



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Community Redevelopment Agency

For the year ended September 30, 2023



CITY OF ORANGE CITY, FLORIDA
www.orangecityfl.gov



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Financial Statements

September 30, 2023

**City of Orange City
Community Redevelopment Agency**

Introductory Section





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Financial Section



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and CRA Council
City of Orange City, Florida

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 Orange City, Florida Community Redevelopment Agency (the "CRA")*, a component unit of the City of Orange City, as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements as listed in the table of contents.

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 March 21, 2024 on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

McDermitt Davis

Orlando, Florida
March 21, 2024

Management of the *City of Orange City, Florida Community Redevelopment Agency (the "CRA")* offers readers of these basic financial statements this narrative overview and analysis of the financial activities of the CRA's financial activities that ended on September 30, 2023. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issue, (b) provide an overview of the CRA's financial activity, (c) identify changes in the CRA's financial position, (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues and concerns.

Financial Highlights

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by \$1,007,853.
- The government's total net position increased by \$783,497.
- At the close of the current fiscal year, the CRA's governmental fund reported ending fund balance surplus of \$621,711, an increase of \$755,401 in comparison with the prior year.

Overview of the Financial Statements

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

This discussion and analysis are intended to serve as an introduction to the CRA's 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 CRA's financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities*.

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

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

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

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

The government-wide financial statements can be found on pages 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 government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The CRA adopts an annual appropriated budget for its general fund. The budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget at page 19.

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 financial statements can be found on pages 11 - 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, assets exceeded liabilities by \$1,007,853 at the close of the most recent fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 7.

Statement of Net Position as of September 30,

| | Governmental Activities | |
|--|--------------------------------|-------------------|
| | 2023 | 2022 |
| Assets: | | |
| Current and other assets | \$ 1,944,957 | \$ 1,268,592 |
| Capital assets | 386,142 | 358,046 |
| Total assets | 2,331,099 | 1,626,638 |
| Liabilities: | | |
| Long term liabilities | 1,322,632 | 1,402,282 |
| Other liabilities | 614 | - |
| Total liabilities | 1,323,246 | 1,402,282 |
| Net Position: | | |
| Net investment in capital assets | (936,490) | (1,144,236) |
| Restricted for community redevelopment | 1,944,343 | 1,368,592 |
| Total net position | \$ 1,007,853 | \$ 224,356 |

Management’s Discussion and Analysis

September 30, 2023

A portion of the CRA’s net position of \$(936,490) is reflected in net investment in capital assets, less any outstanding related debt used to acquire those assets. The CRA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the CRA’s investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 8.

Changes in Net Position For the Year Ended September 30,

| | Governmental Activities | |
|--|--------------------------------|-------------------|
| | 2023 | 2022 |
| Revenues: | | |
| General Revenues: | | |
| Taxes | \$ 801,710 | \$ 631,431 |
| Total revenues | 801,710 | 631,431 |
| Expenses: | | |
| Economic environment | 18,213 | 13,793 |
| Total expenses | 18,213 | 13,793 |
| Special Item: | | |
| Assets conveyed to the City | - | (278,399) |
| Increase (decrease) in net position | 783,497 | 339,239 |
| Net position, beginning | 224,356 | (114,883) |
| Net position, ending | \$ 1,007,853 | \$ 224,356 |

Governmental Activities

The cost of all governmental activities this year was \$18,213 compared to \$13,793 last year.

Financial Analysis of the Government’s Funds

As noted earlier, the CRA used fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

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

As of the end of the current fiscal year, the CRA’s general fund reported an ending fund balance surplus of \$621,711, an increase of \$755,401 in comparison with the prior year. The increase is due to increased tax increment revenue.

General Fund Budgetary Highlights

During the year, actual revenues were \$68,470 more than budgeted revenues and actual expenditures were \$1,955,513 less than budgeted expenditures. Expenses were lower than budgeted primarily due to anticipated capital projects that were delayed.

Capital Assets

At September 30, 2023, the CRA had \$386,142 invested in capital assets, and all was considered construction in progress.

Long-Term Liabilities

At September 30, 2023, the CRA had \$1,322,632 due to the City for advances to cover capital improvements. The CRA is making annual payments to the City.

Next Year's Budget and Rates

During the next fiscal year, the CRA is expecting to incur enough revenues to cover operating expenditures.

Requests for Information

This financial report is designed to provide a general overview of the CRA's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Finance Director, *City of Orange City Community Redevelopment Agency, 205 East Graves Avenue, Orange City, Florida 32763.*

BASIC FINANCIAL STATEMENTS

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

| | Governmental Activities |
|--|------------------------------------|
| Assets: | |
| Cash and cash equivalents | \$ 1,944,826 |
| Prepaid expenses | 131 |
| Capital assets: | |
| Capital assets (not being depreciated) | 386,142 |
| Total assets | 2,331,099 |
| Liabilities: | |
| Accounts payable and accrued expenses | 614 |
| Noncurrent liabilities: | |
| Due within one year | 110,000 |
| Due in more than one year | 1,212,632 |
| Total liabilities | 1,323,246 |
| Net Position: | |
| Net investment in capital assets | (936,490) |
| Restricted for community redevelopment | 1,944,343 |
| Total net position | \$ 1,007,853 |

City of Orange City, Florida Community Redevelopment Agency
Statement of Activities
 Year Ended September 30, 2023

| | <u>Program Revenue</u> | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|--|------------------------|-----------------------------|--|
| Functions/Programs: | <u>Expenses</u> | <u>Charges for Services</u> | <u>Governmental Activities</u> |
| Primary Government | | | |
| Governmental Activities: | | | |
| Economic environment | \$ 18,213 | \$ - | \$ (18,213) |
| Total governmental activities | <u>18,213</u> | <u>-</u> | <u>(18,213)</u> |
| General Revenues: | | | |
| Taxes | | | <u>801,710</u> |
| Total general revenues and special item | | | <u>801,710</u> |
| | | | Change in net position 783,497 |
| | | | Net position, beginning of year <u>224,356</u> |
| | | | Net position, end of year <u>\$ 1,007,853</u> |

City of Orange City, Florida Community Redevelopment Agency
Balance Sheet - Governmental Funds
September 30, 2023

| | <u>General Fund</u> |
|--|---------------------|
| Assets: | |
| Cash and cash equivalents | \$ 1,944,826 |
| Prepays | 131 |
| Total assets | <u>\$ 1,944,957</u> |
| Liabilities: | |
| Accounts payable and accrued liabilities | \$ 614 |
| Advance due to City of Orange City | 1,322,632 |
| Total liabilities | <u>1,323,246</u> |
| Fund Balances: | |
| Nonspendable | 131 |
| Restricted | 621,580 |
| Total fund balances | <u>621,711</u> |
| Total liabilities and fund balances | <u>\$ 1,944,957</u> |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Total fund balance governmental funds | \$ 621,711 |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds | 386,142 |
| Net position of governmental activities in the statement of net position | <u>\$ 1,007,853</u> |

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

| | <u>General Fund</u> |
|--|--------------------------|
| Revenues: | |
| Taxes | \$ 801,710 |
| Total revenues | <u>801,710</u> |
| Expenditures: | |
| Current: | |
| Economic environment | 17,870 |
| Capital outlay | <u>28,439</u> |
| Total expenditures | <u>46,309</u> |
| Excess (deficiency) of revenues over expenditures | <u>755,401</u> |
| Net change in fund balances | 755,401 |
| Fund balances, beginning of year | <u>(133,690)</u> |
| Fund balances, end of year | <u><u>\$ 621,711</u></u> |

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Net change in fund balances - total governmental funds: \$ 755,401

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

Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

| | |
|--|--------------------------|
| Expenditures for capital assets | <u>28,096</u> |
| Change in net position of governmental activities | <u><u>\$ 783,497</u></u> |



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NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The *City of Orange City*, Florida ("the City") was incorporated on August 26, 1882, and is a municipal corporation chartered in the State of Florida. The City of Orange City created the Community Redevelopment Agency (the "CRA") in August of 2014. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes, and is expected to close in 2033. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The CRA fund is governed by a seven-member board - the seven members of the city council.

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 management 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. 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.

Basic Financial Statements

Government-Wide Financial Statements

The CRA's basic financial statements include both government-wide (reporting the CRA as a whole) and fund financial statements (reporting the CRA's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The CRA's activities are classified as governmental activities.

In the government-wide statement of net position, both governmental activities columns (a) are presented on a consolidated basis by column and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The CRA's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position. The CRA first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the CRA's functions. The functions are also supported by general government revenues (property, sales and use taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the CRA or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten (10) percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five (5) percent of the corresponding total for all governmental and enterprise funds combined.
- c. The CRA in its own discretion determines that the fund should be considered a major fund.

Basis of Presentation - Fund Accounting

Major Governmental Funds

General Fund - This special revenue fund was established by the CRA as authorized under Chapter 163, Part III, Florida Statutes, for the economic development of designated area(s) of the CRA. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the designated area.

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.

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 CRA considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The following procedures are used to establish the budgetary data reflected in the financial statements:

- 1) Prior to August 1 of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- 4) Formal budgetary integration is employed as a management control device during the year for all governmental funds that have a legally-adopted budget.
- 5) Budgets are adopted on a basis consistent with U.S. Generally Accepted Accounting Principles (GAAP).
- 6) Budget appropriations are prepared by the City Manager and authorized by the City Council on a departmental basis in accordance with Article VII, Section 7.01 of the City Charter. Subsidiary designations of departmental appropriations are authorized by the City Council. All interdepartmental budget amendments and/or transfers must be approved by the City Council. Budgetary control is exercised at the department level.
- 7) Every appropriation, except for a specified major capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended. The CRA does not use the encumbrance method of accounting.

Accounts Receivable

Allowance for Uncollectible Accounts - Based upon an analysis of both past history and past due receivables, it is management's opinion that no allowance for uncollectible accounts is necessary.

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 County, multiplied by increased value of property located within the boundaries of the redevelopment areas of the CRA is 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.

Long-term Obligations

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt for governmental funds is not reported as a liability in the fund financial statements.

Cash and Investments:

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature within three months of acquisition.

Investments for the CRA are reported at fair value within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for the position in the Florida State Board of Administration's and Florida Safe's Local Government Surplus Investment Pools (LGIP). In accordance with state law, the LGIP's operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company act of 1940, as amended. Accordingly, the LGIP's qualify as a 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Florida State Board of Administration is subject to regulatory oversight by the State of Florida, although it is not registered with the SEC.

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues

Substantially all governmental fund revenues are accrued. Grant resources transmitted before the eligibility requirements are met, are reported as unearned revenue.

Estimates

The preparation of financial statements in accordance with the modified accrual or accrual basis of accounting described in the previous paragraphs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets or liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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, 2023.

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, 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 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.

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.

New GASB Statements Implemented

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 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position.

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

NOTE 3 CASH AND INVESTMENTS

The CRA'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.

The CRA's investment policy is to invest public funds in a manner so as to place the highest priority on the safety of principal and liquidity. The optimization of investment returns shall be secondary to the requirements of safety and liquidity.

The CRA's investment policy authorizes the CRA to invest in the following:

- a) United States Treasury and Agency Securities
- b) Government Sponsored Enterprises
- c) State and Local Governments
- d) Corporations
- e) Local Government Investment Pools, as provided in s.163.01
- f) State Board of Administration, as provided in s.218.5
- g) Money Market Mutual Funds
- h) Repurchase Agreements

The CRA maintains cash and cash equivalent pools that are available for use by all funds except those whose cash and cash equivalents must be segregated due to bond covenants or other legal restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost. In accordance with GASB Statement No. 40, the CRA's deposits are categorized to give an indication of the level of custodial risk assumed at year end. At present, some of the CRA's excess funds are primarily deposits that are insured or collateralized pursuant to the Public Depository Security Act of the State of Florida.

Demand deposits and money market accounts are insured by federal depository insurance up to \$250,000 of the aggregate account balances for each entity. Amounts in excess of \$250,000 are fully insured by U.S. Government securities held in the Public Security Trust Fund maintained and monitored by the Treasurer of the State of Florida.

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations, while interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

NOTE 4 CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Reclass</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|----------------|---------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Construction in progress | \$ 358,046 | \$ 28,096 | \$ - | \$ - | \$ 386,142 |
| Total capital assets, not being depreciated | <u>\$ 358,046</u> | <u>\$ 28,096</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 386,142</u> |

NOTE 5 FUND BALANCE

In accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* the CRA is required to report fund balance amounts in five classifications - nonexpendable and spendable categories of restricted, committed, assigned and unassigned as follows:

Nonspendable

Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted

Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the CRA's highest level of decision-making authority. The CRA Council addresses these commitments through formal board action, such as, the adoption of a resolution or by motion prior to the CRA's fiscal year end. Both actions (resolution or motion) are equally binding.

Assigned

Amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Assignments can be made by the CRA Council. The CRA Council may also assign fund balance as it does when, fund balance is appropriated, to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned

Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balances may also include negative fund balances for any other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The CRA uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. Additionally, the CRA would first use committed, then assigned, and lastly unassigned amounts.

Notes to Financial Statements

September 30, 2023

NOTE 6 COMMITMENTS AND CONTINGENCIES

Various lawsuits and claims arising in the ordinary course of the CRA's operations are pending against the CRA. While the ultimate effect of such litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the CRA's financial position and/or that the CRA has sufficient insurance coverage to cover any claims.

NOTE 7 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; injuries to employees; and natural disasters for which the CRA carries commercial insurance. Settled claims have not exceeded the specified commercial coverage limitations for the past three years. There have been no significant reductions in insurance coverage from the past year.

NOTE 8 RELATED PARTY TRANSACTIONS

The CRA is a component unit of the City of Orange City, Florida. For the year ended September 30, 2023, the CRA's tax increment revenues include \$501,456 received from the City. In addition, the CRA reimbursed the City for services performed on behalf of the CRA such as payroll and benefits paid during the year. Payment to the City for these services during the year ended September 30, 2023 was approximately \$14,400. The CRA also reimbursed the City \$79,650 for the upcoming debt service payment.

Additionally, the CRA has a long-term payable to the City as discussed in Note 9.

NOTE 9 LONG-TERM LIABILITIES

The City has advanced the CRA \$1,570,757 to cover capital improvements funded by the City's State Revolving Fund ("SRF") Loan. CRA Resolution 889-17 authorizes an annual disbursement of approximately \$110,000 to the City's general fund for the term of the SRF loan, unless the CRA Board's ability to annually allocate the disbursement is otherwise impacted by the actual revenues collected each year.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---------------------------------|------------------------------|------------------|--------------------|-----------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Advance from City | \$ 1,402,282 | \$ - | \$ (79,650) | \$ 1,322,632 | \$ 110,000 |
| | <u>\$ 1,402,282</u> | <u>\$ -</u> | <u>\$ (79,650)</u> | <u>\$ 1,322,632</u> | <u>\$ 110,000</u> |

Notes to Financial Statements

September 30, 2023

NOTE 10 SOURCES OF DEPOSITS AND PURPOSE OF WITHDRAWALS

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

Source of Deposit:

| | |
|----------------------|-------------------|
| Tax increment | \$ 801,710 |
| Total sources | \$ 801,710 |

Purpose of Withdrawal:

| | |
|-----------------------|------------------|
| Capital outlay | \$ 28,439 |
| Salaries and benefits | 14,469 |
| Façade grants | 3,401 |
| | \$ 46,309 |

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

| | Budgeted Amounts | | Actual Amounts, Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|-----------------------|--|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 733,240 | \$ 733,240 | \$ 801,710 | \$ 68,470 |
| Total revenues | 733,240 | 733,240 | 801,710 | 68,470 |
| Expenditures: | | | | |
| Current: | | | | |
| Economic Environment | 1,953,240 | 2,001,822 | 46,309 | 1,955,513 |
| Total expenditures | 1,953,240 | 2,001,822 | 46,309 | 1,955,513 |
| Excess (deficiency) of revenues over expenditures | (1,220,000) | (1,268,582) | 755,401 | 2,023,983 |
| Net change in fund balances | (1,220,000) | (1,268,582) | 755,401 | 2,023,983 |
| Fund balances, beginning of year | (133,690) | (133,690) | (133,690) | - |
| Fund balances, end of year | \$ (1,353,690) | \$ (1,402,272) | \$ 621,711 | \$ 2,023,983 |

SUMMARY OF SIGNIFICANT BUDGET POLICIES

The CRA Board first adopts the annual budget, and then City Council annually adopts budgets for the General Fund of the primary government. All appropriations are legally controlled at the fund and department level for the General Fund. On September 27, 2022, the City Council approved the original adopted budget and it is reflected in the financial statements.

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statement for all funds with annual budgets, compares the expenditures with the amended budgets. The budget is presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with U.S. Generally Accepted Accounting Principles on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on the annual budget lapse at the end of each fiscal year.

MATERIAL VIOLATIONS

There were no material violations of the annual appropriated budget for the General Fund for the fiscal year ended September 30, 2023. In addition, there were no excesses of budgetary expenditures for the period. Appropriations exceeded anticipated revenues and available fund balance, due to the beginning fund balance deficit.

Compliance Section





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

The Honorable Mayor and City Council
City of Orange City 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 Orange City, Florida Community Redevelopment Agency (the “CRA”)*, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CRA’s basic financial statements and have issued our report thereon dated March 21, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The result of our tests disclosed 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 21, 2024

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the *City of Orange City, Community Redevelopment Agency Florida (the "CRA")*, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 21, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Reports on 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 21, 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 or 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

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 identification of the specific condition(s) met. In connection with our audit, we determined that the *CRA* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 CRA reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as zero.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as zero.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as zero.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
 - City-wide Gateway and Wayfinding- \$25,000
 - Industrial Park Infrastructure- \$3,096
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as disclosed in the financial 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, City Council 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 21, 2024



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

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

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

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

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

McDermitt Davis

Orlando, Florida
March 21, 2024



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

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

We have examined City of Orange City 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, 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.

McDermitt Davis

Orlando, Florida
March 21, 2024



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