



**FIFTY
WEST**

OCOEE COMMUNITY REDEVELOPMENT AGENCY

Ocoee Commission Chambers
1 N. Bluford Avenue
Ocoee, Florida

June 6, 2023

AGENDA

5:00 PM

CRA REGULAR MEETING

• CALL TO ORDER

Roll Call and Determination of Quorum

• PUBLIC COMMENTS

• OLD BUSINESS

• NEW BUSINESS

1. Approval of Minutes from the March 7, 2023 CRA Board Meeting
2. Presentation of 2022 CRA Financial Statement, CRA Treasurer Roberts
3. Regency/Old Winter Garden Rd. Extension Mixed-Use Incentive Package, CRA Administrator Corless

• MISCELLANEOUS

1. Project Updates, CRA Administrator Corless
2. 2023 FPZA Awards, Redevelopment Program Manager Vaca

• BOARD COMMENTS

• ADJOURNMENT

NOTICE: IN ACCORDANCE WITH FLORIDA STATUTE 286.0105: ANY PERSON WHO DESIRES TO APPEAL ANY DECISION AT THIS MEETING WILL NEED A RECORD OF THE PROCEEDINGS AND FOR THIS PURPOSE MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE WHICH INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS BASED. IN ACCORDANCE WITH FLORIDA STATUTE 286.26: PERSONS WITH DISABILITIES NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE OFFICE OF THE CITY CLERK, 1 N. BLUFORD AVENUE, OCOEE, FL 34761, (407) 905 -3105, 48 HOURS IN ADVANCE OF THE MEETING.



FIFTY
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**COMMUNITY REDEVELOPMENT AGENCY
REGULAR MEETING**

Ocoee Commission Chambers
1 North Bluford Avenue
Ocoee, Florida

MARCH 7, 2023

MINUTES

5:00 PM

I. Roll Call and Determination of Quorum

Chair Johnson called the Community Redevelopment Agency Board to order at 5:00 PM in the Commission Chambers of City Hall. **City Clerk Sibbitt** called roll and declared a quorum present.

Roll Call: Chair Johnson, Vice-Chair Wilsen, Member Brinson, Member Firstner, Member Koovakada, and Member June

Absent: Member Oliver

Also Present: City Manager Frank, Assistant City Manager Shadrix, City Attorney Cookson, and City Clerk Sibbitt

II. Public Comments - None

No speaker reservation forms were received.

III. Approval of Minutes of December 6, 2022, CRA Regular Meeting

Member Brinson, seconded by Member June, moved to approve the CRA Regular Meeting Minutes of December 6, 2022, as presented. Motion carried 6-0 with Member Oliver absent.

IV. Budget Amendment

Deputy Development Services Director/CRA Administrator Corless explained the proposed budget amendment resolution before them. Her presentation provided an update on the increase to the budget, which accounts would be assigned to those tax increment revenues, recommended changes by the City's auditor to award grants and incentives from an operating account and not a capital account, and renaming of an existing capital line item.

Chair Johnson inquired about the budget details for the plants in the medians. **Deputy Development Services Director/CRA Administrator Corless** addressed his question.

Member Brinson, seconded by Member Firstner, moved to adopt Resolution No. 2023-001 to amend the budget for Fiscal Year 2022-2023; Motion carried 6-0 with Member Oliver absent.

V. 2022 Annual Report Presentation

Redevelopment Program Manager Vaca presented the 2022 Annual Report to the Board, and asked for a motion to approve the report and direct the transmittal to Orange County.

Vice-Chair Wilsen, seconded by Member Koovakada, moved to approve the 2022 Annual Report, as presented, and direct the transmittal of the report to Orange County; Motion carried 6-0 with Member Oliver absent.

VI. Project Updates

Deputy Development Services Director/CRA Administrator Corless updated the Board with the current projects.

- A) Wellness Park Update** – The park is 98% complete. The ribbon cutting was held on February 14, 2023, and there is an upcoming Wellness Block Party scheduled for March 25, 2023.
- B) S. Bluford Avenue Complete Street** is Old Winter Garden Road to Delaware Street. Currently the survey, right-of-way, and preliminary engineering is complete. The final engineering stages should begin this month.
- C) N. Blackwood Avenue Streetscape** is still in the process of acquiring remaining easements for the roundabout, working with Duke Energy on lighting and waiting on City Center.
- D) Maguire Road Phase 5** – The CRA is currently coordinating with the Public Works Department to receive an engineering update where discussions will be held with the Engineer of Record.
- E) CRA Redevelopment Plan** – The scope of work and proposal was approved by the City Commission on February 7, 2023. There will be meetings beginning in March, and the process will take approximately one (1) year. The CRA is looking at enclaves and time extension.

Deputy Development Services Director/CRA Administrator Corless announced the next meeting is scheduled for June 6th; and further shared, there will be Special Meetings and Workshops scheduled throughout the year just for the Redevelopment Plan.

Vice-Chair Wilsen inquired about the roundabouts on Maine Street and Geneva Street, and asked which roundabout would be developed first. **Deputy Development Services Director/CRA Administrator Corless** addressed her question. **Member June** inquired about the right-a-ways on Geneva Street, **Chair Johnson** inquired about the completion timeline, and **Member Brinson** inquired about the cost for the project. **Deputy Development Services Director/CRA Administrator Corless** addressed their questions. General questions were addressed on the CRA boundary and the enclaves near the Healthcare District.

VII. Board Comments - None

ADJOURNMENT

The meeting was adjourned at 5:23 PM

Attest:

APPROVED:

Melanie Sibbitt, Secretary

Chair

City of Ocoee, Florida



FIFTY
WEST

Community Redevelopment Agency

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2022



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

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA**

SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Honorable CRA Board
Community Redevelopment Agency
City of Ocoee, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Ocoee Community Redevelopment Agency (the CRA), a component unit of the City of Ocoee, Florida (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CRA's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CRA as of September 30, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CRA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements 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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 (MD&A) and the budgetary comparison information, as listed in the table of contents, 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 MD&A and the budgetary comparison information in accordance with auditing standards generally

Honorable CRA Board
Community Redevelopment Agency
City of Ocoee, Florida

INDEPENDENT AUDITOR'S REPORT

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 MD&A and the budgetary comparison 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 May 8, 2023, 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 the CRA'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 CRA's internal control over financial reporting and compliance.



May 8, 2023
Ocala, Florida

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

As management of the *City of Ocoee, Florida Community Redevelopment Agency* we offer readers of the *City of Ocoee Community Redevelopment Agency's* financial statements this narrative overview and analysis of the financial activities of the *City of Ocoee Community Redevelopment Agency* for the fiscal year ended September 30, 2022.

Financial Highlights

- The assets of the City of Ocoee Community Redevelopment Agency (CRA) exceeded its liabilities at the close of the current fiscal year by \$7,894,476 (*net position*). Of this amount, \$4,811,983 represents restricted net position, which is to be used to meet the CRA's ongoing obligations to the fund.
- The CRA's total net position increased by \$2,959,842 or 60%.
- As of the close of the current fiscal year, the CRA's governmental funds reported an ending fund balance of \$4,437,124. The total amount, \$4,437,124, is restricted for the purpose of community redevelopment.

Overview of the Financial Statements

The financial statements focus on 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 is 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 finances, in a manner similar to a private-sector business.

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).

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*).

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The CRA adopts an annual appropriated budget for the general fund. Budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget on page 12.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-19 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the CRA, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,894,476 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 details, see the Statement of Net Position on page 8.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Statement of Net Position as of September 30,

	Governmental Activities	
	2022	2021
Assets		
Current and Other Assets	\$ 4,856,401	\$ 3,590,286
Capital Assets	3,457,352	1,365,581
Total Assets	<u>8,313,753</u>	<u>4,955,867</u>
Liabilities		
Current Liabilities	419,277	21,233
Total Liabilities	<u>419,277</u>	<u>21,233</u>
Net Position		
Net Investment in Capital Assets	3,082,493	1,365,581
Restricted	4,811,983	3,569,053
Total Net Position	<u>\$ 7,894,476</u>	<u>\$ 4,934,634</u>

The CRA's net position of \$3,082,493 is reflected in 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 CRA's net position increased by \$2,959,842 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 9.

	Governmental Activities	
	2022	2021
Revenues		
Program Revenues:		
Capital Grants and Contributions	\$ 1,904,384	\$ 69,849
General Revenues:		
Taxes	1,820,395	1,718,937
Miscellaneous	-	25,000
Total Revenues	<u>3,724,779</u>	<u>1,813,786</u>
Expenses		
Physical Environment	764,937	542,447
Total Expenditures	<u>764,937</u>	<u>542,447</u>
Increase (Decrease) in Net Position Before Transfers	<u>2,959,842</u>	<u>1,271,339</u>
Increase (Decrease) in Net Position	2,959,842	1,271,339
Net Position, October 1	4,934,634	3,663,295
Net Position, September 30	<u>\$ 7,894,476</u>	<u>\$ 4,934,634</u>

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Governmental Activities

Governmental activities increased the CRA's net position by \$2,959,842. This was due to increases in taxes received by the CRA and additional capital grants and contributions.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of September 30, 2022, the CRA's governmental fund reported an ending fund balance of \$4,437,124, an increase of \$868,071 in comparison with the prior year. The fund balance is restricted for community redevelopment.

General Fund Budgetary Highlights

During the year, actual revenues were \$345,616 less than budgeted revenues and actual expenditures were \$4,825,976 less than budgeted expenditures. Revenues were lower than budgeted due to a portion of anticipated grant funds not being available in the current year. Expenses were lower than budgeted primarily due to lower capital activity than anticipated.

Capital Assets

At September 30, 2022, the CRA reported \$3,457,352 in capital assets. At year-end, the entire balance was considered construction in progress.

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 *City of Ocoee Community Redevelopment Agency's* finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 1 N Bluford Ave, Ocoee, Florida 34761.

BASIC FINANCIAL STATEMENTS

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 2,952,017
Due from Other Funds	1,000,000
Due from Other Governments	904,384
Capital Assets:	
Capital Assets (Not Being Depreciated)	3,457,352
Total Assets	8,313,753
Liabilities	
Accounts Payable and Accrued Expenses	43,099
Construction and Retainage Payable	374,859
Due to City of Ocoee	1,311
Due to Other Governments	8
Total Liabilities	419,277
Net Position	
Net Investment in Capital Assets	3,082,493
Restricted	4,811,983
Total Net Position	\$ 7,894,476

The accompanying notes to financial statements are an integral part of these statements.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary Government			
Governmental Activities:			
Physical Environment	\$ 764,937	\$ 1,904,384	\$ 1,139,447
Total Governmental Activities	<u>\$ 764,937</u>	<u>\$ 1,904,384</u>	<u>1,139,447</u>
	General Revenues:		
	Taxes		1,820,395
	Miscellaneous		-
	Total General Revenues and Transfers		<u>1,820,395</u>
	Change in Net Position		2,959,842
	Net Position, Beginning		<u>4,934,634</u>
	Net Position, Ending		<u>\$ 7,894,476</u>

The accompanying notes to financial statements are an integral part of these statements.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General Fund
Assets	
Cash and Cash Equivalents	\$ 2,952,017
Due from Other Funds	1,000,000
Due from Other Governments	904,384
Total Assets	4,856,401
 Liabilities	
Accounts Payable	32,375
Construction and Retainage Payable	374,859
Accrued Expenses	10,724
Due to City of Ocoee	1,311
Due to Other Governments	8
Total Liabilities	419,277
 Fund Balance	
Restricted for Community Development	4,437,124
Total Fund Balances	4,437,124
Total Liabilities and Fund Balances	\$ 4,856,401
 Amounts reported for governmental activities in the statement of net position are different because:	
Total Fund Balance Governmental Funds	\$ 4,437,124
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	3,457,352
Net Position of Governmental Activities	\$ 7,894,476

The accompanying notes to financial statements are an integral part of these statements.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022**

	General Fund
Revenues	
Taxes	\$ 1,820,395
Intergovernmental Revenues	1,904,384
Total Revenues	3,724,779
 Expenditures	
Current:	
Physical Environment	765,087
Capital Outlay:	
Physical Environment	2,091,621
Total Expenditures	2,856,708
 Excess (Deficiency) of Revenues Over Expenditures	868,071
 Net Change in Fund Balance	868,071
 Fund Balance, Beginning	3,569,053
 Fund Balance, Ending	\$ 4,437,124
 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	\$ 868,071
Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities, the cost of those assets is recorded as capital assets.	2,091,771
 Change in Net Position of Governmental Activities	\$ 2,959,842

The accompanying notes to financial statements are an integral part of these statements.

**COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and Impact Fees:				
Intergovernmental	\$ 1,772,310	\$ 1,820,395	\$ 1,820,395	\$ -
Miscellaneous	2,250,000	2,250,000	1,904,384	(345,616)
Total Revenues	<u>4,022,310</u>	<u>4,070,395</u>	<u>3,724,779</u>	<u>(345,616)</u>
Expenditures				
Physical Environment	6,169,296	7,682,684	2,856,708	4,825,976
Total Expenditures	<u>6,169,296</u>	<u>7,682,684</u>	<u>2,856,708</u>	<u>4,825,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,146,986)</u>	<u>(3,612,289)</u>	<u>868,071</u>	<u>(5,171,592)</u>
Net Change in Fund Balance	(2,146,986)	(3,612,289)	868,071	(5,171,592)
Fund Balance, Beginning	<u>3,569,053</u>	<u>3,569,053</u>	<u>3,569,053</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,422,067</u>	<u>\$ (43,236)</u>	<u>\$ 4,437,124</u>	<u>\$ (5,171,592)</u>

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA**

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Ocoee (the City) created the Community Redevelopment Agency (the CRA) in May of 2006. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to the affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The purpose of the CRA is to utilize appropriate private and public resources to eliminate and prevent the development or spread of slum and blighted areas in designated areas within the City. Areas within the CRA are to be redeveloped as an economically sustainable and attractive mixed-use area offering a high-quality local destination in a manner that promotes a positive image for the City.

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 by GAAP and used by the CRA are discussed below. The financial statements have also been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*.

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government: (a) is entitled to the organization's 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. Additionally, the primary government has operational responsibility for the component unit. In applying the above criteria, the CRA is a component unit of the City.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the CRA. For the most part, the effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

**NOTES TO FINANCIAL STATEMENTS
COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA**

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

Deposits and Investments

The 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.

**NOTES TO FINANCIAL STATEMENTS
COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA**

Receivables and Payables

All receivables are shown net of an allowance for uncollectibles.

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are defined by the CRA's capitalization policy as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Any assets purchased with CRA funds are conveyed to the City for ownership and maintenance upon completion of the project. At year-end, all assets are considered construction in progress.

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The CRA does not have any item that qualifies for reporting in this category for the year ended September 30, 2022.

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, 2022.

**NOTES TO FINANCIAL STATEMENTS
COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA**

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

Fund Balance Policies

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

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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTES TO FINANCIAL STATEMENTS
COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA**

New Accounting Standards

In fiscal year 2022, the CRA has not implemented any new accounting standards with a material effect on the CRA's financial statements.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for the CRA. The CRA follows these procedures set forth below in establishing the budgetary data reflected in the financial statements.

- 1) Prior to the CRA's September budget meeting, the Executive Director/City Manager submits to the CRA a proposed budget for the fiscal year commencing the following October 1st. The budget includes proposed expenditures, including operating and capital improvement projects, and the means of financing them.
- 2) A noticed CRA budget meeting is held to discuss and approve the CRA's proposed budget. This meeting is held prior to the City Commission's second public hearing to adopt the City's budget.
- 3) The CRA adopts the budget by resolution. The resolution includes language on how to handle the increase or decrease in tax increment revenues and cash brought forward. The CRA's adopted budget is sent to the City Commission and is incorporated into the City's overall budget.
- 4) On or before September 30th of each year, the Commission adopts the final budget by ordinance, which includes the CRA's budget, and establishes the ad valorem tax millage for the City.
- 5) The CRA cannot legally exceed the amended budget, however, the Executive Director/City Manager is authorized to administratively make any adjustments to the CRA's budget. The legal level of budgetary control is at the department level.
- 6) The CRA must transmit the adopted budget and any amendments to the County within 10 days of adoption by the CRA Board.

Note 3 - Deposits and Investments

Deposits

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

Investments

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

**NOTES TO FINANCIAL STATEMENTS
COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA**

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the CRA's own data in measuring unobservable inputs. The CRA had no investments as defined by GASB Statement No. 72 as of September 30, 2022.

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

1. State Board of Administration Local Government Investment Pool (SBA LGIP)
2. Registered Investment Companies (Money Market Mutual Funds)
3. Money Market Funds and Certificates of Deposit in State-Certified Qualified Public Depositories
4. U.S. Government Agency Securities and U.S. Treasury Bills, Notes and Bonds
5. Repurchase Agreements

Credit Risk

The City's investment policy limits credit risk by restricting authorized investments to those described above. The policy requires that investments in U.S. Government agency securities be guaranteed by the full faith of the U.S. Government. Also, term repurchase agreements must be collateralized by U.S. Treasury securities and overnight (sweep) repurchase agreements must be collateralized by the full faith or general faith and credit obligations of the U.S. Government or U.S. Government agency securities. Securities of registered investment companies must be limited to U.S. Government obligations and to repurchase agreements fully collateralized by such U.S. Government obligations.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2022, all of the CRA's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the CRA will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party.

Concentration of Credit Risk

The policy has no limitations on portfolio composition.

Interest Rate Risk

The policy limits investment in U.S. Government agency securities, treasury bills, notes, and bonds to a maximum maturity of five years. The maximum length to maturity for certificates of deposit is three years.

**NOTES TO FINANCIAL STATEMENTS
COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCOEE, FLORIDA**

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 1,365,581	\$ 2,091,771	\$ -	\$ 3,457,352
Total Capital Assets, Not Being Depreciated	<u>\$ 1,365,581</u>	<u>\$ 2,091,771</u>	<u>\$ -</u>	<u>\$ 3,457,352</u>

Note 5 - Commitments and Contingencies

Risk Management

The CRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the CRA is covered under the City's commercial insurance. There have been no significant reductions in insurance coverage from the prior year and there have been no settlements during the past three years.

Note 6 - Related-Party Transactions

The CRA is a component unit of the City. For the year ended September 30, 2022, the CRA's tax increment revenues include \$969,245 received from the City. In addition, the CRA reimbursed the City for services performed on behalf of the CRA, such as payroll and payroll benefits paid during the year. Payment to the City for these services during the year ended September 30, 2022, was approximately \$284,465.

At year-end, the CRA owed the City \$1,311, primarily for expenditures paid by the City and not yet remitted from the CRA. Additionally, there is \$1,000,000 due from the City for a deposit received by the City, which was transferred to the CRA bank account after year-end.

Note 7 - Source of Deposits and Purpose of Withdrawals

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the CRA funds for the fiscal year ended September 30, 2022:

Source of Deposit	
Tax Increment	\$ 1,820,395
Grants	<u>1,904,384</u>
Total Sources of Deposit	<u>\$ 3,724,779</u>
Purpose of Withdrawal	
Salaries and Benefits	\$ 284,465
Professional Services	239,792
Miscellaneous	240,830
Capital Outlay	<u>2,091,621</u>
Total Purpose of Withdrawals	<u>\$ 2,856,708</u>

OTHER REPORTS

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

Honorable CRA Board
Community Redevelopment Agency
City of Ocoee, 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 City of Ocoee, Florida, Community Redevelopment Agency (the CRA) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CRA's financial statements and have issued our report thereon dated May 8, 2023.

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 opinion 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 or significant deficiencies may exist that were not identified.

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Community Redevelopment Agency
City of Ocoee, 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***

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, 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 CRA'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 CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis Gray

May 8, 2023
Ocala, Florida

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

Honorable CRA Board
Ocoee Community Redevelopment Agency
Ocoee, Florida

We have examined the Ocoee Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 163.387(6) and (7), Florida Statutes, as of and for the year ended September 30, 2022, as required by Section 10.556(10)(f), *Rules of the Auditor General*. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk 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 on the CRA's compliance with specific requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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, the CRA, its management, and the Board of Directors of the City of Ocoee, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



May 8, 2023
Ocala, Florida

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

Honorable CRA Board
Community Redevelopment Agency
City of Ocoee, Florida

We have examined the Ocoee Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2022, as required by Section 10.556(10)(a), *Rules of the Auditor General*. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk 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 on the CRA's compliance with specific requirements.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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, the CRA, its management, and the Board of Directors of the City of Ocoee, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

May 8, 2023
Ocala, Florida

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MANAGEMENT LETTER

Honorable CRA Board
Community Redevelopment Agency
City of Ocoee, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Ocoee, Florida Community Redevelopment Agency (the CRA) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 8, 2023.

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 Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 8, 2023, 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 in the previous 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 be disclosed in the management letter, unless disclosed in the notes to the financial statements (see Note 1 of the CRA's financial statements as of and for the year ended September 30, 2022, for this information).

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MANAGEMENT LETTER

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 CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. 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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.d., *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.

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 the following information that was not subject to auditing procedures:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 0.
- b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the district's fiscal year as 2.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$1,933,233.
- e. Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as: Wellness Park Construction and Observation Services for \$1,933,233.

Honorable CRA Board
Community Redevelopment Agency
City of Ocoee, Florida

MANAGEMENT LETTER

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final budget under Section 189.016(6), Florida Statutes, see Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual as presented in the financial statements for the year ended September 30, 2022.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to 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, federal and other granting agencies, the Honorable Mayor, and City of Ocoee Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties.



May 8, 2023
Ocala, Florida

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

The CRA Board
Ocoee Community Redevelopment Agency
Ocoee, Florida

We have audited the financial statements of the governmental activities and the major fund of the Ocoee Community Redevelopment Agency (the CRA), a component unit of the City of Ocoee, Florida (the City), for the year ended September 30, 2022. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 19, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the CRA are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended September 30, 2022. We noted no transactions entered into by the CRA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. No significant accounting estimates were noted during our audit.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management. An adjustment of \$1,000,000

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Ocoee Community Redevelopment Agency
Ocoee, Florida

was made to properly record the cash balance and due to/from balances between the general fund and CRA fund. An adjustment was also made to properly record a payment to a third party as aid to organization rather than a capital outlay expense in the amount of \$171,967.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 8, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the CRA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the CRA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The following are audit matters that we would like to bring to the attention of the CRA Board of Directors (the CRA Board) and management of the CRA:

- Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending September 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*, as amended.
- GASB has issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending September 30, 2023. This statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor)

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Ocoee, Florida

contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a non-financial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

- Per the Auditor General Compliance Supplement, Section 163.387(6)(b), Florida Statutes, requires the CRA Board to provide the adopted budget to the county which the CRA is located within 10 days of adoption. The adopted budget and amendments were provided to the county representative on the CRA Board, but not to the specific contact at the county. The distribution policy has changed after receiving further information from the county.

Other Matters

We applied certain limited procedures on the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the CRA Board and management of the CRA, and is not intended to be, and should not be, used by anyone other than these specified parties.



May 8, 2023
Ocala, Florida



**FIFTY
WEST**

MEMORANDUM

TO: CRA Board
FROM: Ginger Corless, CRA Administrator
DATE: June 6, 2023
RE: Revised Incentive Package for The Regency development proposed for Target Area 1 within the Fifty West Redevelopment District

Background -

The CRA's mission is to create a destination urban mix-use community that provides dynamic living, places to work, places to shop, dining, and entertainment. The CRA has emphasized the redevelopment of Target Area 1 since 2006 when the CRA was created. CRA participation has included the acquisition and demolition of the Colony Plaza and development incentives for Boyd Development to develop the southwest corner of Maguire Road and SR 50. Now, we have the opportunity to support the development of the southeast portion of the Target Area. The planned development, The Regency, includes 300 apartments and 7,000 square feet of commercial.

The development of Target Area 1 is critical to the overall success of the CRA, and the City as a whole. We have the opportunity to partner with the developer of The Regency to not only improve our regional transportation system, but provide an urban mix-use product of residential and commercial. Based on the study prepared by Raffelis Financial Consultants, The Regency should contribute \$776,096 annually to the Redevelopment Trust Fund (see page 11 of the attached TIF Projection Report). We recommend that the CRA and the City participate to incentivize the project in the following manner:

CRA – Reimburse the City for the following incentives:

- The City would pay the developer **\$830,616** upon the completion/construction of the Old Winter Garden Road/Maguire Road intersection. This is approximately 50% of the estimated overall construction cost. Funded in FY24/25 of CRA's CIP
- The City would pay the developer **\$560,000**, which is approximately 20%, of the Old Winter Garden Road extension right-of-way cost. Payment will be made once construction has been completed and approved by the City. The roadway right-of-way cost is currently estimated at \$2.8 million. ½ funded in FY 23/24 and ½ in FY 24/25 of CRA's CIP.

Total CRA incentive program cost is \$1,390,616

Other incentives for consideration by the City Commission to be funded by the City include:

- Provide 100% Transportation Impact Fee Credits, totaling \$845,161.55, to be applied towards the Old Winter Garden Road/New North Road.
- Provide 25% Recreation Impact Fees Credits, totaling \$117,000, to be applied towards creating a public park around the stormwater pond.
- Partner with the developer to build .25 acres of stormwater pond that will collect drainage from public right-of-way (Old Winter Garden Road). The estimated cost to the City for this is \$193,461. These funds will come from the City's Stormwater Fund.
- Building Plan Review Fee Credit of 50%. This will reduce the cost of Plan Review from an estimated \$250,000 to \$125,000 based on a construction cost of \$50,000,000.
- Real estate tax rebate/credit for this year and during the duration of construction (estimated at 21 months) in an amount not to exceed \$100,000.

Total cost for City \$1,380,622.55

The total overall incentive (City/CRA) to the developer of The Regency, if all parts are approved, is **\$2,771,238.55**

Issue-

Should the Ocoee CRA support The Regency development by providing incentives to reconstruct the Old Winter Garden Road/Maguire Road intersection and the extension of Old Winter Garden Road in the amount of **\$1,390,616?**

Recommendation-

Staff recommends approving the incentive package of \$1,390,616 as presented.

CRA Financial Impact-

Funds to be paid from the Redevelopment Trust Fund to the City once the roadway projects have been completed. It is noted that the current CIP has Old Winter Garden Road in FY 2024-2025. This aligns with the developer's construction time frame of 21 months. Incentives will be paid by the City directly to the developer, per the Development Agreement.

Attachments-

The Regency Site Plan, The Regency Renderings, TIF Projection Report

PROPOSED UNIT MIX							
	BLDG 1	BLDG 2	BLDG 3 & 4	BLDG 5, 6, & 7			
	1	1	2	3			
Studio	4	16	0	0	20	6.67%	6.67%
1	4	8	16	72	100	33.33%	
1 cor	0	0	0	12	12	4.00%	37.33%
2	0	0	64	60	124	41.33%	
2 cor	0	0	0	12	12	4.00%	45.33%
3	4	8	8	12	32	10.67%	10.67%
	12	32	88	168	300	100.00%	100.00%

ALL RESIDENTIAL BUILDINGS @ 4 STORIES TALL
1.65 SPACES/UNIT



	PROPOSED UNIT MIX						
	BLDG 1	BLDG 2	BLDGS 3 & 4	BLDGS 5, 6, & 7			
Studio	4	16	0	0	20	6.67%	6.67%
1	4	8	16	72	100	33.33%	
1 cor	0	0	0	12	12	4.00%	37.33%
2	0	0	64	60	124	41.33%	
2 cor	0	0	0	12	12	4.00%	45.33%
3	4	8	8	12	32	10.67%	10.67%
	12	32	88	168	300	100.00%	100.00%

ALL RESIDENTIAL BUILDINGS @ 4 STORIES TALL

1.65 SPACES/UNIT





(A) MAGUIRE / OLD WINTER GARDEN ROAD INTERSECTION



(B) MAGUIRE / OLD WINTER GARDEN ROAD LOOKING NORTH



(C) INTERNAL CROSSROAD



(D) MAGUIRE / OLD WINTER GARDEN ROAD LOOKING SOUTH



(E) MAGUIRE / OLD WINTER GARDEN CORNER RETAIL AREA



(F) MAGUIRE / OLD WINTER GARDEN CORNER RETAIL AREA



(G) MAGUIRE / OLD WINTER GARDEN CORNER RETAIL AREA



(H) OLD WINTER GARDEN ROAD GROUND LEVEL RETAIL / LEASING

THE REGENCY AT OCOEE

TIF Projection

DRAFT REPORT / May 16, 2023

***See page 11 for annual increment revenue**



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- Appendix B: Financial Models

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1. Introduction

1.1. Ocoee Fifty West CRA

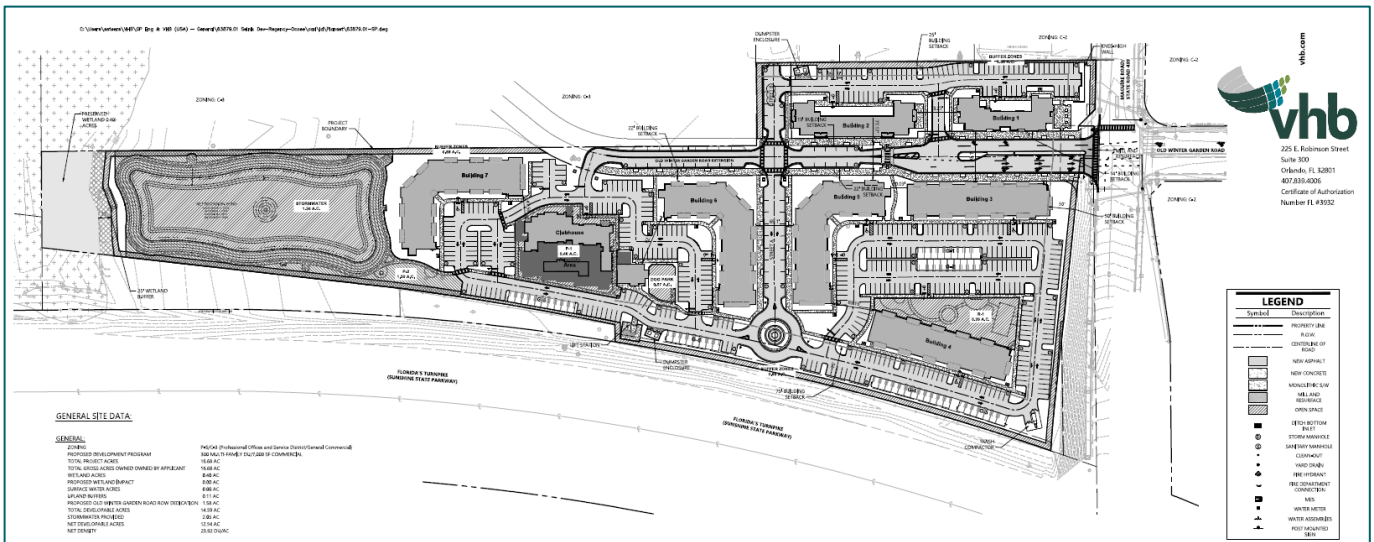
The Ocoee Fifty West Community Redevelopment District (“District” or “Fifty West”) was established by the City of Ocoee (‘City) in 2006, encompassing 1,070 acres along the State Road (“SR”) 50 corridor. The District is managed by the City’s Community Redevelopment Agency (“CRA”) and is set to sunset in 2036; however, it may be extended to 2046 by the City, with approval from the County. The purpose of the CRA is to formulate a workable program using appropriate private and public resources to eliminate and prevent the development or spread of blighted areas within Fifty West consistent with the adopted Community Redevelopment Plan.

Fifty West is a vital component of the area and represents an opportunity for the City to revitalize the community with the creation of jobs, new infrastructure, beautification projects, new and redeveloped commercial, retail and housing options, and by improving the quality of life through lifestyle choices for residents and business owners. The Fifty West Community Redevelopment Plan and subsequent planning initiatives such as the Target Areas Special Development Plan provides solutions related to land use planning, infrastructure and services, land development regulations, economic development, and aesthetic design to improve the vitality of the District and promote Fifty West as a "destination place."

1.2. The Regency at Ocoee

The subject of this analysis (“Report”) is a planned mixed-use project, The Regency at Ocoee located in the City and Orange County (“County”), Florida (see Figure 1-1).

Figure 1-1: Planned Mixed-use Project



The Regency at Ocoee (“Project”) is planned for 300 multi-family units and 7,000 square feet (net) of commercial/retail space on 16.7 total acres. As proposed, the mix of apartments include studios, 1-, 2-, and 3-bedrooms (see Table 1-1).

Table 1-1: Residential Product Mix

Cost by Component	Units	SF/Unit	Area (SF)
Studio	20	800	16,000
1-bedroom	112	1,400	160,000
2-bedroom	136	1,700	230,000
3-bedddroom	32	1,900	60,000
Total	300		466,000

Sources: VHB, City of Ocoee, Raftelis; Notes: Area represents total gross building area (Raftelis estimate)

Including the planned 7,000 (net) square feet of commercial/retail space, the Project reflects a density of 25 units per acre and a building floor area ratio (“FAR”) of 0.75¹.

The Project is also located Target Area 1 of the District which includes the properties bordered by Colonial Drive (“SR 50”), Marshall Farms Road, Maguire Road, and Florida’s Turnpike. This area’s expected development focuses on commercial land uses, such as offices, lodging, food services, and retail. A key component of the planned development of this area is the extension of Old Winter Garden Road which would be facilitated by the Project.

1.3. Purpose of Report and Intended Users

This analysis was requested by the City (“Client”) for the purpose of estimating the likely incremental ad valorem tax collections created as a result of the development of the Project. This Report is intended for the exclusive use of the Client and any other designated representatives of the Client. No reproduction, publication, distribution, or other use of this Report for other than its stated purpose is authorized without prior consent of the Client and Raftelis.

1.4. Principal Sources of Information

The principal sources of information utilized for this assignment are references or noted throughout this Report. The Client or other individuals did not deny access to any data deemed essential for this Report. Data collection for this analysis involved a variety of public sources of information that are deemed reliable, however, Raftelis does not provide any guarantees of the accuracy of the data.

1.5. Assumptions and Limiting Conditions

Assumptions and limiting conditions of this Report are provided in Appendix A.

¹ Excludes the planned dedication of 1.58 acres for Old Winter Garden Road.

1.6. Rounding of Estimated Values

Estimates of value derived from analyses contained in this Report have inherent variation and are not intended to reflect precise calculations. Table 1.1 provides guidelines for rounding estimates contained in this Report.

Table 1-2: Rounding Estimated Values

Amount Estimated	Rounded to Nearest
\$0 – 5,000	\$100
\$2,001 - 50,000	\$1,000
\$20,001 – 500,000	\$10,000
\$500,001 – 50,000,000	\$100,000
Over \$50,000,000	\$1,000,000

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2. Property Tax Projection

2.1. Property Value in Florida

The intent of “just valuation” (“Just Value²” or “JV”) under the laws of the state of Florida is to reflect a value for real property that is equivalent to a fair market value (“FMV”). Internal Revenue Service (“IRS”) Revenue Ruling (“Rev. Rul.”) 59-60, 1959-1, C.B. 237, along with Treasury Regulations § 25.2512-1 and § 20.231-1 defines Fair Market Value as:

“The value of the property is the price at which such property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, and both having reasonable knowledge of relevant facts.”

IRS Rev. Rul. 59-60 further states...

“...in addition that the hypothetical buyer and seller are assumed to be able, as well as being willing, to trade and to be well informed about the property and concerning the market for such property.”

Fair Market Value as defined for this report therefore includes the following assumptions:

1. A hypothetical buyer and seller are both willing, and thus interested in the transaction, and are able to enter into a transaction, implying a hypothetical buyer has sufficient funds and seller has sufficient rights;
2. A hypothetical buyer is prudent, implying a rational buyer, and is considered to be a “financial” and not a “strategic” buyer;
3. Even though a willing buyer and willing seller are hypothetical, they are presumed to be dedicated to achieving their individual maximum economic advantage, but absent any compulsion to buy or sell;
4. Both parties are assumed to understand the industry and other economic conditions and their effects on the subject property in a sale of a majority ownership in the subject property;
5. A hypothetical buyer is assumed to represent an independent third party; and
6. A hypothetical sale will be for cash.

Fair Market Value is considered the appropriate standard of value because it reflects the value of the subject property as if traded freely in a competitive and open market between independent parties. In arriving at just valuation as required under s. 4, Art. VII of the State Constitution, the Orange County Property Appraiser shall take into consideration the following factors³ (emphasis added):

(1) The present cash value of the property, which is the amount a willing purchaser would pay a willing seller, exclusive of reasonable fees and costs of purchase, in cash or the immediate equivalent thereof in a transaction at arm’s length;

² “Just Value is a properties market value”, Florida Department of Revenue

³ Section 193.011, Florida Statutes (2021)

- (2) The highest and best use to which the property can be expected to be put in the immediate future and the present use of the property, taking into consideration the legally permissible use of the property, including any applicable judicial limitation, local or state land use regulation, or historic preservation ordinance, and any zoning changes, concurrency requirements, and permits necessary to achieve the highest and best use, and considering any moratorium imposed by executive order, law, ordinance, regulation, resolution, or proclamation adopted by any governmental body or agency or the Governor when the moratorium or judicial limitation prohibits or restricts the development or improvement of property as otherwise authorized by applicable law. The applicable governmental body or agency or the Governor shall notify the property appraiser in writing of any executive order, ordinance, regulation, resolution, or proclamation it adopts imposing any such limitation, regulation, or moratorium;
- (3) The location of said property;
- (4) The quantity or size of said property;
- (5) The cost of said property and the present replacement value of any improvements thereon;
- (6) The condition of said property;
- (7) *The income from said property; and*
- (8) The net proceeds of the sale of the property, as received by the seller, after deduction of all of the usual and reasonable fees and costs of the sale, including the costs and expenses of financing, and allowance for unconventional or atypical terms of financing arrangements. When the net proceeds of the sale of any property are utilized, directly or indirectly, in the determination of just valuation of realty of the sold parcel or any other parcel under the provisions of this section, the property appraiser, for the purposes of such determination, shall exclude any portion of such net proceeds attributable to payments for household furnishings or other items of personal property.

The method for indicating a Just Value for all property within a county generally involves a process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing (“Mass Appraisal”)⁴. It would not be realistic for a Property Appraiser to develop individual appraisals for each parcel of improved or vacant land – there are more than 473,000 parcels in Orange County (“County”) alone (2021). Thus, Mass Appraisal is a process required to more manageably appraise a very large set of properties. Mass Appraisal can also have the effect of creating consistency among property classes and reducing minute individual variances that may be observed in some market transactions. For example, it is common to leverage a statistically significant number of market transactions for a residential subdivision that qualify as arms-length to indicate a FMV per square foot and apply that value to all properties within that same subdivision based on like size, configuration, construction quality, etc. The consistent application of observed market transactions for like property is common in appraisal practice.

Generally, because residential properties 1) can account for 80-90% of the universe of vacant and improved parcels, 2) are highly homogeneous, and 3) represent a significant volume of qualified sales, Mass Appraisal is a very effective appraisal process for the residential, home-owner market. The opposite of the same reasons above (i.e., only 10-20% of parcels, highly unique, and limited market transactions that could be used to define a specific class of non-residential property), can make a Mass Appraisal process less effective for non-residential or for-rent residential property. This is especially evident in situations where new development does not have an existing market precedent. This is a common issue, for example, when appraising “hotel”

⁴ Uniform Standards of Professional Appraisal Practice, 2020-21.

properties that can have a very wide range of different classes (e.g., budget, extended stay, limited service, select service, full service, boutique, luxury) under that single non-residential use. However, if the market doesn't currently have an existing property within a particular class, the Mass Appraisal process is likely to assign value using expected "norms" that may not reflect FMV. This is also a common occurrence for office and apartment markets.

However, in lieu of observed market transactions, Property Appraisers are required to consider the FMV in the context of the *income* generated by the property, which should compensate for not having an existing precedent. But, even without existing market transactions (qualified sales) for a particular property type (e.g., Class-A Apartments), the underlying approach in the valuation process can be inadequate to reflect a FMV of non-residential property because Property Appraisers generally continue to apply "norms" to value (e.g., value per apartment).

2.2. Market Transactions

As discussed in the previous section, observed market transactions generally reflect unambiguous values that could be considered relevant measures of FMV, if these completed transactions are comparable to the proposed Projects. Table 2-1 provides a list of recent market transactions for apartment properties recently constructed and located in the County, reflecting an average market value of \$348,600 per unit.

Table 2-1: Recent Orange County Transactions

Cost by Component	Sale Date	Units	Price/Unit
Arcadia at Dr Phillips	Jun-21	394	\$291,878
IMT Lakehouse	Dec-21	299	429,933
The Westerly	Nov-21	352	350,852
The Avenue on Oakland	Dec-21	342	307,018
Luma Headwaters	Aug-21	328	291,159
Sur Lake Buena Vista	May-22	296	369,088
The Lodge at Hamlin	Nov-21	250	359,200
Berkshire Winter Park	Jun-21	310	275,806
Eden Ruby Lake	Jun-22	204	752,696
Kestra	Jun-21	280	285,000
Veer Apartments	May-21	250	274,000
Seven41 Winter Park	Nov-21	222	340,090
Weighted Average			\$348,600

Sources: Florida Department of Revenue, Orange County Property Appraiser, downloaded 5/15/2023

Our research limited observed transactions to include the following: 1) Multi-family Mid-rise property use, 2) built between 2020 and 2021, 3) qualified property sales between 2021 and 2022, 4) developments with units between 200 and 400, and 5) unit density (units per acre) between 10 and 75. These transactions provide a comparison of market values for properties within the same geography (County) and similar scale (number of units). In theory, these qualified market transactions reflect the most appropriate measure of FMV.

2.3. Property Appraiser Values

While not all downtown/urban markets are equal relative to market values for property, they can provide appropriate comparisons considering observed market value or Just Value that should be driven by top-line revenue or market rents. Observations of the just value of properties in Orange County provide significant insight into potential market values of the Projects once completed, particularly from a property appraisal perspective because: 1) the Orange County Property Appraiser appropriately uses income as a means of valuing property and 2) there are more examples of this specific type of product in well-developed downtown markets.

Table 2-2 provides the final 2022 just value for the same recent property transactions.

Table 2-2: 2022 Just Values (Mid-rise Apartments)

Cost by Component	Units	JV/Unit	Density	JV/Unit
Arcadia at Dr Phillips	394	\$273,551	22	\$6.1 M
IMT Lakehouse	299	355,691	12	4.4 M
The Westerly	352	299,919	13	4.0 M
The Avenue on Oakland	342	285,635	21	6.0 M
Luma Headwaters	328	262,070	21	5.6 M
Sur Lake Buena Vista	296	274,465	28	7.6 M
The Lodge at Hamlin	250	319,042	14	4.4 M
Berkshire Winter Park	310	253,219	52	13.2 M
Eden Ruby Lake	204	335,603	12	4.1 M
Kestra	280	232,756	25	5.7 M
Veer Apartments	250	255,998	25	6.4 M
Seven41 Winter Park	222	283,009	54	15.2 M
Weighted Average		\$284,500	25	\$5.7 M

Sources: Florida Department of Revenue, Orange County Property Appraiser, downloaded 5/15/2023

While the Just Value for the same properties is lower than observed market transactions (81.6%), it supports the appropriate application of an income approach to estimate property value. The likely difference between Just Value (“JV”) and market transactions can arise from timing relative to the valuation process as well as maintaining consistency across a class of properties. Therefore, for the purpose of this analysis, we have valued the proposed Projects consistent with the requirements of Florida Statutes using an income approach based on proposed market rents consistent with mid-rise apartments in downtown markets. This approach basically reduces gross income by reasonable operating expenses, depreciation, interest, and taxes to produce a net income that is capitalized using market rates.

2.4. Project Pro Forma

The income approach in valuing property is based on an appraisal principal of anticipation and the premise that the FMV of a property is the present value (“PV”) of the anticipated future economic benefits of owning the property. The underlying principle in this approach is that buyers invest in or acquire ownership in certain types of commercial property with the expectation of receiving anticipated future economic benefits. This

approach is relevant when the property being valued generates or is anticipated to generate economic benefits in the form of net income, profits, or free cash flows that benefit a future owner.

The capitalization method for valuing property basically divides expected annual net income at the discretion of an owner by an appropriate capitalization rate (capitalization of cash flow or “CCF”). CCF provides a relatively non-complex method to use for valuing property based on expected cash flow available to a buyer. A comparatively lower capitalization rate would indicate less risk associated with an investment and a comparatively higher cap rate for a property might indicate more risk.

An anticipated pro forma for the Project initially requires consideration for gross revenues. Table 2-3 provides estimates of total gross revenues (2023) based on the planned mix of residential product.

Table 2-3: Residential Rent Roll (Current Dollars)

Cost by Component	Units	Monthly	Total
Studio	20	\$1,400	\$340,000
1-bedroom	112	2,140	2,900,000
2-bedroom	136	2,670	4,400,000
3-bedddroom	32	2,810	1,100,000
Total	300		\$8,740,000

Sources: Raftelis; Notes: Estimate

Annual gross revenues of \$8,740,000 represents approximately a \$2.00 per square foot per month average rent rate. The commercial (retail) space is expected to reflect a gross rent rate of \$30 per square foot.

Total net income for the Project is estimated by adding and deducting the following components:

- 1) Annual vacancy or collection losses;
- 2) Ancillary property income;
- 3) Operating expenses; and
- 4) Other miscellaneous income.

After adjustments, the residential component of the Project is expected to generate \$6,100,000 in net income (see Table 2-4).

Table 2-4: Estimated Apartment Income Value

Cost by Component	Units	Monthly	Percent	Total
Potential gross revenue		\$8,740,000		\$29,133
Vacancy/collection loss	less	700,000	8.00%	2,333
Effective gross income	=	8,040,000		26,800
Ancillary income	plus	160,000	2.00%	533
Adjusted gross income	=	8,200,000		27,333
Expenses	less	2,100,000	25.00%	7,000
Net operating	=	6,100,000		20,333
Miscellaneous income	plus	-		-
Total net income	=	\$6,100,000		\$20,333
Total capitalized income value		\$85,300,000	7.15%	\$284,333
TPP amount	less	1,700,000	2.00%	5,667
Additional value	plus	-		-
Total miscellaneous adjustment	(+/-)	-		-
Residential Income Value		\$83,600,000		\$278,667

Sources: Raftelis; Notes: Estimate

Using a capitalization rate of 7.15% results in a total income value of \$85,300,000 for the apartments. Deducting an estimated value for tangible personal property (“TPP”) of \$1,700,000 results in an expected real property value (including land) of \$83,600,000 or \$278,667 per unit.

The commercial (retail) space is expected to add an additional \$1,200,000 in capitalized value. Assuming annual gross income of \$210,000 and approximately 45% net income at a 7.15% capitalization rate. Total developed property value including both residential and commercial uses (land and buildings) represents \$86,700,000 or approximately \$5,825,000 per acre (see Appendix B).

2.5. Projected TIF Revenue

In 1969, the Florida Legislature enacted Part III, Ch. 163 of the Florida Statutes, which granted local governments the power to set up redevelopment agencies (“CRA”) in their community. The legislature’s goal was and remains to encourage neighborhood revitalization and redevelopment in downtown, urban areas and to provide maximum opportunities for private enterprise to participate in the revitalization of designated areas. The act allows a CRA to annually capture and spend 95% of the incremental increase in ad valorem tax revenues resulting from redevelopment. The tax increment is measured as the increase in real property taxes from the difference between the taxes generated before (“Base Value”) and after the investment in the redevelopment of real property.

The Base Value of the Project should be established using 2006 taxable property values (see Table 2-5).

Table 2-5: Project Base Value

Parcel Number	2006 Value	2022 Value	Acres
30-22-28-0000-00-016	\$4,335	\$1,341,680	10.84
30-22-28-0000-00-059	7,279	327,298	2.60
30-22-28-0000-00-016	86,528	355,296	3.24
TOTAL	\$98,142	\$2,024,274	16.68

Source: Orange County Property Appraiser; Orange County Tax Collector

The Project is located within the CRA which allows the City to capture 95% of the incremental ad valorem tax revenues that would be created by the planned redevelopment. The CRA would capture the incremental ad valorem collections only from the City and County approved taxes which total 9.3847 mils (as of the date of this Report). The planned development program is therefore expected to generate annual 95% incremental tax revenue at initial buildout of \$776,096 (see Table 2-3 and Appendix B) from its current value.

Table 2-6: Incremental Ad Valorem Collections

Cost by Component	Base	New	Change
Real and tangible property just value	\$98,142	\$86,700,000	\$86,601,258
(less) Exemptions	-	-	-
Real and tangible taxable value	98,142	86,700,000	86,601,258
Millage rate (per \$1,000 value)	9.3847	9.3847	-
County and City ad valorem collections	921	813,653	812,732
Incremental ad valorem collections @95%			\$776,096

Sources: Raftelis; Notes: Estimate

Assuming property values in the market increase at an annual rate of 1.75%, this annual contribution of incremental tax revenues would be expected to continue more than \$11,000,000 to support the CRA's Vision plan through 2036. If the City extended the sunset of the District to 2046, the cumulative contribution from the Project would be expected at more than \$20,400,000 (see Appendix B).

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APPENDIX A:

Assumptions and Limiting Conditions



1. All assumptions are listed in the description of the analyses used to estimate potential property values.
2. No responsibility is assumed for legal matters, nor is any opinion on the title rendered herewith. It is assumed that the title to the property is good and marketable.
3. No survey of the property was included in this analysis and, unless specifically stated, assumed there are no encroachments involved.
4. The sketches and maps in this Report are included to assist the reader in visualizing the property and are not necessarily to scale or depict all items above or below ground.
5. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in this Report.
6. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with, unless non-conformity has been stated, defined, and considered in this Report.
7. It is assumed that all required permits, licenses, certificates of occupancy, consents, easements, and other legislative or administrative authority from any local, state, or national government or public entity or organization have been or can be obtained or renewed.
8. All applicable agreements, developer agreements or other utility-related agreements are assumed to be fully disclosed or provided and therefore have been considered as part of this Report.
9. Proposed improvements, if any, on or off-site, as well as any repairs required, are considered to be completed in a good and workmanlike manner.
10. Responsible ownership and competent management are assumed.
11. It is assumed that there are no hidden or unapparent conditions of the property, soil, or structures which would render it more or less valuable. Further, unless otherwise stated in this Report, the existence of hazardous material or any other environmental problems or conditions, which may or may not be present on the property, was not observed or disclosed. We have no knowledge of the existence of such materials or conditions on or in such close proximity that it would cause a loss in value. We, however, did not search to detect such substances or conditions. The presence of substances such as asbestos, urea formaldehyde foam insulation, radon, or other potentially hazardous materials which could have an adverse effect on the value of the property were not observed or detected in our inspections. The value estimate is predicated on the assumption that there is no such material or condition on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or knowledge required to discover them.
12. No responsibility is assumed for the absence or presence of any endangered species on this property. This appraisal assumes that there are no endangered species which would prevent, restrict, or adversely affect any transfer, development, or improvement.
13. No impact studies and/or special market, or feasibility analysis or studies have been required or made unless otherwise specified. We reserve the right to alter, amend, revise, or rescind any of the statements, findings, opinion, value estimates, or conclusions contained herein if any of these studies require it.
14. Certain data used in compiling this report was furnished from sources which we consider reliable; however, we do not guarantee the correctness of such data, although so far as possible, we have checked and/or verified the same and believe it to be accurate.
15. Possession of this Report, or copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone except for the client without the prior written consent of the client and in any event, only in it's entirely and with proper qualification.

16. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author excepting appropriate Freedom of Information Act requests.
17. Acceptance of, and/or use of, this Report constitutes acceptance of the above conditions and assumptions.

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APPENDIX B:
Financial Models



PROJECT MARKET (JUST) VALUES

	<u>Units</u>	<u>Sq Ft</u>	<u>Market Value</u>	<u>Value/SF</u>
Land Area		635,540	\$ 9,900,000	15.50
FAR (Gross)		0.68		
Structure and Building area				
Residential	300	362,100	\$ 70,700,000	\$ 195.25
Commercial (Retail and Office)		7,000	1,100,000	157.14
Other:				
Other area and special features		65,900	3,300,000	50.00
Structured Parking	-	-	-	-
Subtotal other structure and building area		65,900	\$ 3,300,000	50.08
Total Real Property		435,000	\$ 85,000,000	\$ 195.40
Tangible Property	2%		1,700,000	
Total Value			\$ 86,700,000	
Real Property Market Value per acre			\$ 5,825,908	

5/15/2023

PROJECT INCREMENTAL TAX CALCULATION	<u>Current (Base)</u>	<u>New Program</u>	<u>Total Increment</u>
Real and Tangible Property Values			
Total Market (Just) Values	\$ 98,142	\$ 86,700,000	\$ 86,601,858
(less) Limits/Exemptions	-	-	-
Total Taxable Values	\$ 98,142	\$ 86,700,000	\$ 86,601,858
County and City Taxes	Rate		
Orange County	4.4347 mils	\$ 435	\$ 384,488
City of Ocoee	4.9500 mils	486	429,165
Downtown Development	- mils	-	-
Other County	- mils	-	-
TOTAL AD VALOREM		\$ 921	\$ 813,653
TOTAL @ 95%			\$ 772,971

5/15/2023

PROJECT ANNUAL INCREMENTAL TAXES

Year	CAGR=	Current (Base)	Total Program	Total Tax Increment	Total Tax Increment	
					Low	High
			1.5%			
2024		\$ 921	\$ 780,000	\$ 779,079	\$ 750,000	\$ 810,000
2025		921	790,000	789,079	760,000	820,000
2026		921	800,000	799,079	770,000	830,000
2027		921	810,000	809,079	780,000	840,000
2028		921	820,000	819,079	780,000	860,000
2029		921	830,000	829,079	790,000	870,000
2030		921	840,000	839,079	800,000	880,000
2031		921	850,000	849,079	810,000	890,000
2032		921	860,000	859,079	810,000	910,000
2033		921	870,000	869,079	820,000	920,000
2034		921	880,000	879,079	830,000	930,000
2035		921	890,000	889,079	840,000	950,000
2036		921	900,000	899,079	840,000	960,000
2037		921	910,000	909,079	850,000	970,000
2038		921	920,000	919,079	860,000	990,000
2039		921	930,000	929,079	860,000	1,000,000
2040		921	940,000	939,079	870,000	1,010,000
2041		921	950,000	949,079	880,000	1,020,000
2042		921	960,000	959,079	890,000	1,040,000
2043		921	970,000	969,079	890,000	1,050,000
2044		921	980,000	979,079	900,000	1,070,000
2045		921	990,000	989,079	910,000	1,080,000
2046		921	1,000,000	999,079	910,000	1,090,000
2024-2046				\$ 20,448,816	\$ 19,200,000	\$ 21,790,000
2024-2036				\$ 10,908,027	\$ 10,380,000	\$ 11,470,000