Annual Financial Report

September 30, 2023

City of Fruitland Park, Florida
Community Redevelopment Agency

Introductory Section

City of Fruitland Park, Florida Community Redevelopment Agency
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Financial Section

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and CRA Commission
City of Fruitland Park Community Redevelopment Agency, Florida

Report on the Financial Statements
Opinions
We have audited the accompanying financial statements of the governmental activities, and each major fund, of the *City of Fruitland Park, Florida Community Redevelopment Agency (the "CRA")*, a component unit of the City of Fruitland Park, 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 each major fund, of the CRA, as of September 30, 2023, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund 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. 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 District 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
The CRA's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 judgement, 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 starting on page 3, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024, on our consideration of CRA's internal control over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting 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.

McDirmit Davis

Orlando, Florida
October 23, 2024

As management of the *City of Fruitland Park Community Redevelopment Agency* (the "CRA")we offer readers of the CRA's financial statements this narrative overview and analysis of the financial activities of the CRA for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by $1,649,846 (net position).
- The government's total net position increased by $554,642.
- At of the close of the current fiscal year, the CRA's governmental fund reported ending fund balance of $1,581,628, an increase of $527,100 in comparison with the prior year. All of this amount is restricted for community redevelopment within the boundaries of the CRA.
- At the end of the current fiscal year, fund balance for the general fund was 350% of total general fund expenditures.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

The *Statement of Activities* presents information showing how the government's net position changed during the 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the CRA that are principally supported by taxes and intergovernmental revenues (*governmental activities).*

The government-wide financial statements include only the CRA itself (known as the *primary government)*.

The government-wide financial statements can be found on pages 8 - 9 of this report.

Fund Financial Statements

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

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 Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The CRA adopts an annual appropriated budget for its general fund. The budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget at page 12.

The basic governmental fund financial statements can be found on pages 10 - 11 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 13 - 20 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the CRA, assets exceeded liabilities by $1,649,846 at the close of the most recent fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 8.

City of Fruitland Park Community Redevelopment Agency
Statement of Net Position

	Governmental Activities	
	2023	**2022**
Assets:		
Current and other assets	$ 1,603,882	$ 1,278,657
Capital assets	68,218	40,676
Total assets	1,672,100	1,319,333
Liabilities:		
Other liabilities	22,254	224,129
Total liabilities	22,254	224,129
Net Position:		
Net investment in capital assets	68,218	40,676
Restricted	1,581,628	1,054,528
Total net position	$ 1,649,846	$ 1,095,204

Net position that are subject to external restrictions as to how they may be used total $1,581,628 (96%).

The CRA's net position increased by $554,642 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 9.

City of Fruitland Park Community Redevelopment Agency
Changes in Net Position

	Governmental Activities	
	2023	**2022**
Revenues:		
Property taxes	$ 900,469	$ 716,677
Investment income and miscellaneous	78,694	9,810
Total revenues	979,163	726,487
Expenses:		
General government	231,049	245,304
Total expenses	231,049	245,304
Special Item:		
Assets conveyed to the City	(193,472)	(51,380)
Increase (decrease) in net position	554,642	429,803
Net position, October 1	1,095,204	665,401
Net position, September 30	$ 1,649,846	$ 1,095,204

Governmental Activities
Governmental activities increased the CRA net position by $554,642. This was primarily due to increases in property values and investment income.

Financial Analysis of the Government's Funds
As noted earlier, the CRA used fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

As of the end of the current fiscal year, the CRA's general fund reported ending fund balance of $1,581,628 an increase of $527,100 in comparison with the prior year. The entire fund balance is restricted for community development within the boundaries of the CRA.

General Fund Budgetary Highlights
During the year, actual revenues were $70,704 more than budgeted revenues and actual expenditures were $674,633 less than budgeted expenditures. Expenses were lower than budgeted primarily due to anticipated capital projects for water main project that were delayed.

Next Year's Budget and Rates
During the next fiscal year, the CRA is expecting to incur enough revenues to cover expenditures.

Requests for Information
This financial report is designed to provide a general overview of the CRA's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Finance Director, *City of Fruitland Park Community Redevelopment Agency*, 506 W. Berkman Street, Fruitland Park, Florida 34731.

Basic Financial Statements

City of Fruitland Park, Florida Community Redevelopment Agency
Statement of Net Position
September 30, 2023

	Governmental Activities
Assets:	
Cash and cash equivalents	$ 1,503,882
Investments	100,000
Capital Assets:	
Capital assets not being depreciated	68,218
Total assets	1,672,100
Liabilities:	
Accounts payable and accrued expenses	21,500
Deposits payable	754
Total liabilities	22,254
Net Position:	
Net investment in capital assets	68,218
Restricted for community redevelopment	1,581,628
Total net position	$ 1,649,846

City of Fruitland Park, Florida Community Redevelopment Agency
Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities:		
General government	$ 231,049	$ (231,049)
Total governmental activities	231,049	(231,049)
General Revenues:		
Property taxes		900,469
Unrestricted investment earnings		78,694
Assets conveyed to the City		(193,472)
Total general revenues and transfers		785,691
Change in net position		554,642
Net position, beginning		1,095,204
Net position, ending		$ 1,649,846

City of Fruitland Park, Florida Community Redevelopment Agency
Balance Sheet
Governmental Funds
September 30, 2023

		General Fund
Assets:		
Cash and cash equivalents	$	1,503,882
Investments		100,000
Total assets	$	1,603,882
Liabilities:		
Accounts payable	$	21,500
Deposits payable		754
Total liabilities		22,254
Fund Balances:		
Restricted for community redevelopment		1,581,628
Total fund balances		1,581,628
Total liabilities and fund balances	$	1,603,882

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance governmental funds	$	1,581,628
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds		68,218
	$	1,649,846

City of Fruitland Park, Florida Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	General Fund
Revenues	
Property taxes	$ 900,469
Investment earnings	78,694
Total revenues	979,163
Expenditures	
Current:	
General government	57,099
Capital outlay	394,964
Total expenditures	452,063
Excess (deficiency) of revenues over expenditures	527,100
Net change in fund balances	527,100
Fund balances, beginning of year	1,054,528
Fund balances, ending of year	$ 1,581,628
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net Change in Fund Balances, total governmental funds:	$ 527,100
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
Expenditures for capital assets	221,014
Conveyance of capital assets is recorded as an expense in the statement of activities while the amount does not affect the fund financial statements as the amount does not consume current financial resources	(193,472)
Change in net position of governmental activities	$ 554,642

City of Fruitland Park, Florida Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property taxes	$ 907,311	$ 907,311	$ 900,469	$ (6,842)
Investment earnings	1,148	1,148	78,694	77,546
Total revenues	908,459	908,459	979,163	70,704
Expenditures:				
Current:				
General government	124,751	124,751	57,099	67,652
Capital outlay	947,212	1,001,945	394,964	606,981
Total expenditures	1,071,963	1,126,696	452,063	674,633
Excess (deficiency) of revenues over expenditures	(163,504)	(218,237)	527,100	745,337
Net change in fund balances	(163,504)	(218,237)	527,100	745,337
Fund balance, beginning of year	1,054,528	1,054,528	1,054,528	-
Fund balance, ending of year	$ 891,024	$ 836,291	$ 1,581,628	$ 745,337

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The *City of Fruitland Park* (the "City") is a political subdivision of the state of Florida located in Lake County. The City created the Community Redevelopment Agency (the "CRA") in March of 1995. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Commission, being the duly elected governmental body for the designated area, passed Resolution 95-012, which established the *City of Fruitland Park Community Redevelopment Agency* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area and adopted a community development redevelopment plan. Through Ordinance 95-001 the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund. In September 2006, the CRA adopted Resolution 2006-022 to expand the CRA boundaries and modified the redevelopment plan.

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

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

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following funds:

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

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

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

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

Deposits and Investments

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

Investments of the CRA are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application.* The CRA's investments consist of investments authorized per their investment policy, adopted in accordance with Section 218.415, Florida Statutes.

Receivables and Payables

All receivables are shown net of an allowance for uncollectable amounts.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the CRA's capitalization policy as assets with an initial, individual cost of $500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Any assets purchased with CRA funds are conveyed to the City for ownership and maintenance. At year end, all assets are considered construction in progress.

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

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

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

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The CRA has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The CRA has no items that qualify for reporting in this category.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Other Disclosures
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, liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Standards
In fiscal year 2023, the CRA has not implemented any new accounting standards with a material effect on the CRA's financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information
The CRA follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the end of the fiscal year, the CRA Manager submits to the CRA Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public workshops are held where the Commission, CRA Manager and department heads refine budget detail items. Public hearings are held to obtain taxpayer comments. The budget is then enacted through passage of a resolution no later than September 30.
3. Appropriations are authorized by resolution at the department level. These are the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets.
4. The CRA Manager is authorized to transfer budgeted amounts between line items within any department; however, any revisions that alter the total expenditures of a department must be approved by a majority vote of the CRA Commission.
5. Formal budgetary integration is employed as a management control device during the year for governmental funds. Total budgeted appropriations within a governmental fund type may not be exceeded legally.
6. Encumbrance accounting is currently employed by the CRA. Encumbrances outstanding at year end do not constitute expenditures or liabilities and are not reported as committed or assigned fund balances. All appropriations and encumbrances lapse at year end.

NOTE 3 DEPOSITS AND INVESTMENTS

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments
The CRA's investment policies are governed by State Statutes and City ordinances. City ordinance allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the Florida Statutes. Authorized investments are:

1. U.S. Government obligations, U.S. Government agency obligations, and U.S. Government instrumentality obligations;
2. Canadian Government obligation (payable in local currency);
3. Certificates of Deposit;
4. Savings and loan association deposits;
5. Prime bankers acceptances;
6. Prime commercial paper;
7. Investment-grade obligations of state, provincial and local governments and public authorities;
8. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of domestic securities;
9. Statewide investment pools;
10. Mutual funds;
11. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida interlocal Cooperation Act, as provided as provided in F.S. § 163.01;
12. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
13. Savings accounts in state-certified qualified public depositories, as defined in F.S. § 280.02;
14. Certificates of deposit in state-certified qualified public depositories, as defined in F.S. § 280.02;
15. Direct obligations of the U.S. Treasury;
16. Federal agencies and instrumentalities.

Interest Rate Risk:
Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The CRA's investment policy does not specifically address interest rate risk.

Credit Risk:
The CRA's investment policy limits its investments to the State Board of Administration investment pool, certificates of deposit, highly rated money market funds, government obligation, and mutual funds.

Custodial Credit Risk:
Custodial risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2023, none of the CRA investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The State Board of Administration (SBA) Local Government Investment Pool (LGIP), operated by the Florida State Board of Administration, is a "2a-7 like" pool in accordance with GASB 31; therefore, it is not presented at fair value but at its actual pooled share price which approximates fair value. The LGIP is not a registrant with the SEC; however, the State of Florida does provide regulatory oversight.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments held by the CRA at September 30, 2023 are detailed below:

Investment Type	Fair Value	Credit Rating	Weighted Avg. Maturity
Florida Prime	$ 1,503,882	AAAm	35 days
Certificates of deposit	100,000	N/A	N/A
	$ 1,603,882		

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 40,676	$ 170,251	$ (142,709)	$ 68,218
Total capital assets, not being depreciated	$ 40,676	$ 170,251	$ (142,709)	$ 68,218

NOTE 5 COMMITMENTS AND CONTINGENCIES

Litigation
The CRA is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2023. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the CRA.

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

NOTE 6 RELATED PARTY TRANSACTIONS

The CRA is component unit of the City of Fruitland Park, Florida. For the year ended September 30, 2023, the CRA's tax increment revenues include $366,020 received from the City. In addition, the CRA reimbursed the City for services performed on behalf of the CRA for administrative services. Payment to the City for these services during the year ended September 30, 2023 was approximately $51,000.

NOTE 7 SOURCES OF DEPOSITS AND PURPOSE OF WITHDRAWALS

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the CRA Funds for the fiscal year ended September 30, 2023:

Source of Deposit:		
Tax increment	$	900,469
Investment income		78,694
Total sources	$	979,163
Purpose of Withdrawal:		
Capital outlay	$	394,964
Professional services		51,224
Miscellanous		5,875
Total withdrawals	$	452,063

Other Reports

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the *City of Fruitland Park, Florida Community Redevelopment Agency* (the "CRA") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements and have issued our report thereon dated October 23, 2024

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 have not been identified.

Report 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 result of our tests disclosed an instance noncompliance which is described below.

ML23-01- Timely Completion of Annual Audit
Florida Statutes require the annual audit to be submitted no later than nine months after the CRA's fiscal year end. We recommend the CRA implement procedures to ensure that annual audits are completed in a timely manner.

CRA's Response to Findings
Government Auditing Standards require the auditor to perform limited procedures on the CRA's response to the findings identified in our engagement and described in the accompanying report. The CRA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDirmit Davis

Orlando, Florida
October 23, 2024

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MANAGEMENT LETTER

Honorable Mayor and City Council
City of Fruitland Park, Florida Community Redevelopment Agency

Report on the Financial Statements
We have audited the financial statements of the *City of Fruitland Park*, *Florida Community Redevelopment Agency (the "CRA")*, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated October 23, 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 Florida Auditor General.

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Accountant's Reports on examinations conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements accordance with Chapter 10.550, rules of the Auditor General. Disclosures in those reports, which are dated October 23, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings
Section 10.554(1)(i.)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

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

Financial Condition and Management
Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate results of our determination as to whether or not the *City of Fruitland Park, Florida Community Redevelopment Agency* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions(s) met. In connection with our audit, we determined that the *City of Fruitland Park, Florida Community Redevelopment Agency* 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 *City of Fruitland Park, Florida Community Redevelopment Agency*'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.

Specific Information (Unaudited)

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

a. The total number of district employees compensated in the last pay period of the district's fiscal year as 0.
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 5.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as 0.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $368,313.
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: $490,000.
f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final budget under Section 189.016(6), Florida Statutes, as no amendment.

Additional Matters

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

Purpose of this Letter

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

McDirmit Davis

Orlando, Florida
October 23, 2024

McDirmit Davis

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

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

We have examined City of Fruitland Park Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2023. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

In our opinion, City of Fruitland Park Community Redevelopment Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

McDirmit Davis

Orlando, Florida
October 23, 2024