

FINANCIAL STATEMENTS
Lake-Sumter Metropolitan Planning Organization
Year Ended June 30, 2023
with Independent Auditor's Report

Lake-Sumter Metropolitan Planning Organization

Financial Statements

Year ended June 30, 2023

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Financial Section



INDEPENDENT AUDITOR'S REPORT

Honorable Members of the
Lake-Sumter Metropolitan Planning Organization
Leesburg, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Lake-Sumter Metropolitan Planning Organization ("Lake-Sumter MPO") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lake-Sumter MPO's basic 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 governmental activities and major fund of Lake-Sumter MPO, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Lake-Sumter MPO, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of 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 Lake-Sumter MPO'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 Lake-Sumter MPO's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Honorable Members of the
Lake-Sumter Metropolitan Planning Organization

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2024, on our consideration of Lake-Sumter MPO'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake-Sumter MPO's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
January 9, 2024

Management's Discussion and Analysis

As management of the Lake-Sumter Metropolitan Planning Organization (Lake-Sumter MPO) we offer readers of Lake-Sumter MPO's financial statements this narrative overview and analysis of the financial activities of Lake-Sumter MPO for year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements that follow this section.

Financial Highlights

- Lake-Sumter MPO's liabilities exceeded its assets on June 30, 2023 by \$10,488. This amount consists of \$2,692 net investment in capital assets and \$(13,180) in unrestricted deficit net position.
- The unrestricted deficit net position of \$(13,180) results from unassigned funds available of \$38,725 and nonspendable funds of \$2,848 related to prepaid balances at the fund level, less accrued compensated absences of \$54,753. The unassigned fund balance is primarily a result of non-grant revenues in excess of expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Lake-Sumter MPO's basic financial statements. The basic financial statements consist of two parts: combined government-wide financial statements and fund financial statements, and notes to the financial statements. As Lake-Sumter MPO's operations focus on one program/function, transportation, it is considered to be a special-purpose government for financial reporting purposes.

For special-purpose governments engaged in a single governmental program, the fund financial statements and the government-wide statements may be combined using a columnar format. This format reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule as is required for general governments or those with multiple programs or functions. Lake-Sumter MPO has chosen this format for presentation of its financial statements.

Government-Wide Financial Statements

The government-wide financial statements of Lake-Sumter MPO provide a broad overview of Lake-Sumter MPO's finances and report information about Lake-Sumter MPO using accounting methods similar to those used by private sector companies.

The Statement of Net Position presents Lake-Sumter MPO's assets less its liabilities at year-end. The difference between these assets and liabilities is reported as net position or deficit. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Lake-Sumter MPO is improving or deteriorating.

The Statement of Activities presents information showing how Lake-Sumter MPO's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The government-wide financial statements can be found on pages 11 and 12 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. Lake-Sumter MPO, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Lake-Sumter MPO has only one fund, the General Fund, which is a governmental fund type.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds 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. As a result of this difference in focus, a reconciliation is provided in the financial statements between the fund and government-wide statements.

The basic governmental fund financial statements can also be found on pages 11 and 12 of this report.

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

Other Information – In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning Lake-Sumter MPO's annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget. Required supplementary information can be found beginning on page 21 of this report.

Government-Wide Financial Analysis

In accordance with accounting principles generally accepted in the United States of America, Lake-Sumter MPO's fund financial statements are converted to the Statement of Net Position and Statement of Activities by posting adjustments for the following:

- Capital assets, net of accumulated depreciation and amortization, have been added to the Statement of Net Position. In addition, depreciation and amortization expense for all equipment and leases has been included in expense, and capital outlay has been removed from expense.
- The liabilities for accrued compensated absences and leases have been added to the Statement of Net Position and the related expenses have been included in or removed from the Statement of Activities.

Our analysis of the government-wide financial statements of Lake-Sumter MPO begins below. The Statement of Net Position and the Statement of Activities report the net position of Lake-Sumter MPO and the changes in those balances. Over time, increases or decreases in Lake-Sumter MPO's net position are one indicator of financial position. However, you will need to consider other nonfinancial factors such as changes in economic conditions, regulations and new or changed government legislation.

Lake-Sumter MPO Statement of Net Position

Assets	2023	2022
Current and Other Assets	\$ 265,402	\$ 407,348
Capital Assets, Net	166,461	196,329
Total Assets	<u>431,863</u>	<u>603,677</u>
Liabilities		
Current and Other Liabilities	266,206	416,769
Long Term Liabilities	176,145	200,505
Total Liabilities	<u>442,351</u>	<u>617,274</u>
Net Position		
Net Investment in Capital Assets	2,692	2,896
Unrestricted (Deficit)	<u>(13,180)</u>	<u>(16,493)</u>
Total Net Position	<u>\$ (10,488)</u>	<u>\$ (13,597)</u>

Current assets of Lake-Sumter MPO consist of \$261,684 due from federal agencies and the State of Florida for cost reimbursable grant expenses, \$870 due from local governmental units for traffic studies, and prepaid expenses of \$2,848. Current liabilities consist of \$59,112 of accounts payable

for grant expenses incurred as of yearend, accrued wages payable of \$10,764, \$153,953 due to Lake County for cash utilization (See Note 3), \$31,270 of current leases liability to be paid within one year and \$11,107 of current compensated absences expected to be paid within one year.

The unrestricted deficit net position of \$(13,180) is primarily a result of expenses in excess of donations and non-restricted revenues. Total net position amounted to \$(10,488) at June 30, 2023. “Net investment in capital assets” of \$2,692 is Lake-Sumter MPO’s investment in its net capital assets less related debt.

While the statement of net position shows the financial position of net assets, the statement of activities provides answers as to the nature and source of the changes in net position during the year.

**Lake-Sumter MPO
Statement of Activities**

	2023	2022
Revenues:		
Program Revenues		
Intergovernmental Revenues - Operating Grants	\$ 807,667	\$ 1,183,719
Total Revenues	807,667	1,183,719
Expenses:		
Current	770,819	1,147,068
Depreciation	33,739	32,999
Total Expenses	804,558	1,180,067
Change in Net Position	3,109	3,652
Net Position - Beginning, Restated	(13,597)	(17,249)
Net Position - Ending	\$ (10,488)	\$ (13,597)

Intergovernmental revenues of \$807,667 consist primarily of grant funds received from the federal government through the Florida Department of Transportation, and other state and local funds.

Current expenses consist primarily of \$296,519 in personal services, \$420,263 in professional services, \$5,000 in grants and aids, \$16,439 in other operating expenses, and \$29,000 paid to Lake County for providing administrative services.

Analysis of the Lake-Sumter MPO General Fund

Lake-Sumter MPO has one fund, the General Fund, which is reported in the Fund Financial Statement column. The focus of the General Fund is to provide information on near-term inflows and outflows of cash and the balance available. The Lake-Sumter MPO has an unassigned fund balance of \$38,725 and nonspendable – prepaids fund balance of \$2,848. Generally, revenue from grants equals the allowable expenditures incurred. Fund balance results from donations and non-grant revenues in excess of expenditures.

Lake-Sumter MPO Statement of Revenues, Expenditures and Changes in Fund Balance

	2023	2022
Revenues:		
Intergovernmental Revenues	\$ 807,667	\$ 1,183,719
Total Revenue	807,667	1,183,719
Expenditures:		
Personal Services	290,735	259,797
Operating	465,702	870,673
Debt Service	33,262	31,353
Capital Outlay	3,871	3,850
Grants and Aids	5,000	5,000
Total Expenditures	798,570	1,170,673
Excess (Deficiency) of Revenues over (under) Expenditures	9,097	13,046
Fund Balance, Beginning of Year	32,476	19,430
Fund Balance, End of Year	\$ 41,573	\$ 32,476

The General Fund intergovernmental revenues decreased from the prior year by \$376,052 with a corresponding decrease in operating expenditures of \$404,971. This resulted from less federal grant funds spent mostly on professional services to carry out those grant-reimbursed tasks. Additionally, \$33,262 in debt service expenditures were reported in the current year for payment of the office lease.

General Fund Budgetary Highlights

There was no difference between the original and the final amended expenditure budget of \$1,244,077.

Differences between the final amended budget and actual results are included on page 21 of the accompanying financial statements. Operating expenditures were \$445,507 less than budgeted due to projects not being completed in 2023. Intergovernmental revenues were \$426,410 less than budgeted due primarily to grant funding that was budgeted for projects that were not completed.

Capital Assets and Long-Term Liabilities

Capital Assets

As of June 30, 2023, Lake-Sumter MPO had \$166,461 net capital assets, as reflected in the table below:

Lake-Sumter MPO Capital Assets

	<u>FY23</u>	<u>FY22</u>
Equipment	\$ 30,292	\$ 26,421
Right to Use Leased Buildings	221,921	221,921
Less Accumulated Depreciation	(21,582)	(19,928)
Less Accumulated Amortization	<u>(64,170)</u>	<u>(32,085)</u>
Capital Assets, Net	<u>\$ 166,461</u>	<u>\$ 196,329</u>

Capital assets consist of purchased equipment and leased buildings used by the organization in its daily operations. For more detailed information regarding the Lake-Sumter MPO's capital assets, please refer to Notes 1 and 4 to the financial statements.

Long-Term Liabilities – Compensated Absences and Leases

Lake-Sumter MPO's full-time employees accumulate annual and sick leave based upon length of employment. Upon termination of employment, employees can receive a payment into a deferred compensation plan or as a lump-sum cash distribution for annual vacation leave, up to a maximum of 300 hours. An employee may elect to receive the value of any sick leave, up to a maximum of 50%, to be paid into a deferred compensation plan or as a lump-sum cash distribution. The cost of accumulated annual and sick leave, including fringe benefits is accrued only to the extent that the leave will result in cash payments at termination. At June 30, 2023, the Lake-Sumter MPO had \$54,753 in accrued compensated absences, of which \$11,107 is considered to be due in the next fiscal year.

Lake-Sumter MPO leases its office space. In accordance with a new accounting standard, the lease liability is now recorded to reflect that long term contract. At June 30, 2023, the Lake-Sumter MPO had \$163,769 in lease liability, of which \$31,270 is due in the next fiscal year.

For more detailed information regarding the Lake-Sumter MPO's long-term liabilities, please refer to Notes 1, 5 and 7 to the financial statements.

Economic Factors and Next Year's Budget and Rates

- The average unemployment rate for Lake County is 3.4% compared to 3.0% for the state and 3.6% for the nation per the U.S. Bureau of Labor Statistics.
- Inflation nationally, as indicated by the consumer price index, is 3.0% higher than the prior year per the U.S. Bureau of Labor Statistics.

All of these factors were considered in preparing Lake-Sumter MPO's budget for the 2023-2024 year. Lake-Sumter MPO's Board adopted the 2024 budget of \$1,331,289 at its June 21, 2023 meeting.

Requests for Information

This financial report is designed to provide a general overview of Lake-Sumter MPO's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Clerk of Courts, 315 West Main Street, Post Office Box 7800, Tavares, Florida, 32778, or by calling (352)-343-9808.

Basic Financial Statements

Lake-Sumter Metropolitan Planning Organization

Governmental Fund Balance Sheet – Statement of Net Position

June 30, 2023

	General Fund	Adjustments (Note 2)	Statement of Net Position
Assets			
Current Assets			
Due from Federal Agencies	\$ 228,569	\$ -	\$ 228,569
Due from State Agencies	33,115	-	33,115
Due from Other Agencies	870	-	870
Prepays	2,848	-	2,848
Noncurrent Assets:			
Capital Assets, Net		166,461	166,461
Total Assets	\$ 265,402	\$ 166,461	\$ 431,863
Liabilities and Fund Balances - Net Position			
Current Liabilities:			
Accounts Payable	\$ 59,112	\$ -	\$ 59,112
Due to Lake County	153,953	-	153,953
Accrued Liabilities	10,764	-	10,764
Compensated Absences, Current	-	11,107	11,107
Leases Liability, Current	-	31,270	31,270
Noncurrent Liabilities:			
Compensated Absences	-	43,646	43,646
Leases Liability	-	132,499	132,499
Total Liabilities	223,829	218,522	442,351
Fund Balances - Net Position:			
Fund Balances:			
Nonspendable - Prepays	2,848	(2,848)	
Unassigned	38,725	(38,725)	-
Total Fund Balances	41,573	(41,573)	-
Total Liabilities and Fund Balances	\$ 265,402		
Net Position:			
Net Investment in Capital Assets		2,692	2,692
Unrestricted (Deficit)		(13,180)	(13,180)
Total Net Position		\$ -	\$ (10,488)

The notes to the financial statements are an integral part of this statement.

Lake-Sumter Metropolitan Planning Organization

Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balances – Statement of Activities

Year ended June 30, 2023

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues			
Intergovernmental Revenue -			
Operating Grants	\$ 807,667	\$ -	\$ 807,667
Total Revenues	807,667	-	807,667
Transportation Expenditures:			
Current:			
Personal Services	290,735	5,784	296,519
Operating	436,702	-	436,702
Grants and Aids	5,000	-	5,000
Administrative Fee	29,000	-	29,000
Depreciation Expense	-	33,739	33,739
Debt Service			
Principal	29,664	(29,664)	-
Interest	3,598	-	3,598
Capital Outlay	3,871	(3,871)	-
Total Expenditures-Expenses	798,570	5,988	804,558
Excess of Revenues over (under)			
Expenditures/Change in Net Position	9,097	(5,988)	3,109
Fund Balance / Net Position			
Beginning of the Year	32,476	(46,073)	(13,597)
Fund Balance / Net Position			
End of the Year	\$ 41,573	\$ (52,061)	\$ (10,488)

The notes to the financial statements are an integral part of this statement.

Lake-Sumter Metropolitan Planning Organization

Notes to Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies

Reporting Entity

The Lake-Sumter MPO is a voluntary association of local governmental units organized under the authority of Section 339.175, Florida Statutes, in accordance with the 1962 Federal Aid Highway Act. The primary purpose of the organization is to coordinate a comprehensive transportation planning process in the urbanized areas of Lake and Sumter counties. The member governments entered into an interlocal agreement effective February 18, 2004, to establish the Lake-Sumter MPO and its operating procedures. The governing board (Board) consists of sixteen voting representatives, ten nonvoting representatives and three ex-officio non-voting positions. All voting representatives are elected officials from local governments including the cities of Clermont, Eustis, Lady Lake, Leesburg, Minneola, Mount Dora, and Tavares; five members from the Lake County Board of County Commissioners and two members from the Sumter County Board of County Commissioners. The Board approves the annual budget. MPO employees, including the MPO Executive Director as permitted under his contract, receives certain benefits and administrative support services from Lake County. Lake County receives an administrative fee for providing services to the Lake-Sumter MPO.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

These financial statements have been prepared in conformity with reporting guidelines established by the Governmental Accounting Standards Board (GASB) and were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The following types of financial statements are reported by the Lake-Sumter MPO.

Government-wide Financial Statements – The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position (statement of activities) report information on all of the activities of the Lake-Sumter MPO. Governments typically report activities as either *Governmental activities*, which normally are supported by taxes and intergovernmental revenues or *Business-type activities*, which rely to a significant extent on fees and charges for support. The Lake-Sumter MPO reports only governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Since the Lake-Sumter MPO's primary mission (function) is transportation, all revenues and expenses are considered to be for this purpose and the accompanying financial statements do not segregate beyond this function.

Lake-Sumter Metropolitan Planning Organization

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Because the Lake-Sumter MPO has only governmental activities and only one function, it is considered to be a special-purpose government for financial reporting purposes under accounting principles generally accepted in the United States of America. As such, the government-wide financial statements are presented together with the governmental fund financial statements, described below, with an adjustment column presented to reconcile the two sets of statements.

Governmental Fund Financial Statements – The Lake-Sumter MPO has one governmental fund type, which is the General Fund. The General Fund is the primary operating fund used to account for all resources and operations. Governmental funds are accounted for on the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental Fund Financial Statements – The General Fund is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; that is, when they are measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Lake-Sumter MPO generally considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are generally recorded when the related liability is incurred. Revenues primarily consist of grant funds, which management has determined to be susceptible to accrual.

Lake-Sumter Metropolitan Planning Organization

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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/expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

The Lake-Sumter MPO adopts an annual budget. The budget is prepared on the modified accrual basis of accounting and on a basis consistent with accounting principles generally accepted in the United States of America.

Budget amendments are defined as major object code changes which either increase or decrease the total budget. Major object codes are personal services, operating expenses, debt service and capital outlay. Budget amendments must be approved by the Board. Expenditures may not exceed appropriations at the major object code level. A legally adopted budget is prepared for the General Fund.

Capital Assets

Capital assets, primarily equipment, are recorded as capital outlay expenditures in the General Fund at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the statement of net position. Donated capital assets are recorded in the statement of net position at estimated acquisition cost at the time they are received. The capitalization threshold for equipment set by the Lake-Sumter MPO is \$1,000. Right-to-use leases are capitalized when the lease asset is \$5,000 or greater. Capital assets are depreciated using the straight-line method over six years for computers, and ten years for furniture and other equipment. Leases are amortized over the life of the contract. Depreciation and amortization expense is recorded in the statement of activities.

Lake-Sumter Metropolitan Planning Organization

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

All full-time and certain part-time employees are granted annual and sick leave based upon length of employment. Annual leave can be accumulated; however, carryover limitations range from 200 to 300 hours, depending on length of employment. Upon termination of employment, the employee can receive a payment into a deferred compensation plan or as a lump-sum cash distribution, based upon the employee's current wage rate and the annual leave not taken. Sick leave is accumulated at the rate of one day per month of each full month of continuous employment. There is no limit on the amount of sick leave that can be accumulated. The MPO's policy permits the payment of accrued sick upon termination, retirement, or death, at 25-50%, based on the length of employment, into a deferred compensation plan or as a lump-sum cash distribution. The Lake-Sumter MPO records accumulated leave and the related fringe benefits at year-end based on each employee's unused hours and rate of pay in the government-wide financial statements as current and long-term, respectively.

Leases

The MPO is entered into a noncancelable lease for the right to use office building space for its daily operation. When the MPO is the lessee, the contract results in recognizing a right-to-use intangible asset that is offset by a corresponding lease liability. Lease intangible assets are reported within capital assets and lease liabilities are reported with long-term liabilities on the government-wide financial statements.

Fund Balance – Net Position

Nonspendable fund balance represents resources that are not in spendable form, such as inventories or prepaid amounts. Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Investment in capital assets represents that portion of net position that is associated with capital assets and is, therefore, not available for general operations.

Lake-Sumter Metropolitan Planning Organization

Notes to Financial Statements (continued)

2. Reconciliation Between the Fund Statements and the Government-Wide Statements

The following is a reconciliation between the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2023:

Fund balances	\$	41,573
Add capital assets, net of accumulated depreciation as they are not financial resources and are therefore not reported in the funds		166,461
Less compensated absences and leases liability, not available for current use as they are not due and payable in the current period and are therefore not reported as liabilities in the funds		<u>(218,522)</u>
Net Position	\$	<u><u>(10,488)</u></u>

The following is a reconciliation between the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities for the fiscal year ended June 30, 2023:

Excess (deficiency) of revenues over (under) expenditures	\$	9,097
Less current year depreciation and amortization on capital assets as the Governmental Fund Statements record an expenditure at the time of purchase		(33,739)
Plus capital outlay recorded in fund level statements		3,871
Plus net change in leases liability		29,664
Plus (minus) net change in compensated absences		<u>(5,784)</u>
Change in net position	\$	<u><u>3,109</u></u>

3. Deposits and Investments

Lake-Sumter MPO participates in the pooled cash and investments fund of Lake County. Since the organization's funding is primarily from grants which are cost reimbursable, funds are advanced to Lake-Sumter MPO as needed to pay expenses. At June 30, 2023, Lake-Sumter MPO had a deficit in pooled cash of \$153,953, reported as Due to Lake County in the Governmental Funds Balance Sheet – Statement of Net Position.

Lake-Sumter Metropolitan Planning Organization

Notes to Financial Statements (continued)

3. Deposits and Investments (continued)

County funds are placed in various types of investments including interest bearing time deposits in qualified public deposits and other investments as defined in Florida Statutes. Interest earned from investments in pooled cash is allocated to each of the participating funds of the County and Lake-Sumter MPO based on the fund's average daily equity balance. The County's financial statements contain full disclosure regarding the County's deposits and investments.

4. Capital Assets

A summary of the changes in capital assets follows:

	Balance 7/1/22	Additions & Transfers	Deletions	Balance 6/30/23
Equipment	\$ 26,421	\$ 3,871	\$ -	\$ 30,292
Right to Use Leased Buildings	221,921	-	-	221,921
Less accumulated depreciation	(19,928)	(1,654)	-	(21,582)
Less accumulated amortization	(32,085)	(32,085)	-	(64,170)
Capital assets, net	<u>\$ 196,329</u>	<u>\$ (29,868)</u>	<u>\$ -</u>	<u>\$ 166,461</u>

5. Compensated Absences

The current and long-term portions of compensated absences at June 30, 2023 were \$11,107 and \$43,646, respectively. A summary of changes in compensated absences follows:

Balance at July 1, 2022	\$ 48,969
Additions	24,787
Payments	(19,003)
Balance at June 30, 2023	<u>\$ 54,753</u>

6. Employees' Retirement Plan

Florida Retirement System

All of the Lake-Sumter MPO's full-time employees participate in the State of Florida Retirement System (System), a cost-sharing, multiple-employer, public employee retirement system (PERS) administered by the State of Florida, Department of Administration, Division of Retirement.

Lake-Sumter Metropolitan Planning Organization

Notes to Financial Statements (continued)

6. Employees' Retirement Plan (continued)

The System offers a choice between a defined benefit plan (Pension Plan) and a defined contribution plan (Investment Plan). Employees also participate in the Retiree Insurance Subsidy Program (HIS Plan) which is a defined benefit plan.

The Pension Plan provides for vesting of benefits after six to eight years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 to 65 with six to eight years or more of service. Early retirement is available after six to eight years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit, where average compensation is computed based on an individual's five to eight highest years of earnings. Benefits also include a disability and survivor's benefits, as established by Florida Statutes.

The Investment Plan provides for vesting after one year of creditable service. Under this plan, the employer makes contributions to a participant's account and the participant directs where the contributions are invested among the plan's investment funds. Upon termination, vested participants receive amounts accumulated in their investment accounts.

The HIS Plan is established in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees in paying their health insurance costs. Current benefits are based on \$5 per year of service, ranging from \$30 - \$150 per month. To be eligible, retirees must provide proof of health insurance coverage, which may include Medicare.

Participating employer contributions are based upon actuarially determined statewide rates established by the State of Florida, that are expressed as percentages of annual covered payroll, and are adequate to accumulate sufficient assets to pay benefits when due. The rates applied to employee salaries for regular members and senior management were 11.91% and 31.57% for the 2023 year. The Lake-Sumter MPO's contributions to the plan for the years ended June 30, 2023, 2022, and 2021 were \$48,427, \$40,699, and \$36,679, respectively, equal to the required contributions for each year. Employee contributions were \$5,813, \$5,242, and \$5,032, for the years ended June 30, 2023, 2022, and 2021 respectively. These employer rates include HIS contribution rates of 1.66%.

MPO employees receive the same benefits as Lake County employees, including participation in the System. A liability, if any, related to the System retirement benefits is recorded in the financial statements of Lake County, Florida. The Florida Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560, or by calling (850) 488-5541.

Lake-Sumter Metropolitan Planning Organization

Notes to Financial Statements (continued)

7. Leases Liability

In February 2020, the MPO entered into a five-year lease agreement with a three-year extension for the use of office space. The initial lease liability was recorded in the amount of \$221,921 with an interest rate of 2%. As of June 30, 2023, the lease liability balance is \$163,769.

Balance at July 1, 2022	\$ 193,433
Additions	-
Payments	<u>(29,664)</u>
Balance at June 30, 2023	<u>\$ 163,769</u>

Future debt service payments at June 30 are as follows:

Fiscal Year Ending:	Total	Principal	Interest
June 2024	\$ 34,261	\$ 31,270	\$ 2,991
June 2025	35,200	32,850	2,350
June 2026	35,200	33,513	1,687
June 2027	35,200	34,190	1,010
June 2028	<u>32,266</u>	<u>31,946</u>	<u>320</u>
	<u>\$ 172,127</u>	<u>\$ 163,769</u>	<u>\$ 8,358</u>

8. Retiree Health Coverage

Employees of the Lake-Sumter MPO receive the same health benefits as Lake County employees. A liability, if any, related to these benefits is reported in the financial statements of Lake County, Florida. For a detailed plan description, see the financial statements for Lake County, Florida.

9. Risk Management

Lake-Sumter MPO is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Lake-Sumter MPO is covered for general liability, automobile, workers' compensation, property and health liabilities under Lake County's self-insured fund; amounts paid to Lake County for coverage during the year ended June 30, 2023 were \$19,793. No settlements in excess of claims have been incurred during the current or prior period.

Required Supplementary Information

Lake-Sumter Metropolitan Planning Organization

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund

Year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenue -				
Operating Grants	\$ 1,234,077	\$ 1,234,077	\$ 807,667	\$ (426,410)
Total Revenues	<u>1,234,077</u>	<u>1,234,077</u>	<u>807,667</u>	<u>(426,410)</u>
Expenditures:				
Current:				
Personal Services	295,605	295,605	290,735	4,870
Operating	904,472	904,472	436,702	467,770
Grants and Aids	5,000	5,000	5,000	-
Administrative Fee	29,000	29,000	29,000	-
Operating Reserve	10,000	10,000	-	10,000
Debt Service				
Principal	-	-	29,664	(29,664)
Interest	-	-	3,598	(3,598)
Capital Outlay	-	-	3,871	(3,871)
Total Expenditures	<u>1,244,077</u>	<u>1,244,077</u>	<u>798,570</u>	<u>445,507</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>9,097</u>	<u>19,097</u>
Fund Balance, Beginning of Year	<u>10,000</u>	<u>10,000</u>	<u>32,476</u>	<u>22,476</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,573</u>	<u>\$ 41,573</u>

See note to required supplementary information.

Lake-Sumter Metropolitan Planning Organization

Note to Required Supplementary Information

Year ended June 30, 2023

1. Summary of Significant Accounting Policies

Budgetary Process

The Board adopts an annual budget for the Lake-Sumter MPO. The budget is prepared on the modified accrual basis of accounting and on a basis consistent with accounting principles generally accepted in the United States of America.

Budget amendments are defined as major object code changes which either increase or decrease the total budget. Budget amendments must be approved by the Board. Expenditures may not exceed appropriations at the major object code level. A legally adopted budget is prepared for the General Fund.

Other Reports



Certified Public Accountants

**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 Members of the
Lake-Sumter Metropolitan Planning Organization
Leesburg, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Lake-Sumter Metropolitan Planning Organization ("Lake-Sumter MPO") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lake-Sumter MPO's basic financial statements, and have issued our report thereon dated January 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lake-Sumter MPO's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake-Sumter MPO's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake-Sumter MPO'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Honorable Members of the
Lake-Sumter Metropolitan Planning Organization

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lake-Sumter MPO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake-Sumter MPO's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
January 9, 2024



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Members of the
Lake-Sumter Metropolitan Planning Organization
Leesburg, Florida

Report on the Financial Statements

We have audited the financial statements of Lake-Sumter Metropolitan Planning Organization ("Lake-Sumter MPO") as of and for the year ended June 30, 2023, and have issued our report thereon dated January 9, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of 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*. Disclosures in that report, which is dated January 9, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Honorable Members of the
Lake-Sumter Metropolitan Planning Organization

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 Lake-Sumter MPO 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 Lake-Sumter MPO did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Additional Matters

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

Purpose of this Letter

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
January 9, 2024