



**ANNUAL
FINANCIAL REPORT**
Fiscal Year Ended September 30, 2025
US Highway 441/27
Community Redevelopment Agency
(A Component Unit of the City of Leesburg, Florida)





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U.S. HIGHWAY 441/27
COMMUNITY REDEVELOPMENT AGENCY
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025



Prepared by the Department of Finance



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**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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Independent Auditor's Report

The Board of Commissioners
U.S. Highway 441/27 Community Redevelopment Agency
Leesburg, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and General Fund of the U.S. Highway 441/27 Community Redevelopment Agency (the "CRA"), a component unit of the City of Leesburg, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the CRA as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 12 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 opinion. 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 *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 GAAS 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 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 GAAS, 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 August 6, 2026 on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Orlando, Florida
August 6, 2026**



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U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

The U.S. Highway 441/27 Community Redevelopment Agency, (the Agency's) Management's Discussion and Analysis presents an overview of the Agency's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the financial statements, as listed in the Table of Contents.

Financial Highlights

- The liabilities and deferred inflows of the Agency exceed assets and deferred outflows at the close of fiscal year 2025 by \$(6.2) million (net position) primarily attributed to \$8.4 million of debt outstanding.
- The Agency's total net position decreased \$(3.5) million, or (129.13)%. The decrease in the governmental activities is due primarily to a significant increase in expenses recognized during the current fiscal year. Overall liabilities decreased by \$666 thousand, attributed primarily to paying down debt.
- As of September 30, 2025, the Agency's governmental funds reported combined ending fund balance of \$1.6 million, a decrease of \$(4.01) million in comparison with the reported amount of \$5.6 million in the prior year.
- On September 30, 2025, restricted fund balance for the General Fund was \$1.6 million, and total General Fund expenditures were \$7 million.
- Governmental funds' change in fund balance was \$(4.01) million, while in the prior year's change in fund balance was \$1.6 million. This is mainly attributable to a significant increase in expenditures recognized during the current fiscal year.
- The Agency's total financed debt as of September 30, 2025 decreased (\$655) thousand from \$9.1 million to \$8.4 million.

Overview of the Financial Statements

This narrative overview and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements provide information on both the Agency as a whole (government-wide) and on the individual fund. Both perspectives (government-wide and fund level) allow the user to address relevant questions, broaden a basis for comparison and enhance the Agency's accountability. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements that explain information in the financial statements and provide more detailed data.

The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Government-wide Financial Statements

The government-wide financial statements are the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private sector business. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are principally supported by taxes and intergovernmental revenues.

- The *Statement of Net Position* presents information on all of the Agency's assets and deferred outflows, less liabilities and deferred inflows, 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 Agency 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 occasion arises, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that result in cash flows in future fiscal periods.

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 fund financial statements provide detailed information about the Agency. Fund accounting helps to ensure and demonstrate compliance with finance-related legal requirements. Based on restrictions on the use of monies, the Agency was established to account for various services provided to residents and businesses.

Governmental Funds

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

Annual appropriated budgets are adopted for the governmental funds. Budgetary comparison schedules are provided for these funds to demonstrate budgetary compliance.

U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

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.

Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents budgetary comparison schedule.

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of the Agency, liabilities exceeded assets and deferred outflows by \$(6) million at the close of the fiscal year ended September 30, 2025.

The following table reflects the condensed Statement of Net Position for the current year as compared to the prior year:

Net Position			
Governmental Activities			
	2025		2024
Assets			
Current and Other Assets	\$ 1,565,439	\$	5,576,086
Capital Assets (net)	23,460		61,837
Total Assets	<u>1,588,899</u>		<u>5,637,923</u>
Deferred Outflows of Resources	<u>784,230</u>		<u>862,653</u>
Liabilities			
Current and Other Liabilities	760,881		754,999
Long-Term Liabilities	7,754,000		8,426,000
Total Liabilities	<u>8,514,881</u>		<u>9,180,999</u>
Net Position			
Net Investment in Capital Assets	23,460		61,837
Restricted	1,559,335		5,570,214
Unrestricted	<u>(7,724,547)</u>		<u>(8,312,474)</u>
Total Net Position	<u>\$ (6,141,752)</u>	\$	<u>(2,680,423)</u>

A portion of the Agency's net position is reflected in the investment in capital assets (e.g., land, buildings, and equipment) less any related outstanding debt used to acquire those assets. Net investment in capital assets totals \$23 thousand, or 1% of all assets, which total \$1.59 million. The Agency uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Agency's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate the debt.

The largest portion of the Agency's net position, \$1.6 million, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position totaling \$(7.7) million relates to long-term liabilities of the Agency that exceed the Agency assets.

**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Statement of Activities

The following table reflects the condensed Statement of Activities for the current year as compared to the prior year.

Changes in Net Position

	Governmental Activities	
	2025	2024
General Revenues		
Property Taxes	\$ 2,957,841	\$ 2,289,539
Investment Income	44,993	283,971
Total Revenues	3,002,834	2,573,510
Expenses		
Economic Environment	6,161,160	84,431
Interest on Long-Term Debt	303,003	303,661
Total Expenses	6,464,163	388,092
Change in Net Position	(3,461,329)	2,185,418
Net Position - Beginning	(2,680,423)	(4,865,841)
Net Position - Ending	<u>\$ (6,141,752)</u>	<u>\$ (2,680,423)</u>

Financial Analysis of the Agency's Funds

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

Governmental Funds

The focus of the Agency's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the 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.

The Agency experienced an increase of \$429 thousand in TIF and other revenues, while expenditures increased by \$6.08 million due to transfers for the Susan Street Complex capital improvement project .

Agency Fund Budgetary Highlights

The final Agency Fund expenditures budget of \$7.3 million is an increase over the original budget of \$3.08 million. The change is attributable to approximately \$6.08 million of transfers and rollovers from prior years for the Susan Street Complex project not completed in FY 24.

Actual expenditures varied from revised budget estimates in some areas. The majority of savings were in Economic Environment, with a variance of \$248 thousand.

**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Capital Asset and Debt Administration

Capital Assets

Capital assets include land, buildings, improvements other than buildings, intangible assets, vehicles and equipment, infrastructure, and construction in progress. The infrastructure asset category includes long-lived capital assets, typically stationary in nature, such as roads, sidewalks and bridges. At September 30, 2025, the Agency had investments in capital assets of \$23 thousand (net of accumulated depreciation), a net decrease of \$38 thousand from the previous year.

There were no significant changes in capital assets in the current year:

	Capital Assets	
	Governmental Activities	
	2025	2024
Improvements Other Than Buildings	\$ 707,184	\$ 707,184
Less: Accumulated Depreciation	683,724	645,347
Capital Assets, Net	<u>\$ 23,460</u>	<u>\$ 61,837</u>

Additional information on the Agency's capital assets can be found in Note 5 of the financial statements.

Long-Term Liabilities

At the end of fiscal year 2025, the Agency had total long-term liabilities outstanding of \$8.4 million.

	Long-Term Liabilities		
	Governmental-type Activities		
	9/30/2025 Balance	9/30/2024 Balance	Net Change
Revenue Notes			
Notes	\$ 8,426,000	\$ 9,081,000	\$ (655,000)
Total Revenue Notes	<u>\$ 8,426,000</u>	<u>\$ 9,081,000</u>	<u>\$ (655,000)</u>

Additional information on the Agency's long-term debt can be found in Note 6 of the financial statements.

Requests for Information

This financial report is designed to present users with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, please contact the Agency's Finance Department at 501 West Meadow Street (P.O. Box 490630), Leesburg, FL, 34749-0630, or call (352) 728-9720.



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GOVERNMENT-WIDE FINANCIAL STATEMENTS



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U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	<u>Governmental Activities</u>
Assets	
Pooled Cash and Investments	\$ 852,232
Restricted Assets:	
Pooled Cash and Investments	709,103
Prepaid Items	4,104
Capital Assets Being Depreciated, Net of Depreciation	<u>23,460</u>
Total Assets	<u>1,588,899</u>
Deferred Outflows of Resources	
Bond Refunding	<u>784,230</u>
Total Deferred Outflows of Resources	<u>784,230</u>
Liabilities	
Accrued Interest Payable	86,881
Customer Deposits	2,000
Noncurrent Liabilities:	
Due Within One Year	672,000
Due in More Than One Year	<u>7,754,000</u>
Total Liabilities	<u>8,514,881</u>
Net Position	
Net Investment in Capital Assets	23,460
Restricted for:	
Capital Projects	850,232
Debt Service	709,103
Unrestricted	<u>(7,724,547)</u>
Total Net Position	<u>\$ (6,141,752)</u>

The notes to the financial statements are an integral part of this statement.



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U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					Governmental Activities
Economic Environment	\$ 6,161,160	\$ -	\$ -	\$ -	\$ (6,161,160)
Interest on Long-Term Debt	303,003	-	-	-	(303,003)
Total Governmental Activities	<u>\$ 6,464,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,464,163)</u>
General Revenues:					
Taxes:					
Property Taxes					2,957,841
Investment Income					44,993
Total General Revenues					<u>3,002,834</u>
Change in Net Position					<u>(3,461,329)</u>
Net Position, Beginning of Year					<u>(2,680,423)</u>
Net Position, End of Year					<u><u>\$ (6,141,752)</u></u>



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FUND FINANCIAL STATEMENTS



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**U.S.HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	<u>General Fund</u>
Assets	
Pooled Cash and Investments	\$ 852,232
Restricted Cash	709,103
Prepaid Items	4,104
Total Assets	<u>\$ 1,565,439</u>
Liabilities and Fund Balances	
Liabilities	
Deposits	\$ 2,000
Total Liabilities	<u>2,000</u>
Fund Balances	
Prepaid Items	4,104
Restricted for:	
Capital Projects	850,232
Debt Service	709,103
Total Fund Balances	<u>1,563,439</u>
Total Liabilities and Fund Balances	<u>\$ 1,565,439</u>

The notes to the financial statements are an integral part of this statement.



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**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2025**

Fund balances of governmental funds	\$	1,563,439
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Cost of Assets	\$ 707,184	
Accumulated Depreciation	<u>(683,724)</u>	23,460
Deferred Amounts on Refunding are not available to cover current liabilities and therefore are not considered revenue in the fund level statements.		784,230
Accrued interest payable is not recorded in the fund financial statements but is recorded in governmental activities.		(86,881)
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported in the governmental funds. Long-term liabilities at year-end consist of:		
Notes Payable		<u>(8,426,000)</u>
Net position of governmental activities	\$	<u><u>(6,141,752)</u></u>



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**U.S.HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>General Fund</u>
Revenues	
Taxes	\$ 2,957,841
Miscellaneous:	
Interest	44,993
Total Revenues	<u>3,002,834</u>
Expenditures	
Current:	
Economic Environment	6,122,783
Debt Service:	
Principal Payments	655,000
Interest and Fees	235,698
Total Expenditures	<u>7,013,481</u>
Net Change in Fund Balances	(4,010,647)
Fund Balances, Beginning of Year	<u>5,574,086</u>
Fund Balances, End of Year	<u><u>\$ 1,563,439</u></u>

The notes to the financial statements are an integral part of this statement.



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**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Net change in fund balances - total governmental funds	\$ (4,010,647)
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**Amounts reported for governmental activities in the statement
of activities are different because:**

Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This reconciling item is the amount by which capital purchases, less net book value of disposals, exceeds depreciation expense:

Depreciation Expense	(38,377)
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Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is a list of those repayments:

Notes Payable	655,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued Interest Payable	(67,305)
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Change in net position of governmental activities	<u><u>\$ (3,461,329)</u></u>
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The notes to the financial statements are an integral part of the financial statements.



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NOTES TO THE FINANCIAL STATEMENTS



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U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting of the U.S. Highway 441/27 Community Redevelopment Agency, (the Agency) conform to accounting principles generally accepted in the United States (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in GASB's *Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification)*. The more significant of these accounting policies are summarized below.

A. Financial Reporting Entity

The City of Leesburg established the Agency as a component unit of the City pursuant to Section 163.512, Florida Statutes. The CRA was created on February 13, 2006 by City Ordinance No. 06-13.

The Agency's sole purpose is to administer funds distributed via state law for blighted areas within the City. The Governing Board for the Agency is composed of the City Commission. Additionally, the City provides financial support to the Agency, so a financial benefit/burden relationship exists. In accordance with 163.387, Florida Statutes, the supplemental schedule details the following: the amount and source of revenues, the amount and purpose of expenditures, including the amount of debt principal and interest paid during the current year. The remaining amounts of indebtedness to which revenues of the fund are pledged are detailed in Note 6.

The Agency is an incremental tax district established pursuant to Florida Statutes. The fund accounts for the incremental increase in ad valorem tax revenue collected within the designated community redevelopment area. Operating and Capital Grants and contributions are also received from time to time. Revenues must be utilized and expended in accordance with the community redevelopment plans.

B. Recent Governmental Accounting Standards Board (GASB) Statements

The GASB statements implemented by the Agency this fiscal year had little or no impact on the Agency's financial statements.

C. Basic Financial Statements

The basic financial statements include both Government-wide financial statements, including the Statement of Net Position and a Statement of Activities, present information about the Agency as a whole. The Statement of Net Position reports all financial and capital resources of the Agency's activities. It is presented in a net position format and shown with three components: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position.

U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Revenues are recognized in the period for which they are levied. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as needed.

All government fund financial statements are reported using a current financial resources measurement focus and a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. This period is within 180 days of the end of the fiscal year, and jointly assessed taxes collected through other governments are within 60 days.

Because the focus of governmental fund financials statements differs from the focus of government-wide financial statements, a reconciliations is presented to better identify the relationship between the two types of statements.

The accounting policies and the presentation of the financial report of the Agency have been designed to conform to GAAP as applicable to government units, in accordance with the GASB.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable budget appropriation, is utilized by the governmental funds of the Agency. Encumbrances lapse at fiscal year-end.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

- 1. Cash and Investments** - The Agency's cash and cash equivalents include cash on hand, demand deposits, and equity in pooled cash and investments. State statutes require all deposits of the Agency, including demand deposit accounts, time deposit accounts and money market accounts be held in institutions designated by the Treasurer of the State of Florida as "qualified public depositories" and are covered by a collateral pool as required by the statute.

All assets are reported at fair value. For the purpose of the statement of cash flows, the Agency considers cash equivalents to be highly liquid investments (including restricted assets) with an original maturity of three month or less when purchased.

- 2. Prepaid Items** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures when consumed rather than when purchased.

- 3. Capital Assets** - Capital assets, which include land, property, plant, equipment, and

U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental activities' columns in the government-wide financial statements.

Capital asset purchases are recorded as capital outlay expenditures in the fund level governmental funds in the year of acquisition. Property, plant, and equipment with initial, individual costs that equal or exceed \$5,000 with estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs equal or exceed \$25,000 as long as they possess estimated useful lives of more than one year. For intangible assets, the Agency maintains a \$100,000 threshold for related assets. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the fair value of the assets or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Infrastructure, buildings, improvements other than buildings, utility plant, and vehicles and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	10 - 50 Years
Improvements Other than Buildings	5 - 50 Years
Utility Plant	10 - 50 Years
Vehicles and Equipment	5 - 50 Years
Infrastructure	15 - 60 Years

Expenditures for repairs and maintenance are expensed when incurred. Additions, major renewals, and replacements that increase the useful lives of the assets are capitalized.

- 4. Contributions** - Contributions in the form of cash and capital assets to the governmental activities of the Agency are recognized on the Statement of Activities as revenues in the period they are received. Contributions of capital assets and primarily completed infrastructure from developers are recognized at the fair value at the date of donation. All contributions are reported on the Statement of Activities as program revenues, with operating contributions reported separately from capital contributions.
- 5. Restricted Assets** - Assets are reported as restricted in the Government-wide Statement of Net Position when constraints are placed on asset use. The constraints are either: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other

U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

governments; or (2) imposed by law or through constitutional provisions or enabling legislation.

- 6. 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. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- 7. Fund Balance** - Fund balance is divided into two classifications based primarily on the extent to which the Agency is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- a. Nonspendable** - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
- b. Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation (Agency ordinances). Enabling legislation authorizes the Agency to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means the Agency can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

- 8. Use of Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 2 - BUDGET AND BUDGETARY DATA

A. Budget Policy

The Agency, in accordance with the City of Leesburg's code and state law, applies the following procedures in establishing the budgetary data reflected in the accompanying financial statements.

An annual operating budget is prepared by the City of Leesburg administration. This is then reviewed by the City of Leesburg's City Manager, Finance Director, and Budget Manager. In July, the City Manager submits to the City Commission the proposed budget for the ensuing fiscal year.

The operating budget includes proposed expenditures and the means to fund them, as well as a proposed ad valorem millage rate. Public hearings are conducted to obtain taxpayer comments on the proposed budget and ad valorem millage rate. Prior to October 1, the Agency Commission legally enacts the operating budget and sets the ad valorem millage rate by passage of resolutions.

The City Manager is authorized to transfer budgeted amounts within any fund, but may not revise total fund expenditures without the approval of the Agency Commission. The budgetary data presented is in agreement with the originally adopted budget as amended by the Agency Commission.

Formal budgetary integration is employed as a management control device during the year for substantially all funds. Budgets are adopted on a basis consistent with GAAP. Total budgeted appropriations within a governmental fund-type may not be exceeded legally. Appropriations lapse at fiscal year-end. Budget data, when presented in the basic financial statements, is prepared on the same basis of accounting as that prescribed for the fund.

**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 3 - TAX INCREMENT FINANCING

The primary funding source for the Agency comes from tax-increment financing. Tax Increment Financing often referred to as "TIF" is a method to pay for redevelopment of a slum or blighted area through the increased ad valorem tax revenue resulting from that redevelopment. Once the governing body of the county or municipality enacts an ordinance that provides for the funding of the redevelopment trust fund for the duration of the redevelopment plan, the "increment revenues" are deposited in the Redevelopment Trust Fund.

TIF Revenue is determined by the formula as established in Florida Statutes, Chapter 163, Part III. A base value is established when the Property Appraiser reassessed the property values within the Agency. The Increment Value is the difference between the annual value and the base value. The annual funding of the redevelopment trust fund shall be in an amount not less than that increment in the income, proceeds, revenues, and funds of each taxing authority derived from or held in connection with the undertaking and carry out of community redevelopment under this plan.

Such increment shall be determined annually and shall be that amount equal to 95 percent of the difference between

a. The amount of ad valorem taxes levied each year by each taxing authority, exclusive of any amount from any debt service millage, on taxable real property contained within the geographic boundaries of an agency;

b. The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for each taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the community redevelopment area as shown upon the most recent assessment roll used in connection with the taxation of such property by each taxing authority prior to the effective date of the ordinance providing for the funding of the trust fund.

TIF Revenues can only be invested to benefit the Agency in which they are generated. The funds deposited in the redevelopment trust fund may be expended only in the redevelopment area pursuant to the approved redevelopment plan in conformance with the requirements of Section 163.387(6), Fla Stat. Section 163.387, Fla Stat provides for a limitation of the pledge of tax increment financing for a term of 30 years after the community redevelopment plan is adopted or amended up to a maximum of 60 years. Section 163.385, Florida Statutes Community redevelopment agencies created after July 1, 2002, are limited to 40 years.

**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS

A. Pooling of Cash and Investments

The Agency maintains a cash and investment pool that is available for use. The "Cash and Investments" on the Government-wide financial statements consist of cash and investments owned by the fund and defined as resources that can be liquidated without delay or penalty. Cash and Investments held separately where contractual arrangements and bond covenants require such arrangements are classified as "restricted assets". Investment earnings are allocated to the individual fund monthly based on the fund's weighted average monthly cash balance.

As of September 30, 2025, deposits and investments are classified in the accompanying financial statements as follows:

Government-wide Cash and Investments

Statement of Net Position

Pooled Cash and Cash Equivalents	\$ 852,232
Restricted:	
Pooled Cash and Cash Equivalents	709,103
Total Cash and Investments	<u><u>\$ 1,561,335</u></u>

Deposits and investments consist of the following:

Governmental Activities

Cash Deposits	\$ 284,283
Investments	1,277,052
Total Cash and Investments	<u><u>\$ 1,561,335</u></u>

U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Primary Government Activities

1. Investments and Investment Practices

The Agency's investment guidelines are defined by City of the Leesburg's Ordinance and a written investment policy that is approved by the City Commission. The investment policies authorize the investment of funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, and obligations of the U.S. Government and its agencies and mutual funds. Investments may also include repurchase agreements and investments in local government investment pools, either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation. Revenue bond covenants also restrict the type and maturities of investments in bond-related funds.

As of September 30, 2025, the Agency had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)		
		Less Than 1 Year	1- 2 Years	2- 3 Years
Local Government Investment Pools	\$ 405,394	\$ 405,394		\$ -
Bank Certificate of Deposit	196,384	196,384		
U.S. Government and Agencies	674,523	378,341	243,140	53,042
Corporate Fixed Income	751	751	-	-
Total	\$ 1,277,052	\$ 980,870	\$ 243,140	\$ 53,042

2. Custodial Credit Risk

As of September 30, 2025, the carrying amount of the Agency's deposits was \$284,283. Monies on deposit with financial institutions in the form of demand deposit accounts and time deposit accounts are defined as public deposits. The entire Agency's public deposits are held in "qualified public depositories" as required by Chapter 280, Florida Statutes, "Security for Public Deposits" (the "Act"), and covered by federal depository insurance. In addition, all qualified public depositories must deposit with the State Chief Financial Officer eligible collateral in such amounts as required by the Act. 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 Chief Financial Officer would implement procedures for payment of losses according to the validated claims of the City of Leesburg.

3. Interest Rate Risk

Interest rate risk is the risk that as market rates change, the fair value of an investment will vary. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. The Agency's formal investment policy ensures that securities mature to meet operating cash requirements to avoid the need to sell on the open market prior to maturity. In addition, the policy calls for investing operating funds primarily in shorter-term securities, mutual funds or investment pools from which funds can be readily withdrawn without penalty and which limit the average maturity of the portfolio from 90 days to three years. Reserve funds and other funds with longer-term investment horizons

U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

may be invested in securities not exceeding five years. As of September 30, 2025, the weighted average maturity of the Agency's investments was .95 years.

4. Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The risk is generally measured by the assignment of a rating by a nationally recognized statistical rating agency. Authorized investments are outlined in Section 218.415, Florida Statutes, and are generally limited to: (a) the State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01, Florida Statutes; (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating; (c) interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes; and (d) direct obligations of the U.S. Treasury.

5. Concentration of Credit Risk

The Agency's investments are guaranteed by the U.S. Government, or are highly-rated agency, State or corporate debt instruments, or held in FLSAFE, FLCLASS and FP local government investment pools as described below.

6. Local Government Investment Pools

For the fiscal year ended September 30, 2025, the Agency invested in the Florida Surplus Asset Fund Trust (FLSAFE), Florida Cooperative Liquid Assets Securities System (FLCLASS) and Florida Prime (FP) local government investment pools. The investment pools operate under investment guidelines established by Sections 215.47 and 218.415, Florida Statutes. None of the investment pools are registrants with the Securities and Exchange Commission; however, they have adopted operating procedures such that the fair value of the positions in the pools are equal to the value of the pool shares. The Agency's investments in FLSAFE, FLCLASS and FP were rated AAAM by Standard & Poor's.

All three investment pools in which the Agency is a participant have elected to measure their investments at amortized cost. In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Agency is required to disclose the presence of any limitations or restrictions on withdrawals.

FLCLASS and FLSAFE allow for daily redemptions from their funds. The investment pools may temporarily suspend or postpone the right of redemption under extraordinary circumstances such as (a) war, emergency or act of God; (b) suspension of trading on major stock exchanges or a general banking moratorium; or (c) when an emergency exists such that the investment pools may not dispose of their investments because of substantial losses or it is not reasonably practical for the pools to value their net assets. As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Agency's daily access to 100% of the account values.

U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

FP's rules regarding redemption and penalties and redemption fees are governed by Section 218.409, Florida Statutes, which notes that the Executive Director of the FP may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations, limit contributions or withdrawals. The Trustees of the pool may extend this for an additional 15 days. Section 218.409(4), Florida Statutes, provides for the FP to impose penalties for early withdrawal, subject to disclosure in the enrollment materials; at present, no such disclosure has been made. As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Agency's daily access to 100% of the account value.

7. Fair Value

The Agency has adopted GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Agency's investments in government and agencies and corporate fixed income are high-quality bonds that are valued using a matrix pricing model (Level 2). Investments in local government investment pools and non-negotiable certificates of deposit are exempt from the GASB 72 fair value hierarchy disclosures per paragraph 69 of GASB 72, and are valued at the Agency's cost and any accrued interest on these investments.

U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

A. Governmental Activities

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital Assets Not being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	-	-	-	-
Capital Assets Being Depreciated:				
Buildings	-	-	-	-
Improvements Other than Buildings	707,184	-	-	707,184
Equipment	-	-	-	-
Infrastructure (Roads and Streets)	-	-	-	-
Total Capital Assets Being Depreciated	707,184	-	-	707,184
Less Accumulated Depreciation for:				
Buildings	-	-	-	-
Improvements Other than Buildings	645,347	38,377	-	683,724
Equipment	-	-	-	-
Infrastructure (Roads and Streets)	-	-	-	-
Total Accumulated Depreciation	645,347	38,377	-	683,724
Total Capital Assets Being Depreciated, Net	61,837	(38,377)	-	23,460
Governmental Activities Capital Assets, Net	<u>\$ 61,837</u>	<u>\$ (38,377)</u>	<u>\$ -</u>	<u>\$ 23,460</u>

B. Depreciation Expense

Depreciation Expense - Governmental Activities

Economic Environment \$ 38,377

U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 6 – LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Agency Activities:					
<u>Notes From Direct Borrowings and Direct Placements:</u>					
Note Payable - 2016 441/27 CRA	\$ 9,081,000	\$ -	\$ 655,000	\$ 8,426,000	\$ 672,000
Total Revenue Notes	<u>\$ 9,081,000</u>	<u>\$ -</u>	<u>\$ 655,000</u>	<u>\$ 8,426,000</u>	<u>\$ 672,000</u>

B. The following is a schedule of notes outstanding at September 30, 2025:

<u>Description of Notes</u>	<u>Purpose of Issue</u>	<u>Issued</u>	<u>Outstanding</u>	<u>Rates</u>
Agency Activities:				
Revenue Notes:				
Note Payable - 441/27 CRA - 2016	Capital Improvement	\$ 11,563,000	\$ 8,426,000	2.59%
Total Agency Activities		<u>\$ 11,563,000</u>	<u>\$ 8,426,000</u>	

C. Debt service to maturity on the Agency's notes payable are as follows:

	<u>Notes From Direct Borrowings and Direct Placements Payable</u>	
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 672,000	\$ 218,233
2027	689,000	200,829
2028	707,000	182,984
2029	725,000	164,672
2030-2033	3,919,000	531,649
2034-2036	1,714,000	66,874
Total	<u>\$ 8,426,000</u>	<u>\$ 1,365,241</u>

**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

D. Agency Activities Liabilities

A summary of all Agency activities long-term debt as of September 30, 2025, is as follows:

1. 441/27 Community Redevelopment Agency Note - 2016

On December 8, 2016, the Agency issued a note in the amount of \$11,563,000 pursuant to Resolution No. 9922. Proceeds from the note were used to refund the Tax Increment Revenue Bonds, Series 2009, and to pay costs of issuing the bonds. The note carries an interest rate of 2.59% and matures on May 1, 2036. The note is secured by tax increment revenues and a covenant to budget and appropriate from legally available non-ad valorem revenues of the Agency. The note contains a provision that in the event of default of any payment due to the lender, written admission of inability to pay or filing a petition of bankruptcy, judgment of insolvency, or other similar events by the Agency, the lender may pursue legal action to enforce its rights under the note, and interest will be at the Default Rate, which is 5.59%.

E. Pledged Revenues

The Agency pledged certain revenues to repay certain bonds and notes outstanding as of September 30, 2025. The following tables report the revenues pledged for each debt issue, the amounts of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2025:

Debt Description	Tax Increment Revenue ¹		Debt Service Payments Until		Pledged Through
	441/27CRA		Debt Maturity		
2016 441/27 CRA Note	\$	881,716	\$	9,791,241	2036
Total Debt Service	\$	881,716	\$	9,791,241	
Total pledged revenues available for fiscal year 2025 debt service	\$	2,957,842			
Total pledged revenues used for fiscal year 2025 debt service		881,716			
Fiscal year 2025 pledged revenues used as a percentage of revenues available		29.81%			

¹Tax Increment Revenues of the Community Redevelopment Agencies for the U.S. Highway 441 & 27 CRA are the generally applicable taxes attributable to increases in assessed values within the redevelopment areas of the respective Agencies.

**U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

NOTE 7 – ARBITRAGE REBATE

In accordance with the Tax Reform Act of 1986, any interest earnings on borrowed construction funds in excess of the interest costs are required to be rebated to the federal government.

This is no arbitrage rebate liability as of September 30, 2025.

NOTE 8 – CONTINGENCIES AND COMMITMENTS

The Agency participates in a number of state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Agency expects such amounts, if any, to be immaterial.

The Agency is exposed to claims and judgments arising from the normal course of business. The Agency will vigorously defend itself in the event any such matters occur.

NOTE 9 – ENCUMBRANCES

The Agency has no outstanding encumbrances as of September 30, 2025 on various contracts for construction and other projects.

NOTE 10 – RISK MANAGEMENT

The Agency's self-insurance programs are accounted for through the City of Leesburg. Additionally, the Agency maintains insurance coverage for the following exposures:

- General and Automotive Liability
- Property Damage
- Crime
- Public Officials and Employment Practices Liability

Exposures are limited by insurance coverage as noted. Settled insurance claims have not exceeded the self-insured statutory limits in any of the past five years.



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U.S. HIGHWAY 441/27 COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 2,981,700	\$ 2,981,700	\$ 2,957,841	\$ (23,859)
Miscellaneous:				
Interest	95,000	95,000	44,993	(50,007)
Total Revenues	<u>3,076,700</u>	<u>3,076,700</u>	<u>3,002,834</u>	<u>(73,866)</u>
Expenditures				
Current:				
Economic Environment	2,186,002	6,370,364	6,122,783	247,581
Debt Service:				
Principal Payments	655,000	655,000	655,000	-
Interest and Fees	235,698	235,698	235,698	-
Total Expenditures	<u>3,076,700</u>	<u>7,261,062</u>	<u>7,013,481</u>	<u>247,581</u>
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	<u>-</u>	<u>(4,184,362)</u>	<u>(4,010,647)</u>	<u>173,715</u>
Other Financing Sources (Uses)				
Fund Balance Appropriated	-	4,184,362	-	(4,184,362)
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,184,362</u>	<u>-</u>	<u>(4,184,362)</u>
Net Change in Fund Balance	-	-	(4,010,647)	(4,010,647)
Fund Balance, Beginning of Year	-	-	5,574,086	5,574,086
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,563,439</u>	<u>\$ 1,563,439</u>



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COMPLIANCE SECTION



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**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***

Independent Auditor's Report

The Board of Commissioners
U.S. Highway 441/27 Community Redevelopment Agency
Leesburg, 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*, the financial statements of the U.S. Highway 441/27 Community Redevelopment Agency (the "CRA"), a component unit of the City of Leesburg, 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 financial statements and have issued our report thereon dated August 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 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 or significant deficiencies may exist that were not 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*.

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.

Forvis Mazars, LLP

**Orlando, Florida
August 6, 2026**

Independent Accountant's Report

The Board of Commissioners
U.S. Highway 441/27 Community Redevelopment Agency
Leesburg, Florida

We have examined the compliance of the U.S. Highway 441/27 Community Redevelopment Agency (the "CRA"), a component unit of the City of Leesburg, Florida, with the requirement of Sections 163.387(6) and (7) and 218.415, Florida Statutes, for the fiscal year ended September 30, 2025. The CRA's management is responsible for 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 is in compliance 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.

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

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

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

Forvis Mazars, LLP

**Orlando, Florida
August 6, 2026**

Independent Auditor's Management Letter

The Board of Commissioners
U.S. Highway 441/27 Community Redevelopment Agency
Leesburg, Florida

Report on the Financial Statements

We have audited the basic financial statements of the U.S. Highway 441/27 Community Redevelopment Agency (the "CRA"), a component unit of the City of Leesburg, Florida, as of and for the year ended September 30, 2025, and have issued our report thereon dated August 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 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 August 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 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.

Property Assessed Clean Energy (PACE) Programs

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

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.

Specific information of the CRA, a dependent special district of the City of Leesburg, that is required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, *Rules of the Auditor General*, is reported in the City of Leesburg's management letter for the year ended September 30, 2025.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the CRA's Board of Commissioners, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Forvis Mazars, LLP

**Orlando, Florida
August 6, 2026**