

2020

Northeast Community Redevelopment Agency
(a Component Unit of the City of Mount Dora, Florida)

Financial Statements and Independent Auditor's Report

September 30, 2020

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**NORTHEAST COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF MOUNT DORA, FLORIDA)**

MOUNT DORA, FLORIDA

SEPTEMBER 30, 2020

Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-6
Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
General Fund:	
Balance Sheet.....	9
Statement of Revenues, Expenditures and Changes in Fund Balance	10
Notes to Financial Statements.....	11-14
Required Supplementary Information (Unaudited)	
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget to Actual (Budgetary Basis) – General Fund	15
Note to Required Supplementary Information	16
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 <i>Government Auditing Standards</i>	17-18
Independent Accountant’s Report on Compliance with Section 218.415, Florida Statutes.....	19
Independent Accountant’s Report on Compliance with Sections 163.387(6) and (7), Florida Statutes	20
Management Letter.....	21-22

INDEPENDENT AUDITOR'S REPORT

To the Northeast Community Redevelopment Agency
City of Mount Dora, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Northeast Community Redevelopment Agency (the NECRA), a component unit of the City of Mount Dora, Florida (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the NECRA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 NECRA'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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

To the Northeast Community Redevelopment Agency
City of Mount Dora, Florida

INDEPENDENT AUDITOR'S REPORT

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 the major fund of the NECRA, as of September 30, 2020, 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.

Other Matters

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 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2021, on our consideration of the NECRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NECRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NECRA's internal control over financial reporting and compliance.



June 27, 2021
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (the MD&A) of the Northeast Community Redevelopment Agency (the NECRA) is intended to provide an overview of the NECRA's financial position and results of operations for the fiscal year ended September 30, 2020. The MD&A should be read in conjunction with the NECRA's financial statements, including the accompanying notes, to enhance the understanding of the NECRA's financial performance.

Financial Highlights

- The NECRA's restricted fund balance at the close of the fiscal year was \$2,033,173, which represents unspent tax increment revenues appropriated to specific ongoing or future redevelopment projects.
- Fund balance increased in the current year by \$134,659. Tax increment financing revenues received by the NECRA in the current year increased as a result of increased property values within the NECRA.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the NECRA's basic financial statements, which have the following components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. This report also contains other required 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 NECRA's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the NECRA's assets and liabilities, with the difference between the two 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 NECRA is improving or deteriorating.

The statement of activities presents information showing how the NECRA's net position changed during each 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 the statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements listed above distinguish functions of the NECRA that are principally supported by ad-valorem taxes.

The government-wide financial statements include only the financial activities of the NECRA. However, the NECRA is considered a component unit of the City of Mount Dora, Florida (the City) and, as such, the financial information of the NECRA is included in the City's Annual Comprehensive Financial Report in each fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 NECRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 the comparison between governmental funds and governmental activities when required.

Key elements of the reconciliation of these two statements are that the government-wide statement of activities reports the issuance of debt as a liability, the purchases of capital assets as assets which are then charged to expense over their useful lives (depreciated) and changes in long-term liabilities as adjustments of expenses. Conversely, the governmental funds statements report the issuance of debt as another financing source of funds, the repayment of debt as an expenditure, the purchase of capital assets as an expenditure, and do not reflect changes in long-term liabilities.

The NECRA maintains only one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The following table summarizes the statement of net position for the fiscal years ended September 30, 2020 and 2019:

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY SCHEDULE OF NET POSITION

	2020	2019
Current Assets	\$ 2,079,396	\$ 1,931,805
Total Assets	2,079,396	1,931,805
Current Liabilities	42,287	29,355
Total Liabilities	42,287	29,355
Net Position		
Restricted for Redevelopment Projects	2,037,109	1,902,450
Total Net Position	\$ 2,037,109	\$ 1,902,450

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Governmental activities increased the NECRA's net position by \$134,659 for the year ended September 30, 2020, key elements of the change are described below.

The table below summarizes the changes in net position:

SUMMARY OF CHANGES IN NET POSITION

	2020	2019
General Revenues:		
Tax Increment Financing	\$ 542,552	\$ 468,936
Investment and Other Income	8,870	28,325
Total General Revenues and Transfers in (out)	551,422	497,261
Expenses:		
Community Redevelopment	416,763	284,598
Total Expenses	416,763	284,598
Change in Net Position	134,659	212,663
Net Position, Beginning of Year	1,902,450	1,689,787
Net Position, End of Year	\$ 2,037,109	\$ 1,902,450

Tax increment financing revenues increased by 16% in the current year due to an increase in property values within the NECRA.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds

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

The general fund is the only operating fund of the NECRA. As per Florida Statute 163.387(7)(d), any monies remaining in a redevelopment trust fund at the end of a fiscal year must be appropriated to specific projects pursuant to an approved community redevelopment plan. At the end of the current year, a fund balance of \$2,037,109 was both restricted and appropriated to ongoing and future redevelopment projects.

The NECRA's general fund is required to adopt an annual budget prepared on a basis consistent with accounting principles generally accepted in the United States of America.

Budgetary Highlights

The governing board, the Northeast Community Redevelopment Agency (NECRA), is authorized to transfer budget amounts. Revisions that alter the total expenditure must be approved by both the NECRA and City Council. Legal level of control is maintained at the fund level. The difference between the original budget and the final amended amount was a net decrease of \$1,060,000 for capital projects and \$277,519 for other expenditures.

Actual revenues were higher than the final budgeted revenues by \$45,210 and actual expenditures were under budget by \$40,554.

Economic Factors and Future Developments

The City and NECRA continue to partner and plan infrastructure improvements that encourage private sector development in the designated Downtown area. The NECRA will continue to work with the City to ensure all needs are met and planned for as the NECRA's redevelopment plans are implemented.

Requests for Information

This financial report is designed to provide users with a general overview of the NECRA's finances for all those with an interest in its finances. If you have any questions concerning any of the information provided in this report or need additional financial information, contact Finance and Administrative Services, P.O. Box 176, Mount Dora, Florida 32757.

Additional information can also be found on the City and NECRA's website at www.ci.mount-dora.fl.us.

FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2020
NORTHEAST COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF MOUNT DORA, FLORIDA)

Assets

Equity in Pooled Cash and Investments	\$ 2,075,433
Accrued Interest Receivable	27
Inventory and Prepaid Items	<u>3,936</u>

Total Assets 2,079,396

Liabilities

Accounts Payable	40,807
Other Accrued Liabilities	<u>1,480</u>

Total Liabilities 42,287

Net Position

Restricted for Redevelopment Projects	<u>2,037,109</u>
---------------------------------------	------------------

Total Net Position \$ 2,037,109

See accompanying notes.

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020
NORTHEAST COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF MOUNT DORA, FLORIDA)

	Expenses	Net Revenue (Expense) and Changes in Net Position
Functions		Total Governmental Activities
Governmental Activities:		
Community Redevelopment	\$ 416,763	\$ (416,763)
Total Governmental Activities	416,763	(416,763)
General Revenues:		
Tax Increment Revenue		542,552
Investment and Other Income		8,870
Total General Revenues		551,422
Change in Net Position		134,659
Net Position, Beginning of Year		1,902,450
Net Position, End of Year		\$ 2,037,109

See accompanying notes.

**GENERAL FUND
BALANCE SHEET
SEPTEMBER 30, 2020
NORTHEAST COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF MOUNT DORA, FLORIDA)**

Assets

Equity in Pooled Cash and Investments	\$ 2,075,433
Accrued Interest Receivable	27
Inventory and Prepaid Items	3,936
Total Assets	<u><u>2,079,396</u></u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	40,807
Other Accrued Liabilities	1,480
Total Liabilities	<u><u>42,287</u></u>

Fund Balance

Non-Spendable:	
Inventory and Prepaid Items	3,936
Restricted for:	
Redevelopment Projects	2,033,173
Total Fund Balance	<u><u>2,037,109</u></u>

Total Liabilities and Fund Balance	<u><u>\$ 2,079,396</u></u>
---	----------------------------

Summary Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Total Fund Balance - General Fund	\$ 2,037,109
Net Position of Governmental Activities	<u><u>\$ 2,037,109</u></u>

See accompanying notes.

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2020
NORTHEAST COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF MOUNT DORA, FLORIDA)

Revenues	
Tax Increment Revenue	\$ 542,552
Investment and Other Income	8,870
Total Revenues	551,422
Expenditures	
Community Redevelopment:	
Repayment to the City for Payroll Costs	169,512
Operating Expenses	75,789
Grants and Aid	47,523
Capital Outlay	51,926
Debt Service:	
Debt Service Subsidy to the City of Mount Dora, Florida	72,013
(Total Expenditures)	(416,763)
Net Change in Fund Balance	134,659
Fund Balance, Beginning of Year	1,902,450
Fund Balance, End of Year	\$ 2,037,109
Summary Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	
Net Change in Fund Balances - Total Governmental Funds	\$ 134,659
Change in Net Position of Governmental Activities	\$ 134,659

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
NORTHEAST COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF MOUNT DORA, FLORIDA)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

On April 3, 1990, the Northeast Community Redevelopment Agency (the NECRA) was established by the City of Mount Dora, Florida (the City), by Ordinance No. 546 as a public body organized pursuant to Part III of Chapter 163 of the Florida Statutes. The NECRA's stated purpose is to intervene in the decline of the economic and physical character of the redevelopment area and transformation of the existing conditions into a functional and vibrant urban center. The NECRA district generally includes the area south of Limit Avenue, north of 11th Avenue, east of Baker Street, and west of U.S. Highway 441. The statutory life of the NECRA is thirty years unless extended by ordinance and notification to contributing parties. The City passed Ordinance 2012-05 on May 1, 2012, to extend the NECRA for an additional thirty years. The governing body of the NECRA is appointed by the City Council. Although legally separate, the NECRA is reported as a blended component unit of the City.

The NECRA has agreed to pay a portion of the debt service of a \$12.2 million borrowing in 2018 with a joint project between the City and the NECRA, and this totaled \$72,013 for the year ended September 30, 2020. See Note 4 for more information on the NECRA's commitment to pay this debt service.

The accounting policies of the NECRA conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the governmental activities of the NECRA. The government-wide focus is more on the sustainability of the NECRA as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Program revenues include operating and capital grants and contributions. In 2020, the NECRA did not have any program revenues. Taxes and other items not included as program revenues are reported as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
NORTHEAST COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF MOUNT DORA, FLORIDA)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources are generally included on their balance sheet. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide governmental activities column, a reconciliation is sometimes necessary to explain the adjustments needed to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

Their operating statements present sources (revenue and financing sources) and uses (expenditures and other financing uses) of available spendable resources during the period. 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 NECRA considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for debt service expenditures, which are recognized when due.

Tax increment financing revenue, when levied for, and interest associated with the current fiscal period are both considered to be measurable and have been recognized as revenues of the current fiscal year, if available.

Per Florida Statutes, Section 163.387, resources deposited into a redevelopment trust fund are restricted for community redevelopment activities pursuant to the approved redevelopment plan.

Assets, Liabilities and Net Position

Equity in Pooled Cash and Investments: The NECRA participates in the City's pooled cash and investment portfolio. Investment earnings are distributed monthly to the participating funds' relative percentage of investments.

Capital Assets: The NECRA pays for certain infrastructure improvements (roads, sidewalks, bridges, and other utility infrastructure) within the designated redevelopment area, however; these improvements are considered to be property of the City and, therefore, are included as capital assets in the City's government-wide financial statements.

Capital assets titled to the NECRA, if any, are reported in governmental activities in the government-wide financial statements. The NECRA utilizes the City's capitalization policy and capitalizes assets with a cost in excess of \$5,000 and an estimated life greater than one year. Capital assets are recorded at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but are expensed as incurred.

Nature and Purpose of Fund Balance: Per Florida Statutes, Section 163.387, unspent tax increment financing revenues are restricted for future redevelopment projects pursuant to the approved community redevelopment plan and are reported as restricted fund balance in the financial statements. There are no other classifications of fund balance.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
NORTHEAST COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF MOUNT DORA, FLORIDA)

Compensation Costs: The NECRA has no employees of its own. Instead, the NECRA reimburses the City for the portion of salaries and benefits attributable to NECRA activities based on the estimated time spent on those activities as projected during the annual budget process. Any long-term payroll and benefit liabilities, such as compensated absences, other postemployment benefits, or pension liabilities, are reported on the City's financial statements.

Net Position: The government-wide statements utilized a net position presentation. Net investment in capital assets is that portion of net position that relates to the NECRA's capital assets reduced by accumulated depreciation. Restricted net position is unspent tax increment financing revenues that are restricted for future redevelopment projects.

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

Risk Management: The NECRA is adequately insured for general liability and directors and officers insurance through the purchase of a commercial insurance policy. The amount of settlements has not exceeded insurance coverage in any of the past three years.

Note 2 - Deposits and Investments

At year-end, the NECRA's share of the City's pooled cash and investment balances was \$2,075,433. The City's bank deposits are held in qualified depositories pursuant to Chapter 280, Florida Statutes, *Florida Security for Public Deposits Act* (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from 25% to 200% depending upon the depository's financial condition and the length of time that the depository has been established. All collateral must be deposited with an approved financial institution. The Public Depository Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. The NECRA's bank balances were insured either by the federal depository insurance corporation or collateralized in the bank's participation in the Act.

Authorized Investments

The NECRA does not have a separate deposit and investment policy and it follows the deposit and investment policies of the City.

Florida Statute 218.415 authorizes the City to invest in the state pools and in obligations of the United States Treasury and agencies. The City has adopted an investment policy for operating funds pursuant to state statutes that allows the City to contract for investment and related services, establish internal controls, and specifies the types of investments that may be purchased. Key objectives of the policy are as follows:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
NORTHEAST COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF MOUNT DORA, FLORIDA)

- Safety of principal is the foremost objective of the investment program.
- Provide sufficient liquidity to allow for quick conversion of investments to cash easily and rapidly without loss of principal to meet operating, payroll, and capital requirements.
- The investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.
- Investments held should be diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.

The policy also lists permitted types of investments, limitations as to amounts invested in each type, the amount invested with each issuer, the length of investment maturities, and other statutory or contractual restrictions for each type of investment. The investment in any derivative products or the use of reverse repurchase agreements is not permitted by this investment policy.

Note 3 - Tax Increment Financing Revenue

The NECRA is primarily funded through tax-increment financing revenue. This revenue is computed by applying the operating tax for Lake County and the City multiplied by 95% of the increased value of property in the NECRA over the base property value. The City and the County are required to fund this amount annually without regard to tax collections or other obligations.

Note 4 - Long-Term Obligations

Debt Service Subsidy to the City of Mount Dora, Florida – The NECRA has agreed to pay a portion of the debt service of a \$12.2 million borrowing in 2018 with a joint project between the City and the NECRA.

The debt is an obligation of the City and not the NECRA and the long-term liability related to this loan is reported by the City in their entity-wide financial statements and not reported in the NECRA. The NECRA's debt service commitment to maturity is set forth below:

<u>Fiscal Year Ending</u>	<u>Commitment</u>
2021	\$ 69,830
2022	69,420
2023	69,480
2024	69,500
2025	69,480
2026-2048	<u>1,670,600</u>
Total	<u>\$ 2,018,310</u>

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL (BUDGETARY BASIS) (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2020
NORTHEAST COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF MOUNT DORA, FLORIDA)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Tax Increment Revenue	\$ 495,812	\$ 495,812	\$ 542,552	\$ 46,740
Investment and Other Income	10,400	10,400	8,870	(1,530)
Total Revenues	<u>506,212</u>	<u>506,212</u>	<u>551,422</u>	<u>45,210</u>
Expenditures				
Community Redevelopment:				
Repayment to the City for Payroll Costs	171,333	171,333	169,512	1,821
Operating Expenses	392,467	114,948	75,789	39,159
Grants and Aid	99,023	99,023	47,523	51,500
Total Community Redevelopment	<u>662,823</u>	<u>385,304</u>	<u>292,824</u>	<u>92,480</u>
Capital Outlay	1,060,000	-	51,926	(51,926)
Debt Service:				
Debt Service Subsidy to the City of Mount Dora, Florida	72,013	72,013	72,013	-
(Total Expenditures)	<u>1,794,836</u>	<u>457,317</u>	<u>416,763</u>	<u>40,554</u>
Net Change in Fund Balance	(1,288,624)	48,895	134,659	85,764
Fund Balance, Beginning of Year	<u>1,288,624</u>	<u>88,624</u>	<u>1,902,450</u>	<u>1,813,826</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 137,519</u>	<u>\$ 2,037,109</u>	<u>\$ 1,899,590</u>

See note to required supplementary information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020
NORTHEAST COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF MOUNT DORA, FLORIDA)

Note 1 - Budgetary Procedures and Budgetary Accounting

The Northeast Community Redevelopment Agency (NECRA) adheres to the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

Prior to September 30, the NECRA Administrator submits, to the NECRA, a proposed operating budget for the trust fund for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.

The NECRA budget is also included in the City of Mount Dora, Florida's (the City) budget and is presented to the City Council for ratification prior to September 30.

NECRA management is authorized to transfer budget amounts. Revisions that alter the total expenditures must be approved by the NECRA. Legal level of budgetary control is maintained at the fund level. Budget amendments totaling \$1,337,519 were primarily related to ongoing construction projects that were previously encumbered and rolled forward from the previous year.

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**

To the Northeast Community Redevelopment Agency
City of Mount Dora, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Northeast Community Redevelopment Agency (the NECRA), a component unit of the City of Mount Dora, Florida (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the NECRA's basic financial statements, and have issued our report thereon dated June 27, 2021.

Internal Control over Financial Reporting

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland
purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

To the Northeast Community Redevelopment Agency
City of Mount Dora, Florida

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NECRA'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 NECRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 27, 2021
Gainesville, Florida

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

To the Northeast Community Redevelopment Agency
City of Mount Dora, Florida

We have examined the Northeast Community Redevelopment Agency's (the NECRA) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2020, as required by Section 10.556 (10)(a), *Rules of the Auditor General*. Management is responsible for the NECRA's compliance with those requirements. Our responsibility is to express an opinion on the NECRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the NECRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the NECRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of the NECRA's compliance with specified requirements.

In our opinion, the NECRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and pass-through entities, the NECRA Board members, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 27, 2021
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland
purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

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

To the Northeast Community Redevelopment Agency
City of Mount Dora, Florida

We have examined the Northeast Community Redevelopment Agency's (the NECRA) compliance with Sections 163.387(6) and (7), Florida Statutes, as of and for the year ended September 30, 2020, as required by Section 10.556 (10)(a), *Rules of the Auditor General*. Management is responsible for the NECRA's compliance with those requirements. Our responsibility is to express an opinion on the NECRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the NECRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the NECRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of the NECRA's compliance with specified requirements.

In our opinion, the NECRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and pass-through entities, the NECRA Board members, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 27, 2021
Gainesville, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

MANAGEMENT LETTER

To the Northeast Community Redevelopment Agency
City of Mount Dora, Florida

Report on the Financial Statements

We have audited the financial statements of the Northeast Community Redevelopment Agency (the NECRA), a component unit of the City of Mount Dora, Florida (the City), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 27, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent 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 June 27, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding annual financial 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 is disclosed in Note 1 of the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the NECRA 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 NECRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

To the Northeast Community Redevelopment Agency
City of Mount Dora, Florida

MANAGEMENT LETTER

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

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

Special District Component Unit

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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, and the Board of Directors and management of the NECRA, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 27, 2021
Gainesville, Florida