

Financial Report

September 30, 2021

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

Introductory Section

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MAYOR

Mike Sykes

CITY COUNCIL

Brenda Brasher, Mayor Pro-Tem

Steven Sheffield, Council Member

Sally Rayman, Council Member

Pam Terry, Council Member

ACTING CITY MANAGER
CITY FINANCE DIRECTOR

Dolly Miller

Financial Section



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INDEPENDENT AUDITOR'S REPORT

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

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the *City of Mascotte, Florida Community Redevelopment Agency (the "CRA")*, a component unit of the City of Mascotte, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 City of Mascotte Community Redevelopment Agency, as of September 30, 2021, and the respective changes in financial position, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise *City of Mascotte Community Redevelopment Agency's* basic financial statements. The introductory section is presented for purposes of additional analysis and are not a required part of the financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2022 on our consideration of *City of Mascotte Community Redevelopment Agency's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 *City of Mascotte Community Redevelopment Agency's* internal control over financial reporting and compliance.

McDiernit Davis

Orlando, Florida
March 31, 2022

As management of the *City of Mascotte, Florida Community Redevelopment Agency* we offer readers of the *City of Mascotte Community Redevelopment Agency's* financial statements this narrative overview and analysis of the financial activities of the *City of Mascotte Community Redevelopment Agency* for the fiscal year ended September 30, 2021. 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 *City of Mascotte Community Redevelopment Agency* exceeded its liabilities at the close of the current fiscal year by \$464,768 (net position).
- The government's total net position increased by \$236,577.
- As of the close of the current fiscal year, the *City of Mascotte Community Redevelopment Agency's* governmental funds reported an ending fund balance of \$477,197, an increase of \$238,823 in comparison with the prior year. The total amount, \$477,197, is restricted for the purpose of the *Community Redevelopment Agency Fund*.
- At the end of the current fiscal year, restricted fund balance for the community redevelopment agency fund was \$477,197 or 466% of total fund expenditures.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 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 *City of Mascotte Community Redevelopment Agency*, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general fund of the *City of Mascotte Community Redevelopment Agency* is categorized as a governmental fund.

Governmental Fund

A *Governmental fund* is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds are narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between *governmental fund* and *governmental activities*.

The *City of Mascotte Community Redevelopment Agency* adopts an annual appropriated budget for its general fund. A budgetary comparison statement have been provided for the general fund to demonstrate compliance with this budget at page 12.

The basic governmental fund financial statements can be found on pages 10-12 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 13-19 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the *City of Mascotte Community Redevelopment Agency*, assets exceeded liabilities by \$464,768 at the close of the current fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 8.

Statement of Net Position as of September 30:

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	\$ 478,854	\$ 240,147
Total Assets	<u>478,854</u>	<u>240,147</u>
Liabilities		
Long term liabilities	12,429	10,183
Other liabilities	<u>1,657</u>	<u>1,773</u>
Total Liabilities	<u>14,086</u>	<u>11,956</u>
Net Position		
Restricted	<u>464,768</u>	<u>228,191</u>
Total Net Position	<u><u>\$ 464,768</u></u>	<u><u>\$ 228,191</u></u>

Net position that are subject to external restrictions as to how they may be used total \$464,768 (100%).

The CRA's net position increased by \$236,577 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.

Changes in Net Position as of September 30:

	Governmental Activities	
	2021	2020
Revenues:		
General revenues	\$ 341,079	\$ 274,646
Total revenues	341,079	274,646
Expenses:		
General government	104,502	95,155
Total expenses	104,502	95,155
Increase (decrease) in net position	236,577	179,491
Net position, October 1	228,191	48,700
Net position, September 30	\$ 464,768	\$ 228,191

Governmental Activities

Governmental activities increased the City of Mascotte Community Redevelopment Agency's net position by \$236,577. This was due to increases in taxes due to increased taxable value in the CRA.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the general fund reported ending fund balance of \$477,197, an increase of \$238,823 in comparison with the prior year. The fund balance is restricted for community redevelopment.

The fund balance of the general fund increased by \$238,823 during the current fiscal year.

General Fund Budgetary Highlights

During the year, actual revenues were \$1,221 less than budgeted revenues and actual expenditures were \$75,644 less than budgeted expenditures. There were no major changes between the original General Fund budget and the final amended General Fund budget.

Next Year's Budget and Rates

During the current fiscal year, the CRA is expecting to incur enough revenues in 2021 to cover expenditures.

Requests for Information

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

Basic Financial Statements

City of Mascotte, Florida Community Redevelopment Agency
Statement of Net Position
September 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 478,854
Total assets	<u>478,854</u>
Liabilities	
Accounts payable and accrued expenses	1,657
Noncurrent Liabilities:	
Due within one year	1,243
Due in more than one year	<u>11,186</u>
Total liabilities	<u>14,086</u>
Net Position	
Restricted for community redevelopment	<u>464,768</u>
Total net position	<u>\$ 464,768</u>

City of Mascotte, Florida Community Redevelopment Agency
Statement of Activities
Year Ended September 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Primary Government</u>		<u>Governmental Activities</u>
Governmental Activities:		
General government	\$ 104,502	\$ (104,502)
Total governmental activities	104,502	(104,502)
General Revenues:		
Property taxes		339,966
Unrestricted investment earnings		1,113
Total general revenues		341,079
Change in net position		236,577
Net position, beginning		228,191
Net position, ending		\$ 464,768

City of Mascotte, Florida Community Redevelopment Agency
Balance Sheet - Governmental Fund
 September 30, 2021

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 478,854
Total assets	<u>\$ 478,854</u>
Liabilities	
Other accrued expenses	\$ 1,657
Total liabilities	<u>1,657</u>
Fund Balances	
Restricted for community development	<u>477,197</u>
Total fund balances	<u>477,197</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.	
Compensated absences	<u>(12,429)</u>
Net position of governmental activities in the statement of net position	<u>\$ 464,768</u>

City of Mascotte, Florida Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Fund
Year Ended September 30, 2021

	<u>General Fund</u>
Revenues	
Taxes	\$ 339,966
Investment earnings	1,113
Total revenues	<u>341,079</u>
Expenditures	
Current:	
General government	<u>102,256</u>
Total expenditures	<u>102,256</u>
Excess (Deficit) of Revenues Over Expenditures	<u>238,823</u>
Net change in fund balances	238,823
Fund balances, beginning of year	<u>238,374</u>
Fund balances, end of year	<u>\$ 477,197</u>
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities:	
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net Change in Fund Balances - total governmental funds:	\$ 238,823
Some expenses reported in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	<u>(2,246)</u>
Change in Net Position of Governmental Activities	<u>\$ 236,577</u>

City of Mascotte, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Community Redevelopment Fund
Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 342,300	\$ 342,300	\$ 339,966	\$ (2,334)
Investment earnings	-	-	1,113	1,113
Total revenues	342,300	342,300	341,079	(1,221)
Expenditures				
Current:				
General government	172,400	177,900	102,256	75,644
Total expenditures	172,400	177,900	102,256	75,644
Excess (Deficit) of Revenues Over Expenditures	169,900	164,400	238,823	74,423
Net change in fund balances	169,900	164,400	238,823	74,423
Fund balance, beginning of year	238,374	238,374	238,374	-
Fund balance, end of year	\$ 408,274	\$ 402,774	\$ 477,197	\$ 74,423

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The government reports the following fund:

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

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

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

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

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

Deposits and Investments

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

Receivables and Payables

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

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

All receivables are shown net of an allowance for uncollectibles.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are defined by the City's capitalization policy as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Any assets purchased with CRA funds are conveyed to the City for ownership and maintenance. At year end, the CRA doesn't own any assets.

Compensated Absences

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

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The CRA does not have any item that qualifies for reporting in this category for the year ended September 30, 2021.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The CRA does not have any item that qualifies for reporting in this category for the year ended September 30, 2021.

Net Position Flow Assumptions

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

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

Investments

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

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the CRA's own data in measuring unobservable inputs. The CRA had no investments as defined by GASB Statement No. 72 as of September 30, 2021.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

The CRA does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The CRA policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposit Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2021, all of the CRA's bank deposits were in qualified public depositories.

NOTE 4 COMMITMENTS AND CONTINGENCIES

Litigation

The CRA is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2021. 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 5 RELATED PARTY TRANSACTIONS

The CRA is component unit of the City of Mascotte, Florida. For the year ended September 30, 2021, the CRA's tax increment revenues include \$189,267 received from the City. In addition, the CRA reimbursed the City for services performed on behalf of the CRA such payroll and payroll benefits, paid during the year. Payment to the City for these services during the year ended September 30, 2021 was approximately \$62,000.

NOTE 6 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, 2021:

Source of Deposit:	
Tax increment	\$ 339,966
Investment Income	1,113
Total sources	<u>\$ 341,079</u>
Purpose of Withdrawal:	
Salaries and benefits	\$ 62,298
Professional services	39,740
Miscellaneous	218
Total withdrawals	<u>\$ 102,256</u>

Other Reports



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the City of Mascotte Community Redevelopment Agency, Florida, ("CRA") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements and have issued our report thereon dated March 31, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 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.

McDermitt Davis

Orlando, Florida
March 31, 2022



INDEPENDENT AUDITOR MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the *City of Mascotte Community Redevelopment Agency, Florida*, ("CRA"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 31, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Reports on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 31, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the findings and recommendations made in the preceding financial audit report, except as noted below:

Current Year Finding #	2019-2020 Finding #	2018-2019 Finding #
ML 21-01	ML 20-01	N/A

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendation:

ML 21-01- CRA Plan

During our audit, we noted that the *CRA Plan* has not been updated since 2005. Florida Statutes require that CRAs only expend funds in accordance with an approved *CRA Plan*, and annual budget. The Florida Redevelopment Association, a not-for-profit organization dedicated to assisting in community revitalization efforts recommends that *CRA plans* be updated about every five years.

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year- No CRA employees, all are City employees.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 3.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency – None.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$39,740.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as N/A.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final budget under Section 189.016(6), Florida Statutes, as included in General Fund Budget Statements.

Additional Matters

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

Purpose of this Letter

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

McDiarmid Davis

Orlando, Florida
March 31, 2022



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

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

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

We have examined City of Mascotte Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

In our opinion, CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

McDermitt Davis

Orlando, Florida
March 31, 2022



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Orlando, Florida 32803
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www.mcdermittdavis.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
City of Mascotte Community Redevelopment Agency, Florida

We have examined City of Mascotte Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 163.387(6) and (7), Florida Statutes, during the year ended September 30, 2021. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

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

In our opinion, CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

McDermitt Davis

Orlando, Florida
March 31, 2022



City of Mascotte

100 East Myers Blvd. * Mascotte, Florida 34753 * Phone (352) 429-3341 * Fax (352) 429-3345

April 7, 2022

Auditor General
State of Florida

Re: City of Mascotte, Florida Community Redevelopment Agency Fiscal Year 2021

The City of Mascotte sincerely appreciates the review and the comment and we offer the following response:

ML 21-01 – The CRA Plan has not been updated since 2005

Response: City staff is working with the city attorney and the contracted planner to update the plan documents to align with the CRA Board's vision to ensure that funds received are being spent in accordance with plan documents and the adopted budget.

Sincerely,

A handwritten signature in blue ink that reads 'Dolly Miller'.

Dolly Miller, ICMA-CM
Finance Director