Kissimmee Community Redevelopment Agency

Kissimmee, Florida

Annual Financial Report

For the Year Ended September 30, 2023

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

KISSIMMEE COMMUNITY REDEVELOPMENT AGENCY
KISSIMMEE, FLORIDA

SEPTEMBER 30, 2023

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PURVIS GRAY

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Kissimmee Community Redevelopment Agency
Kissimmee, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of governmental activities and the major fund of the Kissimmee Community Redevelopment Agency (the CRA), a component unit of the City of Kissimmee, Florida (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the CRA, as of September 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

The Board of Directors
Kissimmee Community Redevelopment Agency
Kissimmee, Florida

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CRA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern for a reasonable period of time.

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

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, are 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2024, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 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 CRA's internal control over financial reporting and compliance.

Purvis Gray

April 11, 2024
Ocala, Florida

KISSIMMEE COMMUNITY REDEVELOPMENT AGENCY
CITY OF KISSIMMEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

This supplement to the Independent Auditor's Report and Financial Statements has been developed in accordance with the Government Accounting Standards Board Statement No. 34. It is intended to provide the readers of this report with a general overview of the financial activities of the Kissimmee Community Redevelopment Agency (the CRA). The CRA provides the following discussion and analysis of the CRA's financial activities for the fiscal year ended September 30, 2023. Management's Discussion and Analysis is designed to: (a) assist the reader to focus on significant financial issues, (b) provide an overview of the CRA's financial activities, (c) identify changes in the CRA's financial position, (d) identify material deviations from the financial plan, and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the CRA's financial statements.

The CRA
The CRA was created under Chapter 163, Florida Statutes, and City of Kissimmee (the City) Ordinance No. 1893. The Governing Board of the CRA (the Board) is the City Commission and, therefore, the City exercises significant influence over its operations and fiscal management. The CRA is considered a component unit of the City for financial reporting purposes and is included as a blended special revenue fund within the City's overall basic financial statements.

These financial statements are presented for the purpose of complying with state law, specifically Florida Statute Section 163.387(8)(a), which requires separate audited financial statements for each Community Redevelopment Agency that has revenues or expenditures that exceed $100,000.

Financial Highlights
- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by $6,522,096.
- The CRA's fund balance increased by $2,400,411 as a result of 2023 operations.
- Revenues for fiscal year 2023 were $4,457,673 while expenditures totaled $2,057,262.
- For the period ended September 30, 2023, actual revenues exceeded budgeted revenues by $1,700,940 while actual expenditures were $3,215,399 less than budgeted expenditures.

Overview of the Financial Statements
This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements, which are comprised of the following four (4) components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information

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

The *Statement of Net Position* presents financial information on all of the CRA's assets and liabilities, 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 CRA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements listed above distinguish functions of the CRA that are principally supported by ad-valorem taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activity of the CRA is general government. The CRA currently has no business-type activities.

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

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds
Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 the CRA'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 CRA'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 funds and governmental activities.

General Fund
The General Fund is the primary operating fund of the CRA and accounts for all financial resources of the CRA.

Restricted Fund Balance
Fund Balance should be reported as restricted when constraints are placed on the use of resources, such as enabling legislation which authorizes the government to assess, levy, charge, or otherwise mandate payment of resources. All of the CRA's fund balance is considered restricted.

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.

Required Supplementary Information (RSI)
Included in this section of the report is the Budgetary Comparison Schedule.

Government-Wide Financial Analysis

Statement of Net Position
As noted earlier, net position may serve over time as a useful indicator of the CRA's financial position. In the case of the CRA, assets exceeded liabilities by $6,522,096 (*net position*) as of the close of the most recent fiscal year with an increase of $2,408,754 in Cash and Cash Equivalents in comparison with the prior year.

The following table reflects a summary of the *Statement of Net Position* for the current and prior year as of September 30:

	2023	2022
Assets		
Cash and Cash Equivalents	$ 6,545,961	$ 4,137,207
Total Assets	6,545,961	4,137,207
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	23,865	15,522
Retainage Payable	-	-
Total Liabilities	23,865	15,522
Net Position		
Restricted for Community Redevelopment	6,522,096	4,121,685
Total Net Position	$ 6,522,096	$ 4,121,685

Statement of Activities
The following table reflects the *Statement of Activities* for the current and prior year for the fiscal year ended September 30:

KISSIMMEE COMMUNITY REDEVELOPMENT AGENCY

	2023	2022
Expenses		
General Government	$ 2,057,262	$ 1,518,268
Total Expenses	2,057,262	1,518,268
General Revenues		
Property Taxes	2,679,955	2,414,424
Investment Income (Loss)	261,734	(6,734)
Miscellaneous Revenue	1,515,984	254,410
Total General Revenues	4,457,673	2,662,100
Net Change in Net Position	2,400,411	1,143,832
Net Position, Beginning of Year	4,121,685	2,977,853
Net Position, End of Year	$ 6,522,096	$ 4,121,685

Fiscal year 2023 activities increased the CRA's net position by $2,400,411 from the prior year. This change resulted from an increase in expenses by $538,994 from increased work on redevelopment projects during the 2023 year, offset by a minimal increase in tax increment revenues of $265,531.

Miscellaneous Revenues increased by $1,261,574 from prior year from the sale of property that corresponds to the phases of the overall project. The overall site will be sold in phases. The redevelopment consists of various medium to high density residential unit types, mixed- use and commercial buildings to compliment the nearby Medical Arts District and improve overall infrastructure.

Financial Analysis of the CRA's Funds

Governmental Funds
The focus of the CRA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CRA's financing requirements. In particular, 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 CRA's fund balance of $6,522,096 is restricted for redevelopment projects within the CRA district.

Property taxes totaling $2,679,955 represented approximately 60% of all revenues. The CRA's fund balance increased by $2,406,897 in the current year. The increase of expenditures by $538,994 were addressed above in the governmental activities discussion.

Miscellaneous Revenues increased by $1,261,574 from prior year as discussed above.

Budgetary Highlights

An annual budget is prepared for the CRA and approved by the Board. The legal level of control is maintained at the fund level. During 2023, the Board approved a supplemental budget appropriation to provide for unanticipated requirements of the period. This appropriation caused an increase from the original budget of $2,101,910, for general government expenditures. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of the fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles. The CRA underspent the final amended budget by $3,215,399 for redevelopment project costs that carried over to the next year.

Capital Assets and Debt Administration

The CRA's capital assets are considered to be property of the City and, therefore, are included as capital assets in the City's government-wide financial statements. Capital asset activity for the year ended September 30, 2023, can be found in the City's audited financial statements.

At September 30, 2023, the CRA had no long-term debt. Throughout each fiscal year, the CRA provides funds to the City's General Fund to cover a portion of the long-term debt that was incurred to be used for redevelopment and infrastructure projects.

Economic Factors and Future Developments

The CRA will continue to plan projects and infrastructure improvements that align with its redevelopment priorities for the designated district. The CRA will continue to implement the community's shared development goals through its redevelopment strategies and critical tasks.

Request for Information

This financial information is designed to present users with a general overview of the CRA's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Kissimmee Community Redevelopment Agency located at 101 Church Street, Kissimmee, Florida 34741.

FINANCIAL STATEMENTS

KISSIMMEE COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION AND GOVENMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2023

	General Fund	Adjustments (Note 2)	Statement of Net Position
Assets			
Cash and Cash Equivalents	$ 6,545,961	$ -	$ 6,545,961
Total Assets	6,545,961	-	6,545,961
Liabilities			
Accounts Payable	23,865	-	23,865
Total Liabilities	23,865	-	23,865
Fund Balance			
Restricted for Community Redevelopment Projects	6,522,096	(6,522,096)	-
Total Fund Balance	6,522,096	(6,522,096)	-
Total Liabilities and Fund Balance	$ 6,545,961		
Net Position			
Restricted for:			
Community Redevelopment Projects		6,522,096	6,522,096
Total Net Position		$ 6,522,096	$ 6,522,096

KISSIMMEE COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues			
Property Taxes - County	$ 1,585,450	$ -	$ 1,585,450
Property Taxes - City	1,094,505	-	1,094,505
Investment Income	261,734	-	261,734
Miscellaneous Revenue	65,984	1,450,000	1,515,984
Total Revenues	3,007,673	1,450,000	4,457,673
Expenditures / Expenses			
Current:			
General Government	2,057,262	-	2,057,262
Capital Outlay:			
General Government - Contributed to Primary Government	-	-	-
Total Expenditures / Expenses	2,057,262	-	2,057,262
Excess (Deficiency) of Revenues Over (Under) Expenditures / Expenses	950,411	1,450,000	2,400,411
Other Financing Sources (Uses)			
Proceeds from the City sale of Capital Assets	1,450,000	(1,450,000)	-
Total Other Financing Sources (Uses)	1,450,000	(1,450,000)	-
Net Change in Fund Balance / Net Position	2,400,411	-	2,400,411
Fund Balance/Net Position, Beginning of Year	4,121,685	-	4,121,685
Fund Balance/Net Position, End of Year	$ 6,522,096	$ -	$ 6,522,096

Note 1 - Summary of Significant Accounting Policies

The Kissimmee Community Redevelopment Agency's (the CRA) financial statements are prepared in accordance with generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The CRA was created under the Florida Statutes, Chapter 163 Part III, and City of Kissimmee (the City) ordinance with the purpose of establishing the redevelopment priorities for the designated CRA district. In June 1993, City Ordinance No. 1893 established the Downtown redevelopment district (defined by Resolution 47-91 and added to by Resolution 11-93). The Governing Board of the CRA (the Board) is the City Commission and, therefore, the City exercises significant influence over its operations and fiscal management. The CRA is considered a component unit of the City for financial reporting purposes and is included as a blended special revenue fund within the City's overall basic financial statements.

Financial Statements

These financial statements are presented for the purpose of complying with state law, specifically Florida Statutes, Section 163.387(8)(a), which requires separate audited financial statements for each Community Redevelopment Agency that has revenues or expenditures that exceed $100,000. Entity-wide financial statements are prepared at the City-wide level by the City and include the CRA. Copies of that report can be obtained from the City's Finance Department.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are resources when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue 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.

Fund Financial Statements

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, except for debt service expenditures, which are recorded only when payment is due.

Considering that the fund statements are presented on a different measurement focus and basis of accounting than the government-wide governmental activities column, a reconciliation is sometimes necessary to explain the adjustments needed to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

Tax increment financing revenue and interest associated with the current fiscal period is considered to be measurable and has been recognized as revenues of the current fiscal year, if available.

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

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

Budgetary Requirements
An annual budget is prepared for the CRA as part of the City's budget process. The budget amounts presented in the accompanying financial statements are as originally adopted, or as legally amended, by the Commission during the year ended September 30, 2023. The City Manager is authorized to transfer budgeted amounts within the fund; however, all budget amendments require CRA Board approval and any budget amendments that alter the total expenditures of the fund must be approved by the Commission. During 2023, the Commission approved supplemental budget appropriations to provide for unanticipated requirements of the period and carryforward fund balance. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles.

Assets, Liabilities and Net Position

Cash and Cash Equivalents and Investments
The CRA participates in the City's pooled cash and investment portfolio. This pool includes amounts with the State Board of Administration (SBA) Florida PRIME. Interest income earned as a result of pooling is distributed to the appropriate funds based on the average daily balance of cash in each fund for the period.

Capital Assets
Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). The CRA's capital assets are considered to be property of the City and, therefore, are included as capital assets in the City's government-wide financial statements. Capital asset activity for the year ended September 30, 2023, can be found in the City's audited financial statements. As the capital assets are retained by the City, the CRA contributes capital to the City's General Fund for capital outlay related to the CRA's redevelopment and infrastructure projects.

Nature and Purpose of the Fund Balance
In the fund financial statements, the governmental fund reports fund classifications that comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. Amounts that are restricted to specific purposes either by: a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through constitutional provisions or enabling legislation, are classified as restricted fund balances.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board through an ordinance are classified as committed fund balances. Amounts that are constrained by the CRA's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by the Board or the City Manager. Non-spendable fund balances include amounts that cannot be spent because they are either: a) not in spendable form, or b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that is not restricted, committed, or assigned to specific purposes within the General Fund.

Unspent tax increment financing revenues are restricted for future redevelopment projects and are reported as restricted fund balance in the financial statements. Unassigned fund balance, if any, represents fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Net Position
The government-wide statements utilize a net position presentation. Restricted net position is unspent tax increment financing revenues that are restricted for future redevelopment projects. Unrestricted net position represents the net position of the CRA that is not restricted for any project or purpose.

Other Significant Accounting Policies

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

Contributions and Payments to City
Capital outlay is contributed by the CRA to the City's General Fund for capital outlay incurred for the CRA's redevelopment and infrastructure projects. The CRA also makes payments to the City's General Fund to cover a portion of the debt that was incurred and related to the CRA's redevelopment and infrastructure projects.

Payroll-Related Expenses and Liabilities
The employees that manage or are involved in day-to-day operations of the CRA are employees of the City. Per an agreement with the City, the CRA is charged an administrative fee related to those employees. Payroll-related activity for the year ended September 30, 2023, can be found in the City's audited financial statements.

Note 2 - Explanation of Certain Differences Between the Government-Wide and Fund Financial Statements

Statement of Net Position and Governmental Fund Balance Sheet
The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances
The governmental fund statement of revenues, expenditures, and changes in fund balance includes the adjustment of $1,450,000 from the sale of City assets in the statements of activities for the current year.

Note 3 - Cash and Equity in Pooled Cash and Investments

At September 30, 2023, the CRA's funds are part of the City's cash and investment pool. The City maintains an investment policy managing pooled cash and investments that discusses the interest rate risk, credit risk, custodial risk and concentration of credit risk. This policy governs the CRA portion of the pool cash and investments. Further information on the City's pooled cash and investments can be found in the notes to the annual financial statements of the City.

The investments with Florida PRIME are reported at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The CRA's investments in the Florida PRIME are similar to money market funds in which units are owned in the fund rather than the underlying investments. There are no limitations or restrictions on withdrawals from Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the fund's executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours. At September 30, 2023, the fair value of the CRA's investment in the Florida PRIME is $6,545,961. The weighted average maturity of the Florida PRIME is 36 days and it is rated AAAm by the S&P credit rating agency.

Note 4 - Tax Increment Financing Revenue

The CRA is primarily funded through tax increment financing revenue. The tax increment revenue is calculated by applying the adopted millage rate to the increase in current year taxable assessed valuations within the designated CRA district, using the year in which it was established as the "base year" (1992 for the Downtown district). The City and Osceola County (the County) are required to contribute 95% of the incremental property taxes levied each year for the Downtown district. For fiscal year 2023, the CRA received its calculated shares of $1,585,450 from the County and $1,094,505 from the City.

Note 5 – Commitment

To the extent permitted by the Redevelopment Act, the Downtown CRA shall reimburse the City for all costs incurred by the City on behalf of the Downtown CRA in connection with the issuance of the 2015B Note (and any note issued to refund the 2015B Note for debt service savings), the 2016 CRA Project Portion of the 2016 Bonds (and any bonds issued to refund the 2016 CRA Project Portion of the 2016 Bonds for debt service savings), and the 2022 CRA Project Portion of the 2022 Bonds. The funding is used to finance the cost of the design, installation, construction and reconstruction of street, public rights-of-way, drainage improvements and related improvements. The 2022 Bonds will be used to finance the cost of land acquisition and various infrastructure improvements to lands known as the "Beaumont Development Site" within the Downtown Community Redevelopment Area. As part of the master agreement with Skyview, the

City agreed to reimburse up to $5.9 million dollars in infrastructure improvements of which $1,937,338 paid to date. The City has agreed to a tax abatement of $3.1 million dollars to be paid in 15 increments of $206,667 per year one year after Phase 1 tax valuation.

On May 11, 2022, pursuant to the Master Resolution, as supplemented by Resolution No. 02-2022 (together, the "2022 Bond Documents"), adopted by the City Commission of the City on April 19, 2022, the City issued its Capital Improvement Revenue Refunding Bonds, Series 2022 and its Taxable Capital Improvement Revenue Refunding Bonds, Series 2022 (together, the "2022 Bonds"); a portion of the 2022 Bonds (the "2022 CRA Project Portion") will be used to finance the cost of land acquisition and various infrastructure improvements to lands known as the "Beaumont Development Site within the Downtown Community Redevelopment Area as contemplated by the Redevelopment Plan (the "2022 CRA Project"), and to pay costs of issuance allocable to the 2022 CRA Project Portion of the 2022 Bonds (A/B); the parties hereto desire to memorialize the terms under which the Downtown CRA shall reimburse the City for costs incurred by the City in furtherance of community redevelopment.

Total principal remaining on this bond is $6,395,000 (2022A Bond), and $2,780,000 (2022B Bond), payable through fiscal year 2051, and 2045, respectively. The principal remaining on (2015B) is $2,275,000; and (2016B) $4,454,100, payable through fiscal year 2030, and 2045, respectively. During the fiscal year, the City refinanced the 2021 commercial paper loan with the issuance of the (2022A) $1,780,000; and (2022B) $2,780,000 revenue refunding bonds in the total amount of $4,560,000 to pay off the CRA's portion of the loan. There was no material savings/loss on the refinancing.

For the Downtown CRA’s interest only paid on the 2022 bonds was $547,552 for the year ended September 30, 2023. The Downtown CRA paid principal and interest was $225,000, and $70,249 (2015B); $38,500, and $197,873 (2016B) bonds, for year ended September 30, 2023, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

KISSIMMEE COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL
FOR YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes - County	$ 1,585,860	$ 1,585,860	$ 1,585,450	$ (410)
Property Taxes - City	1,094,788	1,094,788	1,094,505	(283)
Investment Income	10,000	10,000	261,734	251,734
Miscellaneous Revenue	66,085	66,085	1,515,984	1,449,899
Total Revenues	2,756,733	2,756,733	4,457,673	1,700,940
Expenditures				
Current:				
General Government	3,170,751	3,546,358	2,057,262	1,489,096
Capital Outlay:				
General Government - Contributed	-	1,726,303	-	1,726,303
Total Expenditures	3,170,751	5,272,661	2,057,262	3,215,399
Excess (Deficiency) of Revenues Over (Under) Expenditures	(414,018)	(2,515,928)	2,400,411	4,916,339
Fund Balances, Beginning of Year	1,263,852	2,515,928	4,121,685	2,857,833
Fund Balances, End of Year	$ 849,834	$ -	$ 6,522,096	$ 7,774,172

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 Board of Directors
Kissimmee Community Redevelopment Agency
Kissimmee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Kissimmee Community Redevelopment Agency (the CRA) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated April 11, 2024.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the CRA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on 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 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.

The Board of Directors
Kissimmee Community Redevelopment Agency
Kissimmee, Florida

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*

Report on Compliance and Other Matters

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

Purvis Gray

April 11, 2024
Ocala, Florida

PURVIS GRAY

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 163.387(6) AND (7), FLORIDA STATUTES

The Board of Directors
Kissimmee Community Redevelopment Agency
Kissimmee, Florida

We have examined the Kissimmee Community Redevelopment Agency's (the CRA) compliance with the requirements of Sections 163.387(6) and (7), Florida Statutes, as of and for the year ended September 30, 2023, as required by Section 10.556(10)(f), *Rules of the Auditor General*. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, 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 specific requirements.

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

This report 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, the CRA, its management, and the Board of Directors of the City of Kissimmee, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

April 11, 2024
Ocala, Florida

PURVIS GRAY

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Board of Directors
Kissimmee Community Redevelopment Agency
Kissimmee, Florida

We have examined the Kissimmee Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2023, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, 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 specific requirements.

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

This report 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, the CRA, its management, and the Board of Directors of the City of Kissimmee, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

April 11, 2024
Ocala, Florida

PURVIS GRAY

MANAGEMENT LETTER

The Board of Directors
Kissimmee Community Redevelopment Agency
Kissimmee, Florida

Report on the Financial Statements
We have audited the financial statements of the Kissimmee Community Redevelopment Agency (the CRA) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 11, 2024.

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

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Auditor's Report on examination conducted in accordance with the American Institute of Certified Public Accountants, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated April 11, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings
Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding 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 be disclosed in this management Letter, unless disclosed in the notes to the financial statements (see Note 1 of the CRA's financial statements as of and for the year ended September 30, 2023, for this information).

Financial Condition and Management
Sections 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 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.

The Board of Directors
Kissimmee Community Redevelopment Agency
Kissimmee, Florida

MANAGEMENT LETTER

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. 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 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 our management letter for the City of Kissimmee, Florida, the primary government associated with the CRA, we included an item, including management's response, which has partial applicability to the CRA.

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 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the CRA reported the following information that was not subject to auditing procedures: Please see the attached information.

Additional Matters
Section 10.554(1)(i)3., *Rules of the Auditor General,* requires us to communicate non-compliance 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 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 Honorable Mayor, and City of Kissimmee City Council and management and is not intended to be and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Purvis Gray

April 11, 2024
Ocala, Florida

Kissimmee Community Redevelopment Agency

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

a. The total number of district employees compensated in the last pay period of the district's fiscal year as the employees that manage or are involved in day-to-day operations of the CRA are employees of the City. Per an agreement with the City, the CRA is charged an administrative fee related to those employees. Payroll-related activity for the year ended September 30, 2023, can be found in the City's audited financial statements.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as non-applicable.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as the employees that manage or are involved in day-to-day operations of the CRA are employees of the City. Per an agreement with the City, the CRA is charged an administrative fee related to those employees. Payroll-related activity for the year ended September 30, 2023, can be found in the City's audited financial statements.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as non-applicable.

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 project as non-applicable.

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as shown on the Budget to Actual schedule.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the

Auditor General, the Kissimmee Community Redevelopment Agency (CRA) reported:

a. The mileage rate or rates imposed by the district as 4.6253.

b. The total amount of ad valorem taxes collected by or on behalf of the district as $2,679,955.

c. The total amount of outstanding bonds issued by the district and the terms of such bonds

as non-applicable.