Tavares Greater Downtown
TIF District

Annual Financial Report

Fiscal Year Ended September 30, 2023



Tavares Greater Downtown TIF District
Table of Contents
Year Ended September 30, 2023

	Page
Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet-Governmental Funds	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	11
Notes to Financial Statements	12
Compliance Section	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	19
Management Letter	20
Independent Auditor's Report on Compliance with the Requirements of Section 218.415, Florida Statutes	22
Independent Accountant's Report on Compliance with the Requirements of Section 163.387(6) and(7), Florida Statutes	23

McDirmit Davis

934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmitdavis.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Tavares Greater Downtown TIF District

Report on the Audit of the Financial Statements
Opinions
We have audited the financial statements of the governmental activities, and each major fund of the *City of Tavares*, *Tavares Greater Downtown TIF District* (the "CRA"), a component unit of the city of Tavares, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, 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 CRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of 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 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 a report dated June 28, 2024, on our consideration of the CRA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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
June 28, 2024

As management of the Tavares Greater Downtown TIF District (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.

Financial Highlights

- The liabilities of the CRA exceeded its assets at the close of the most recent fiscal year by $170,452 (net position deficit).
- The government's total net position decreased by $28,916 or 20%.
- As of the close of the current fiscal year, the CRA's governmental fund reported ending fund balance deficit of $(170,452).

Overview of the Financial Statements

The financial statements focus on both the CRA as a whole (government-wide) and on the major individual fund. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden the 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's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements.

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

The S*tatement of Net Position* presents information on all of the CRA's assets, liabilities, deferred inflows, and deferred outflows 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 declining.

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

The government-wide financial statements distinguish functions of the 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 7-8 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 governmental-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 the General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget on page 11.

The basic governmental fund financial statements can be found on pages 9-10 of this report.

Notes to the financial statements.
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-18 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, liabilities exceeded assets by $170,452 at the close of the most recent fiscal year. All of the CRA's net position is subject to external restrictions as to how it may be used.

At September 30, 2023, the CRA reports a negative balance in net position. This was also the case at the close of the prior 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 7.

As of September 30

	Governmental Activities	
	2023	**2022**
Assets:		
Current and other assets	$ 284,259	$ 337,014
Total assets	284,259	337,014
Liabilities:		
Current liabilities	454,711	478,550
Total liabilities	454,711	478,550
Net Position:		
Restricted for community redevelopment	(170,452)	(141,536)
Total net position	$ (170,452)	$ (141,536)

Statement of Activities

The following table reflects the condensed *Statement of Activities* for the current and prior year. For more detailed information see the *Statement of Activities* on page 8. Note that the government's total net position decreased by $28,916 or 20.4% in fiscal year 2023. For the previous fiscal year, 2022, net position increased by $32,027.

Revenues increased by $87,726 from the previous year and total expenses increased by $148,669. The increased revenues were primarily caused by increased property values and the increase in expenses was caused by increased contributions to the Seaplane Base fund.

For the Year Ended September 30

	Governmental Activities	
	2023	**2022**
Program Revenues:		
Charges for services	$ 16,469	$ 9,614
General Revenues:		
Taxes	538,847	458,648
Unrestricted investment earnings	328	56
Miscellaneous	400	-
Total revenues	556,044	468,318
Expenses:		
Economic environment	584,960	436,291
Total expenses	584,960	436,291
Increase (decrease) in net position	(28,916)	32,027
Net position, October 1	(141,536)	(173,563)
Net position, September 30	$ (170,452)	$ (141,536)

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

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, *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 September 30, 2023, the CRA's governmental fund reported an ending fund balance deficit of $(170,452), a decrease of $28,916 from the prior year.

General Fund Budgetary Highlights
During the year, revenues were higher than budgetary estimates by $65 due to higher than expected investment income. Expenditures were less than budgetary estimates by $12,025 as a result of lower than expected property grants.

The original General Fund appropriations increased $18,601 due to anticipated increases in sponsored events and future projects within the CRA.

The comparison of budgeted results to actual results for the General Fund is shown on page 11.

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 provided in this report or requests for additional financial information should be addressed to the office of the Finance Director, Post Office Box 1068, Tavares, Florida, 32778.

BASIC FINANCIAL STATEMENTS

Tavares Greater Downtown TIF District
Statement of Net Position
September 30, 2023

	Governmental Activities
Assets:	
Cash and cash equivalents	$ 275,387
Investments	6,995
Receivables, net	1,877
Total assets	284,259
Liabilities:	
Accounts payable and accrued liabilities	4,711
Due to City of Tavares	450,000
Total liabilities	454,711
Net Position:	
Unrestricted	(170,452)
Total net position	$ (170,452)

Tavares Greater Downtown TIF District
Statement of Activities
Year Ended September 30, 2023

Functions/Programs:	Expenses	Program Revenue: Charges for Services	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government			
Governmental activities:			
Economic environment	$ 584,960	$ 16,469	$ (568,491)
Total governmental activities	584,960	16,469	(568,491)
Total primary government	$ 584,960	$ 16,469	(568,491)
General Revenues:			
Taxes			538,847
Unrestricted investment earnings			328
Miscellaneous			400
Total general revenues			539,575
Change in net position			(28,916)
Net position, beginning			(141,536)
Net position, ending			$ (170,452)

Tavares Greater Downtown TIF District
Balance Sheet - Governmental Funds
September 30, 2023

		General
Assets:		
Cash and cash equivalents	$	275,387
Investments		6,995
Receivables, net		1,877
Total assets	$	284,259
Liabilities and Fund Balances:		
Accounts payable	$	3,897
Accrued liabilities		814
Due to City of Tavares		450,000
Total liabilities		454,711
Fund Balance:		
Unassigned		(170,452)
Total fund balance		(170,452)
Total liabilities and fund balance	$	284,259

Tavares Greater Downtown TIF District
Statement of Revenues, Expenditures and Changes in the Fund Balances
Governmental Funds
Year Ended September 30, 2023

	General
Revenues:	
Taxes	$ 538,847
Charges for services	16,469
Investment income	328
Miscellaneous	400
Total revenues	556,044
Expenditures:	
Current:	
Economic environment	584,960
Total expenditures	584,960
Excess (deficiency) of revenues over expenditures	(28,916)
Net change in fund balance	(28,916)
Fund balance, beginning	(141,536)
Fund balance, ending	$ (170,452)

Tavares Greater Downtown TIF District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	543,908	$ 538,847	$ 538,847	$ -
Charges for services	-	16,469	16,469	-
Investment income	-	263	328	65
Miscellaneous	-	400	400	-
Total revenues	543,908	555,979	556,044	65
Expenditures:				
Current:				
Economic environment	543,908	596,985	584,960	12,025
Total expenditures	543,908	596,985	584,960	12,025
Excess (deficiency) of revenues over expenditures	-	(41,006)	(28,916)	12,090
Net Change in Fund Balance	-	(41,006)	(28,916)	12,090
Fund balance, beginning	(141,536)	(141,536)	(141,536)	-
Fund balance, ending	$ (141,536)	$ (182,542)	$ (170,452)	$ 12,090

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The *City of Tavares*, Florida (the "City") created the Tavares Greater Downtown TIF District (the "CRA") in June 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 purpose of the CRA is to carry out the community redevelopment programs and plans within the area. In 2006, the City of Tavares expanded the TIF District in accordance with Chapter 163 of the Florida Statutes designating the expanded area, and passed Ordinance Number 2006-24 which established the expanded Community Redevelopment Trust and obligating the trust to implement the Tavares Greater Downtown TIF District Redevelopment Plan Update.

The CRA's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the CRA are discussed below. The financial statements have also been prepared in accordance with GASB Statement 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments.*

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 unit 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 from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, franchise fees, 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:

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

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. 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 of Resources, 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 in accordance with Section 218.415, Florida Statutes.

Receivables and Payables

All receivables are shown net of an allowance for uncollectibles.

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.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets
Capital assets, which include property, plant, equipment, intangible and infrastructure assets (e.g., roads, sidewalks, drainage systems, 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 as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Any assets purchased with CRA funds are conveyed to the City for ownership and maintenance. As a result, the CRA does not own any capital assets at September 30, 2023.

The costs of normal 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.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The CRA does not have any item that qualifies for reporting in this category for the year ended September 30, 2023.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The CRA does not have any item that qualifies for reporting in this category for the year ended September 30, 2023.

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

Fund Balance Policies
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government 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 City Council is the highest level of decision-making authority for the CRA that can, by adoption of a Resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 disclosures 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 City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them. Budgets are adopted for all funds.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to October 1st, the budget is legally enacted through passage of a resolution.
4. The CRA cannot legally exceed the budget and any revisions that alter expenditures must be approved by the City Council. All annual unencumbered appropriations lapse at year-end. The City Council may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenues.
5. The CRA cannot legally exceed the budget; however, at any time during the year, the City Council may transfer part or all of any unencumbered appropriation balance among programs within a department and transfer part or all of any unencumbered appropriation balance from one department to another. The City Administrator may not amend the budget without the approval of the City Council. The legal level of budgetary control is at the individual expenditure account (as detailed in the budget), e.g., salaries, general operating supplies, engineering services, etc., since the City Council must approve any over-expenditures of appropriations or transfers of appropriated amounts between line items. Individual fund comparisons at the legal level of budgetary control are included in a separate budgetary report which is available from the Finance Department.
6. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year.
7. Budgets are adopted for the general fund on a basis consistent with generally accepted accounting principles.

Appropriations in Excess of Funds Available
The CRA contained appropriations in excess of estimated revenues and available fund balance due to a beginning fund balance deficit.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

The CRA's bank deposits were covered by Federal Depository Insurance or held in banks that are members of the State of Florida's Collateral Pool as specified under Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." This limits local government deposits to "qualified depositories." The State of Florida Collateral Pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails. For this reason, the CRA considers its deposits insured or collateralized.

Investments

The CRA's investment policies, are governed by state statutes and city ordinances. City ordinance allows investments in any financial institution that is formally authorized as a state approved depository for public funds, as identified on the list prepared by the State Treasurer of the State of Florida. The allowable investment instruments include the following:

1. The State Board of Administration Local Government Surplus Funds Trust Fund;
2. Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government;
3. Interest-bearing time deposits or savings accounts in banks organized under the laws of this state, in national banks organized under the laws of the United States and doing business and situated in this state, in savings and loan associations which are under state supervision, or in federal savings and loan associations located in this state and organized under federal law and federal supervision;
4. Obligations of the federal farm credit banks; the Federal Home Loan Mortgage Corporation, including Federal Home Loan Mortgage Corporation participation certificates; or the Federal Home Loan Bank or its district banks or obligations guaranteed by the Government National Mortgage Association; or
5. Obligations of the Federal National Mortgage Association, including Federal National Mortgage Association participation certificates and mortgage pass-through certificates guaranteed by the Federal National Mortgage Association.

The CRA's investments are invested in interest bearing accounts approved by the State of Florida as a "Qualified Public Depository" and in the SBA, an investment pool administered by the State of Florida.

Investments held in the State Board of Administration Fund (SBA) consist of short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. The SBA is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures consistent with the requirements of a 2a-7 like pool for the A fund and the fair value of the position in the pool is equal to the fair value of the statements. Investment income is recognized as earned and is allocated to the participating funds based on their equity participation.

Investments made by the CRA as of September 30, 2023 are summarized below. Investments are reported at fair value, except for the investment in the SBA, which is carried at amortized cost and approximates fair value.

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity
Florida Prime (SBA)	$ 6,995	AAAm	35 days

Credit Risk

The CRA's investment policy limits credit risk by restricting authorized investments to those described above. Also, the policy requires that investments held are to be diversified to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issued instrument, dealer or bank through which financial instruments are bought and sold.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk
The policy limits the investment of current operating funds to 24 months. Investments of bond reserves, construction funds, and other nonoperating funds (core funds) may be invested for a term appropriate to the liquidity needs and in accordance with debt covenants, but not to exceed 60 months.

Concentration of Credit Risk
The policy establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. The policy sets forth parameter limits for each investment type as well as limits for each individual issuer for each investment type. The policy allows 100% of available funds to be invested in the SBA or in United States Government Securities.

Custodial Credit Risk - Deposits
In the case of deposits, this is the risk that, in the event of bank failure, the CRA's deposits may not be returned to it. The CRA's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2023, all the CRA's bank deposits were in qualified public depositories.

Custodial Credit Risk - Investments
For an investment, this 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 an outside party. The CRA has no investments subject to custodial credit risk.

NOTE 4 RECEIVABLES

Receivables as of year end for the CRA including the applicable allowance for uncollectible accounts, are as follows:

	General Fund
Receivables:	
Accounts	$ 18,267
Less allowance for uncollectibles	(16,390)
Total	$ 1,877

NOTE 5 RELATED PARTY TRANSACTIONS

The CRA is component unit of the City of Tavares, Florida. For the year ended September 30, 2023, the CRA's tax increment revenues include $288,751 received from the City.

The CRA owes the City $450,000 related to the purchase of strategic property within the boundaries of the CRA. The advance will be repaid when the land is resold or when the City designates a public use for the property.

During 2023, the CRA transferred $274,933 to the Seaplane Base to support operations.

NOTE 6 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; job-related illnesses or injuries to employees; and natural disasters for which the CRA carries commercial insurance.

Risk of loss from the above is transferred by the CRA to commercial insurers for health and life insurance and to a risk management pool known as PRM for liability and other types of insurance. PRM is an insurance purchasing pool where several governments pool funds or resources to purchase commercial insurance. The City has been a member of the pool since October 1989 and retains a voting privilege on the Board of Directors.

The CRA has obtained excess insurance coverage with varying retentions and limits to further limit exposure to large losses. 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 7 COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor are subject to audit and adjustment by grantor agencies, principally federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the CRA expects such amounts to be immaterial.

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.

NOTE 8 SOURCE OF DEPOSITS AND PURPOSE OF WITHDRAWALS

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

Source of Deposit:		
Tax increment	$	538,847
Charges for services		16,469
Investment income		328
Miscellaneous		700
Total sources	$	556,344
Purpose of Withdrawal:		
Sponsored events	$	243,427
Contribution to seaplane base		274,933
Property improvement grants		29,146
Miscellaneous		37,454
Total withdrawals	$	584,960

McDirmit Davis

934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmitdavis.com

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*

Honorable Mayor and City Council
Tavares Greater Downtown TIF District

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 each major fund of the Tavares Greater Downtown TIF District (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 June 28, 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 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 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 weakness 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 may exist that have not been identified.

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
June 28, 2024

McDirmit Davis

934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmitdavis.com

MANAGEMENT LETTER

Honorable Mayor and City Council
Tavares Greater Downtown TIF District

Report on the Financial Statements
We have audited the financial statements of the Tavares Greater Downtown TIF District (the "CRA"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 28, 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 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 an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 28, 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. There were no findings and recommendations 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
Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and report 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 Statues, and to identify the specific condition(s) met. In connection with our audit, we determined that CRA did not meet any of the conditions described in Section 218.503(1), Florida Statues.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the CRA. It is management's responsibility to monitor the CRA's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Sections 10.554(1)(i)2., Rules of the Auditor General, require 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 0.
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year was 16.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency 0.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $45,873.
e. Each construction project with a total cost of at least $65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as none.
f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final budget under Section 189.016(6), Florida Statutes, as included in the budget statements.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the 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
June 28, 2024

McDirmit Davis

934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmitdavis.com

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

The Honorable Mayor and City Council
Tavares Greater Downtown TIF District

We have examined Tavares Greater Downtown TIF District'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, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

McDirmit Davis

Orlando, Florida
June 28, 2024

McDirmit Davis

934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmitdavis.com

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

The Honorable Mayor and City Council
Tavares Greater Downtown TIF District

We have examined Tavares Greater Downtown TIF District's (the "CRA") compliance with the requirements of Section 163.387(6) and (7), 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, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

McDirmit Davis

Orlando, Florida
June 28, 2024