.387(6) and (7), Florida Statutes | 21 |

MAYOR

Steven Sheffield

CITY COUNCIL

Jessica Bruno, Mayor Pro-Tem

Meghan Desoto, Council Member

Robin Hughes, Council Member

Randy Brasher, Council Member

CITY MANAGER

Annamarie Reno

CITY FINANCE DIRECTOR

Dolly Miller

Financial Section

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Mascotte, Florida Community Redevelopment Agency

Report of the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the *City of Mascotte, Florida Community Redevelopment Agency (the "CRA")*, a component unit of the City of Mascotte, Florida, as of and for the year ended September 30, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the CRA, as of September 30, 2025, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance 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 (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards (GAS)*, 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

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

Other Information

Management is responsible for the other information. The other information comprises the introductory sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026 on our consideration of *City of Mascotte Community Redevelopment Agency's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *City of Mascotte Community Redevelopment Agency's* internal control over financial reporting and compliance.

McDiarmid Davis

Orlando, Florida
March 6, 2026

As management of the *City of Mascotte, Florida Community Redevelopment Agency* we offer readers of the *City of Mascotte Community Redevelopment Agency's* financial statements this narrative overview and analysis of the financial activities of the *City of Mascotte Community Redevelopment Agency* for the fiscal year ended September 30, 2025.

Financial Highlights

- The assets of the *City of Mascotte Community Redevelopment Agency* exceeded its liabilities at the close of the current fiscal year by \$1,907,031 (net position).
- The government's total net position increased by \$250,601.
- As of the close of the current fiscal year, the *City of Mascotte Community Redevelopment Agency's* governmental funds reported an ending fund balance of \$1,907,031 an increase of \$243,041 in comparison with the prior year. The total amount, \$1,907,031, is restricted for the purpose of the *Community Redevelopment Agency Fund*.
- At the end of the current fiscal year, restricted fund balance for the community redevelopment agency fund was \$1,907,031 or 214% of total fund expenditures.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the *City of Mascotte Community Redevelopment Agency's* financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities*.

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

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

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

The government-wide financial statements include only the *City of Mascotte Community Development Agency* itself (known as the *primary government*).

The government-wide financial statements can be found on pages 6 - 7 of this report.

Fund Financial Statements

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

Governmental Fund

A *Governmental 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, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds are 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 Balance provide a reconciliation to facilitate this comparison between *governmental fund* and *governmental activities*.

The *City of Mascotte Community Redevelopment Agency* adopts an annual appropriated budget for its general fund. A budgetary comparison statement have been provided for the general fund to demonstrate compliance with this budget at page 10.

The basic governmental fund financial statements can be found on pages 8-10 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 11-16 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the *City of Mascotte Community Redevelopment Agency*, assets exceeded liabilities by \$1,907,031 at the close of the current fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 6.

Statement of Net Position as of September 30:

| | Governmental Activities | |
|---------------------------|--------------------------------|---------------------|
| | 2025 | 2024 |
| Assets | | |
| Current and other assets | 1,910,731 | \$ 1,669,360 |
| Total Assets | 1,910,731 | 1,669,360 |
| Liabilities | | |
| Long term liabilities | - | 7,560 |
| Other liabilities | 3,700 | 5,370 |
| Total Liabilities | 3,700 | 12,930 |
| Net Position | | |
| Restricted | 1,907,031 | 1,656,430 |
| Total Net Position | \$ 1,907,031 | \$ 1,656,430 |

Net position that is subject to external restrictions as to how they may be used total \$1,907,031 (100%).

The CRA’s net position increased by \$250,601 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 7.

Changes in Net Position as of September 30:

| | Governmental Activities | |
|-------------------------------------|--------------------------------|---------------------|
| | 2025 | 2024 |
| Revenues: | | |
| General revenues | \$ 1,135,635 | \$ 798,262 |
| Total revenues | 1,135,635 | 798,262 |
| Expenses: | | |
| General government | 885,034 | 199,867 |
| Total expenses | 885,034 | 199,867 |
| Increase (decrease) in net position | 250,601 | 598,395 |
| Net position, October 1 | 1,656,430 | 1,058,035 |
| Net position, September 30 | \$ 1,907,031 | \$ 1,656,430 |

Governmental Activities

Governmental activities increased the City of Mascotte Community Redevelopment Agency’s net position by \$250,601. This was due to increases in taxes due to increased taxable value in the CRA.

Financial Analysis of the Government’s Funds

As noted earlier, the *City of Mascotte Community Redevelopment Agency* uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

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 *City of Mascotte Community Redevelopment Agency’s* financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the general fund reported ending fund balance of \$1,907,031, an increase of \$243,041 in comparison with the prior year. The fund balance is restricted for community redevelopment.

General Fund Budgetary Highlights

During the year, actual revenues were \$23,135 more than budgeted revenues and actual expenditures were \$258,906 less than budgeted expenditures. During the year, the General Fund budget was amended to increase appropriations \$625,400.

Next Year’s Budget and Rates

During the current fiscal year, the CRA is expecting to incur enough revenues in 2026 to cover expenditures.

Requests for Information

This financial report is designed to provide a general overview of the *City of Mascotte Community Redevelopment Agency’s* finances for all those with an interest in the government’s finances. Questions concerning any of the information should be addressed to the office of the Finance Director, *City of Mascotte*, 100 East Myers Boulevard, Mascotte, Florida 34753.

Basic Financial Statements

Statement of Net Position

September 30, 2025

| | Governmental Activities |
|--|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 901,634 |
| Investments | 1,000,000 |
| Receivables | 9,097 |
| Total assets | <u>1,910,731</u> |
| Liabilities | |
| Accounts payable and accrued expenses | <u>3,700</u> |
| Total liabilities | <u>3,700</u> |
| Net Position | |
| Restricted for community redevelopment | <u>1,907,031</u> |
| Total net position | <u><u>\$ 1,907,031</u></u> |

Statement of Activities

Year Ended September 30, 2025

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|--------------------------------------|-----------------|--|
| Primary Government | | Governmental Activities |
| Governmental Activities: | | |
| General government | \$ 885,034 | \$ (885,034) |
| Total governmental activities | 885,034 | (885,034) |
| General Revenues: | | |
| Property taxes | | 1,103,899 |
| Unrestricted investment earnings | | 31,736 |
| Total general revenues | | 1,135,635 |
| Change in net position | | 250,601 |
| Net position, beginning | | 1,656,430 |
| Net position, ending | | \$ 1,907,031 |

Balance Sheet - Governmental Fund

September 30, 2025

| | General Fund |
|--------------------------------------|---------------------|
| Assets | |
| Cash and cash equivalents | \$ 901,634 |
| Investments | 1,000,000 |
| Receivables | 9,097 |
| Total assets | \$ 1,910,731 |
| Liabilities | |
| Accounts payable | \$ 3,700 |
| Other accrued expenses | - |
| Total liabilities | 3,700 |
| Fund Balances | |
| Restricted for community development | 1,907,031 |
| Total fund balances | 1,907,031 |

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

Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

| | |
|---|---------------------|
| Compensated absences | - |
| Net position of governmental activities in the statement of net position | \$ 1,907,031 |

City of Mascotte, Florida Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Fund
Year Ended September 30, 2025

| | <u>General Fund</u> |
|---|---------------------|
| Revenues | |
| Taxes | \$ 1,103,899 |
| Investment earnings | 31,736 |
| Total revenues | <u>1,135,635</u> |
| Expenditures | |
| Current: | |
| General government | 892,594 |
| Total expenditures | <u>892,594</u> |
| Excess (Deficit) of Revenues Over Expenditures | <u>243,041</u> |
| Net change in fund balances | 243,041 |
| Fund balances, beginning of year | <u>1,663,990</u> |
| Fund balances, end of year | <u>\$ 1,907,031</u> |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities: | |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Net Change in Fund Balances - total governmental funds: | \$ 243,041 |
| Some expenses reported in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Compensated absences | <u>7,560</u> |
| Change in Net Position of Governmental Activities | <u>\$ 250,601</u> |

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Community Redevelopment Fund**

Year Ended September 30, 2025

| | Budgeted Amounts | | Actual Amounts, Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|-------------------------|---------------------|--|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 1,110,500 | \$ 1,110,500 | \$ 1,103,899 | \$ (6,601) |
| Investment earnings | 2,000 | 2,000 | 31,736 | 29,736 |
| Total revenues | 1,112,500 | 1,112,500 | 1,135,635 | 23,135 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 526,100 | 1,151,500 | 892,594 | 258,906 |
| Total expenditures | 526,100 | 1,151,500 | 892,594 | 258,906 |
| Excess (Deficit) of Revenues Over Expenditures | 586,400 | (39,000) | 243,041 | 282,041 |
| Net change in fund balances | 586,400 | (39,000) | 243,041 | 282,041 |
| Fund balance, beginning of year | 1,663,990 | 1,663,990 | 1,663,990 | - |
| Fund balance, end of year | \$ 2,250,390 | \$ 1,624,990 | \$ 1,907,031 | \$ 282,041 |

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The *City of Mascotte* (the “City”) created the Community Redevelopment Agency (the “CRA”) in April of 2005. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The CRA Council, being the duly elected governmental body for the designated area, passed Resolution 2005-03-350, which established the *City of Mascotte* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. The Council adopted a community development redevelopment plan through Resolution 2005-06-352. Through Ordinance 2005-06-380 the City established the Community Redevelopment Trust Fund to account for all transactions generated by this fund.

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the CRA. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The government reports the following fund:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

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

Deposits and Investments

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectibles.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are defined by the City's capitalization policy as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Any assets purchased with CRA funds are conveyed to the City for ownership and maintenance. At year end, the CRA doesn't own any assets.

Compensated Absences

It is the CRA's policy to permit employees to accumulate earned but unused paid time off (PTO). Since the CRA's policy is to pay all PTO when employees separate from service, these amounts are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the general fund.

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The CRA does not have any item that qualifies for reporting in this category for the year ended September 30, 2025.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The CRA does not have any item that qualifies for reporting in this category for the year ended September 30, 2025.

Net Position Flow Assumptions

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City and the CRA follow these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) The general summary of the budget and notice of public hearing is published in the local newspaper. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, budgets are legally enacted through passage of an ordinance.
- (3) The City Manager is authorized to transfer budgeted amounts within and between divisions and departments; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. The level of classification detail at which expenditures may not legally exceed appropriations is the fund level.
- (4) Appropriations lapse at the close of the fiscal year to the extent they have not been expended.
- (5) Budgets are adopted for the general fund and special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America.
- (6) The City Council, by ordinance or resolution, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

Notes to Financial Statements

September 30, 2025

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

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

Investments

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

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the CRA's own data in measuring unobservable inputs.

Investments made by the CRA as of September 30, 2025 are summarized below.

| <u>Investment Type</u> | <u>Balance</u> | <u>Credit Rating</u> | <u>Weighted Average Maturity</u> |
|------------------------|---------------------|----------------------|----------------------------------|
| Certificate of Deposit | <u>\$ 1,000,000</u> | N/A | 111 days |

The CRA's investment policies are governed by Florida Statutes, which allow the following investments:

- (a) Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP)
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest bearing time deposit or savings accounts in qualified public depositories
- (d) Direct obligations of the U.S. Treasury

The CRA does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The CRA policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposit Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2025, all of the CRA's bank deposits were in qualified public depositories.

Notes to Financial Statements

September 30, 2025

NOTE 4 COMMITMENTS AND CONTINGENCIES

Risk Management

The CRA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the CRA carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage during the past three years.

NOTE 5 RELATED PARTY TRANSACTIONS

The CRA is component unit of the City of Mascotte, Florida. For the year ended September 30, 2025, the CRA's tax increment revenues include \$500,034 received from the City. In addition, the CRA reimbursed the City for services performed on behalf of the CRA such payroll and payroll benefits and community policing, paid during the year. Payment to the City for these services during the year ended September 30, 2025 was approximately \$137,000.

NOTE 6 LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2025 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Compensated absences | \$ 7,560 | \$ - | \$ (7,560) | \$ - | \$ - |
| Governmental activity long-term liabilities | <u>\$ 7,560</u> | <u>\$ -</u> | <u>\$ (7,560)</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTE 7 SOURCE OF DEPOSITS AND PURPOSE OF WITHDRAWALS

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the CRA Funds for the fiscal year ended September 30, 2025:

| | | |
|-------------------------------|--|---------------------|
| Source of Deposit: | | |
| Tax increment | | \$ 1,103,899 |
| Investment Income | | 31,736 |
| Total sources | | <u>\$ 1,135,635</u> |
| Purpose of Withdrawal: | | |
| Community Policing | | \$ 95,000 |
| Salaries and benefits | | 41,665 |
| Professional services | | 51,987 |
| Capital Outlay | | 703,509 |
| Miscellaneous | | 433 |
| Total withdrawals | | <u>\$ 892,594</u> |

Other Reports

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

The Honorable Mayor and City Council
City of Mascotte Community Redevelopment Agency, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities, and each major fund of the City of Mascotte Community Redevelopment Agency, Florida, (“CRA”) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the CRA’s basic financial statements and have issued our report thereon dated March 6, 2026.

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 CRA’s internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA’s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

McDermitt Davis

Orlando, Florida
March 6, 2026

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Mascotte Community Redevelopment Agency, Florida

Report on the Financial Statements

We have audited the financial statements of the *City of Mascotte Community Redevelopment Agency, Florida*, (“CRA”), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 6, 2026.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant’s Reports on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 6, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the *CRA* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, 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.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes did/did not operate within the City’s geographical boundaries during the fiscal year under audit.

The District did not have a PACE program operate within the District.

As required by Section 10.554(1)(i)6.b., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the District, a list of all program administrators and third-party administrators that administered the program.

Not applicable, No PACE programs

As required by Section 10.554(1)(i)6.c., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the City, the full names and contact information each such program administrator and third-party administrator.

Not applicable, no PACE programs

Specific Information (Unaudited)

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

- a. The total number of District employees compensated in the last pay period of the District’s fiscal year- No CRA employees, all are City employees.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District’s fiscal year as 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency – None.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$44,400.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as Sunset Lake Park Renovations- \$651,535.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final budget under Section 189.016(6), Florida Statutes, as included in General Fund Budget Statements.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note 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 council members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McDiarmid Davis

Orlando, Florida
March 6, 2026



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

The Honorable Mayor and City Council
City of Mascotte Community Redevelopment Agency, Florida

We have examined City of Mascotte Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2025. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

In our opinion, CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

McDermitt Davis

Orlando, Florida
March 6, 2026



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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 163.387(6) AND (7), FLORIDA STATUTES**

The Honorable Mayor and City Council
City of Mascotte Community Redevelopment Agency, Florida

We have examined City of Mascotte Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 163.387(6) and (7), Florida Statutes, during the year ended September 30, 2025. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

In our opinion, CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

McDermitt Davis

Orlando, Florida
March 6, 2026