

MAIN STREETS PROGRAM COMPLIANCE

Exit Conference Date: April 24, 2026

Release Date: June 9, 2026

Report No. 26-03

City of Orlando Office of Audit Services and Management Support

George J. McGowan, CPA
Director

Co-source Partner
RSM



MEMORANDUM OF TRANSMITTAL



To: Lillian Scott-Payne, Economic Development Director

From: George J. McGowan, CPA
Director, Office of Audit Services and Management Support

Dates: Exit Conference: April 24, 2026
Release: June 9, 2026

Subject: Main Streets Program Compliance Review (Report No. 26-03)

A handwritten signature in black ink, appearing to be 'GJM', written over the 'From' field.

The Office of Audit Services and Management Support, with major assistance from our co-source partner RSM, performed a compliance review of the provisions of the funding agreements between the City of Orlando and South of Downtown (“SoDo”) District and between the City of Orlando and the College Park Partnership District. These districts receive funding as part of the City’s Orlando Main Streets program. At your request, we reviewed the financial, reporting, and service-level compliance for a three (3) year period under each agreement’s right to audit clause.

Our approach included interviews and walkthroughs with City and district personnel responsible for oversight, expenditure monitoring, and financial review; an assessment of contract language to identify any areas that can be strengthened to improve accountability, clarity, and consistency; and an assessment of compliance with select terms of the contracts, including insurance requirements and service level agreements. We tested a sample of invoices paid by each for each of the contracts to validate completeness and adequacy of substantiating documentation, mathematical accuracy, adherence to cost provisions and restrictions, and timeliness of payment.

This work does not rise to the level of an audit and is considered an advisory consulting engagement under the International Standards for the Professional Practice of Internal Auditing. All information included in this report is offered for consideration by City management and has been reviewed by Business Development Division personnel who have concurred with the observations and any associated recommendations for consideration.

We appreciate the cooperation and courtesies extended by the staff of the Economic Development Department, the SoDo District, and the College Park Partnership District.

GJM

c:

The Honorable Buddy Dyer, Mayor
Jody Litchford, Deputy City Attorney
F.J. Flynn, Chief Administrative Officer
Brooke M. Rimmer-Bonnett, Deputy Chief Administrative Officer
Sherry R. Gutch, Placemaking Director
Eric Ushkowitz, Business Development Division Manager
Lisa Cuatt, Main Streets Administrator
Misty Heath, South of Downtown “SoDo” District
Amelia Harrison, College Park Partnership District



Internal Audit Report: Main Streets Program Compliance

The City of Orlando, Florida

April 24, 2026

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TRANSMITTAL LETTER

April 24, 2026

The City of Orlando
400 South Orange Ave
Orlando, FL 32801

Pursuant to our approved Statement of Work dated October 7, 2025 with the City of Orlando (“City”) and our Master Services Agreement effective January 1, 2021 we hereby present our report on Main Streets Program Compliance. We will present this report to Management and the Director of Audit Services and Management Support.

Our report is organized into the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in our internal audit over the Main Streets program.
Background	This provides an overview of the Main Streets program, as well as relevant background information.
Objectives and Approach	The internal audit objectives are expanded upon in this section, as well as a review of the various phases of our approach.
Observations Matrix	This section includes a description of the observations noted during our internal audit, recommended actions, and Management response, including the responsible party and estimated completion date.
Process Improvement Opportunity	This section includes a description of the observations noted during our internal audit and recommended actions, as well as Management’s response, including the responsible party, and estimated completion date.

We would like to thank the staff and all those involved in assisting our firm with this engagement.

Respectfully Submitted,

RSM US LLP

RSM US LLP

EXECUTIVE SUMMARY

The City of Orlando Main Streets Program Contract Compliance

Background

The City of Orlando Main Street Program is a City-administered economic development initiative that supports designated neighborhood commercial districts (“districts”) in revitalizing commerce, promoting business and job growth, and enhancing the City’s visibility. Each district operates as an independent nonprofit organization within a City-approved geographic area and is required to employ a full-time executive director and implement an annual work plan.

Districts receive funding, training, and technical assistance through contractual agreements with the City, administered by the Economic Development Department. In return, districts are required to follow the Main Street Four-Point Approach - which emphasizes organization, promotion, design, and economic vitality - and to comply with applicable contractual requirements, as well as City reporting and performance standards.

As of the date of this report, the City maintains twelve (12) active Main Street agreements. Two (2) districts (College Park and the SoDo District) were included within the scope of this audit.

Overall Summary and Highlights

Internal audits provide insight into an organization’s culture, policies, and procedures and aids the City in oversight by verifying internal controls are operating effectively, and adequately mitigating risk, and are in compliance with relevant laws, regulations, and policies.

The observations detailed in the pages that follow represent only the instances where exceptions were noted, and do not detail the instances where testing resulted in no reportable observations. For each observation, we discuss the relevant risks, which may include financial, operational, and/or compliance, as well as public perception or ‘brand’ risks.

Summary of Observation Ratings

	Low	Moderate	High
Observations	-	2	-
Improvement Opportunities		1	

Internal Audit Objectives

The objective of this internal audit was to review compliance with the established funding agreements between the City of Orlando and South of Downtown (“SoDo”) District and between the City of Orlando and the College Park Partnership District. For the prior three (3) year period, we evaluated financial, reporting, and service-level compliance with the two (2) district contracts in scope in accordance with each agreement’s right to audit clause. Our approach included, but was not limited to, the following:

- Obtained and reviewed all agreements, policies, and procedures, governing the SoDo and College Park districts.
- Conducted interviews and walkthroughs with City and district personnel responsible for oversight, expenditure monitoring, and financial review.
- Assessed contract language to identify any areas that can be strengthened to improve accountability, clarity, and consistency.
- Assessed compliance with select terms of each of the two (2) contracts, including insurance requirements and service level agreements.
- Tested a sample of invoices for each of the in-scope contracts to validate completeness and adequacy of substantiating documentation, mathematical accuracy, adherence to cost provisions and restrictions, and timeliness of payment.
- Determined if performance under the contract was properly verified or monitored prior to payment disbursement, and expenditures were recorded in a manner consistent with agreement obligations.

At the conclusion of this review, we summarized our findings into this written report and conducted exit conferences with district and City management. Our audit period was January 1, 2023, through December 31, 2025.

Our fieldwork was performed December 2025 through March 2026.

We would like to thank all district and City team members who assisted us throughout this internal audit.

EXECUTIVE SUMMARY (CONTINUED)

Observations Summary

Below is a summary listing of the observations that were identified during this internal audit. Detailed observations are included in the observations matrix section of the report. Definitions of the rating scale are included below. In addition, a process improvement opportunity has been provided following the detailed observations section. Process improvement opportunities do not constitute reportable observations and therefore do not have a corresponding risk rating.

Summary of Observations	
Observations	Rating
1. Invoice Documentation and Review	Moderate
2. Clarity of Contract Terms	Moderate
Process Improvement Opportunities	
Funding General Ledger Accounting	

Risk Rating Definitions

Provided below are the observation risk rating definitions for the detailed observations.

Observation Risk Rating Definitions	
Rating	Definition
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.

BACKGROUND

Overview

The Orlando City Main Street Program is an economic and community development initiative established in 2008 by the City of Orlando to support the formation, operation, and long-term management of neighborhood commercial districts. The program was authorized by the Mayor and the Orlando City Council for the purpose of strengthening commercial corridors through structured financial assistance, technical support, and district-level organizational requirements.

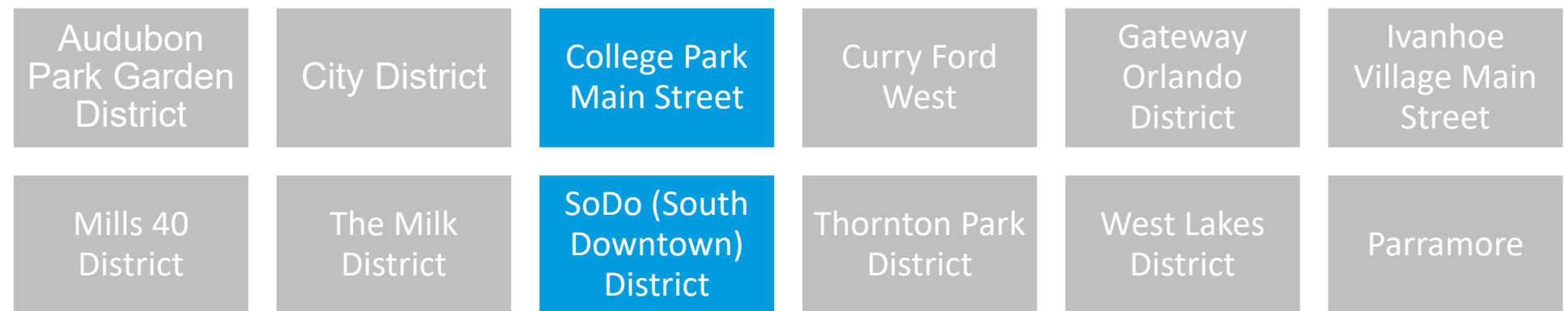
The program operates within the framework of the National Main Street Center's Main Street Initiative, which emphasizes the development and revitalization of older and historic commercial districts. Orlando's implementation follows the Main Street Four-Point Approach, which emphasizes organization, design, economic vitality, and promotion. This methodology guides both the City's oversight and each district's operational planning.

Districts are selected through an application process, after which each district is required to establish itself as an independent nonprofit organization. Each nonprofit must hire a full-time executive director, form a board of directors, develop an annual work plan, and raise matching financial contributions in accordance with program guidelines. These requirements are intended to support consistent administrative capacity across districts and establish accountability for program implementation.

The Orlando City Main Street Program operates in coordination with Main Street America, a national network focused on preservation-based economic development. Orlando districts receive training and technical assistance aligned with national standards, and district participation places Orlando within a broader network of U.S. communities using similar revitalization frameworks.

The Main Street America national accreditation standards establish a framework for evaluating local Main Street programs based on governance, organizational capacity, sustainable funding, iconic development, and community impact. Programs are assessed annually through a self-evaluation process that emphasizes ongoing training, access to technical assistance, and the reporting of high-level performance and impact metrics. These national standards focus on program effectiveness rather than prescribing financial or transactional reporting requirements, which may be further defined in individual, local contracts.

The Orlando City Main Street Program functions as a city-supported but district-operated system for commercial corridor management. The program establishes standardized expectations for district governance, funding, planning, and reporting. Districts manage revitalization and programming efforts within their designated target areas, while the City provides financial support, training, and technical oversight. The program's structure aligns with national Main Street methodologies and focuses on district-level economic development activities intended to support the ongoing stability and functionality of Orlando's neighborhood commercial areas. There are twelve (12) Main Street districts contracting with the City. While there are twelve (12) districts with contractual agreements with the City, our scope was limited to evaluation of two (2) district agreements. These two (2) districts included the College Park Main Street District and the South Downtown District ("SoDo").



BACKGROUND (CONTINUED)

District Agreements

Economic Vitality Support - Matching Funds

Each Main Street district executes an annual agreement with the City, which establishes the terms under which the District participates in the City's Orlando Main Streets ("OMS") Program and receives City funding and technical support to promote economic vitality within its designated target area. Under these agreements, the City provides between \$30,000 and \$60,000 in matching funds (depending on the agreement), disbursed quarterly and contingent upon the District raising matching funds. The District must submit required financial and programmatic documentation, and is responsible for maintaining OMS accreditation standards and complying with all contract requirements. The District is required to employ a full-time Executive Director, follow the Main Street four-point approach, implement annual work plans, maintain required committees, submit quarterly and annual reports, comply with City policies (including those related to social media, nondiscrimination, and insurance requirements), and must restrict the use of City funds to the approved target area. The agreement also grants the City monitoring and audit rights, establishes conditions under which payments may be withheld, and allows the City to impose corrective actions or terminate the agreement for noncompliance or funding non-appropriation.

The allowable uses of City funding for District usage include:

- Employing and compensating a full-time Executive Director.
- Carrying out activities consistent with the Main Street Four-Point Approach (organization, promotion, design, and economic vitality).
- Implementing the District's annual work plan.
- Conducting District marketing and promotional efforts.
- Hosting community and business engagement activities.
- Covering reasonable administrative and operating expenses that directly support OMS program participation and accreditation.

All expenditures must align with the mission of the OMS Program, be properly documented, and be reported through the required quarterly and annual reporting processes. Prior to FY2026, under the City agreement, districts received advanced funding that could then be used for any of the allowable activities defined in the contract. However, the FY2026 Main Street agreement has been amended, and districts will receive City funding on a reimbursement basis.

Beautification Funds

In addition to the matching program funds, the annual district agreement authorizes up to \$10,000 in separate beautification and public improvement funds, which are provided strictly on a reimbursement basis and are not subject to matching requirements. These funds may only be used for City-approved physical improvements and beautification projects within the target area, such as banners and banner hardware, landscaping and irrigation, sidewalk and concrete repairs, graffiti removal, pressure washing, tree work, planters, public amenities (e.g., benches and trash receptacles), historic signage, holiday decorations, special event cleanup, and similar District enhancement activities, including projects responding to COVID-19 or other declared public emergencies.

BACKGROUND (CONTINUED)

SoDo

The SoDo District is a neighborhood commercial district located immediately south of Downtown Orlando, generally centered along South Orange Avenue and extending into surrounding residential and mixed-use areas. The District encompasses a defined, City-approved target area that includes local businesses, corridors, and public spaces intended to function as a cohesive neighborhood destination. SoDo is registered as a Florida not-for-profit organization and serves as the locally based entity responsible for coordinating revitalization, promotion, and economic development activities within this portion of the City. SoDo supports the economic vitality and livability of the District by working with local businesses, property owners, residents, and City staff. Core activities include District marketing and branding, business engagement and support, community events, placemaking and beautification projects, and coordination of public improvements within the target area.

The relationship between the City and the SoDo District is defined through an annual funding and participation agreement under the Orlando Main Street (“OMS”) Program, which must adhere to the requirements and framework as defined on page 4. In addition, the SoDo District maintains a separate annual funding agreement with the Downtown South Neighborhood Improvement District (“DSNID”). DSNID is a dependent special district and local government entity created by City of Orlando Ordinance No. 2011-28, pursuant to Chapter 163, Florida Statutes (“the Safe Neighborhoods Act”), and codified in Chapter 40 of the Orlando City Code. As a dependent special district, DSNID is part of the City’s governmental structure and is subject to applicable public-sector budgeting, oversight, and accountability requirements under Chapters 189 and 200, Florida Statutes.

NID Operational Funds

In addition to the Orlando Main Street (“OMS”) Program agreement, SoDo maintains a separate agreement with DSNID that governs DSNID’s financial support for activities conducted within the District (the Neighborhood Improvement District, or “NID,” agreement). The agreement supports implementation of DSNID’s adopted Safe Neighborhood Improvement Plan through Main Street–style programming, including District branding, marketing, promotion, and community engagement. Under the agreement, DSNID may provide up to \$30,000 in funding per fiscal year, paid in two installments of \$15,000, subject to compliance with the agreement terms and applicable performance standards.

These performance standards require SoDo to maintain an operational presence within the District and to carry out specified economic development, design, promotion, and community-focused activities. Allowable uses of DSNID funds are intended to support economic vitality, District design and beautification, marketing and branding, and community engagement. Examples include business support initiatives such as networking events, business-of-the-month programs, professional development activities, and efforts to increase commercial activity, as well as placemaking and historic preservation initiatives such as public art, murals, utility box artwork, banner repairs or replacements, and other visual improvements.

The agreement also includes defined reporting, monitoring, and recordkeeping requirements, including quarterly progress and financial reports and a final year-end report. DSNID retains the right to monitor program operations and inspect and audit financial records, with audit rights extending beyond the contract term. While DSNIC is a dependent government entity created by the City, the NID funding is separate from, and in addition to, the City of Orlando’s Main Street District agreement.



Public improvement and beautification projects



Branding, marketing and promotion of the District



District Events



Projects or events that promote the District, support arts and cultural opportunities, and encourage community engagement

BACKGROUND (CONTINUED)

College Park

The College Park Main Street (“College Park”) District is a designated neighborhood commercial district located immediately north of Downtown Orlando, primarily along the Edgewater Drive corridor, within the larger College Park neighborhood. The District’s geographic boundaries are formally recognized by the City and fall within a defined target area established for focused commercial and economic development activities under the City’s Orlando Main Streets Program.

The District is registered as a Florida not-for-profit organization and, as a participating District, College Park functions in accordance with the national Main Street America framework, which emphasizes organization, promotion, design, and economic vitality as the primary components of District operations. The organization is responsible for coordinating programs and activities intended to support small businesses, enhance the commercial corridor, and maintain compliance with City and national Main Street program requirements.

College Park’s activities generally include District marketing and branding, coordination of community and special events, business engagement and support efforts, and facilitation of physical improvements and beautification projects within the approved target area. The organization serves as the primary point of coordination between local businesses, property owners, and the City of Orlando for Main Street–related initiatives, while the City provides program oversight, funding support, and technical assistance through its Economic Development Department. The District funding arrangement with the City does not include NID funding, however it is the full recipient of the Main Street agreement and accompanying beautification grant funding structure.

In Scope Funding Summary

The total funding provided by the City to the SoDo and College Park Districts are summarized below:

SoDo			College Park	
\$60,000 Economic Vitality Support	\$10,000 Beautification Funding	\$30,000 NID Operational Funding	\$60,000 Economic Vitality Support	\$10,000 Beautification Funding
Example District Expenditures: <ul style="list-style-type: none"> Squeeze of the Month spotlight program Business member development Historic preservation activities Support bike initiatives Technology to drive growth Initiatives to increase foot traffic 	Example District Expenditures: <ul style="list-style-type: none"> Asset replacement (trash cans, recycle bins, benches, banner brackets) Assistance with city fees (permitting, rental) Banner installs/removals/replacements Concrete/sidewalk repairs Graffiti removal Landscaping services 	Example District Expenditures: <ul style="list-style-type: none"> Local art projects & artist engagement Maintain existing installations including Sodo Plaza projection initiative Print publications Media advertising to increase District visibility Sponsor SoDo District signature events such as Light Up SoDo and SoDo After Dark 	Example District Expenditures: <ul style="list-style-type: none"> Support District Operations Implementing revitalization activities Increase foot traffic to main street events 	Example District Expenditures: <ul style="list-style-type: none"> Asset replacement (trash cans, recycle bins, benches, banner brackets) Assistance with city fees (permitting, rental) Banner installs/removals/replacements Concrete/sidewalk repairs Graffiti removal Landscaping services

OBJECTIVES AND APPROACH

Objective

The primary objective of this engagement was to review compliance with the established funding agreements between the City of Orlando and South of Downtown (“SoDo”) District and between the City of Orlando and the College Park Partnership District. We reviewed and documented the current agreements and evaluated compliance with financial, expenditure, and reporting requirements outlined in their respective agreements with the City for the prior three (3) year period in accordance with each agreement’s right to audit clause. Our procedures included reviewing District financial records and quarterly reporting for accuracy, consistency, and alignment with applicable funding and expenditure guidelines. Our audit period was January 1, 2023, through December 31, 2025.

Approach

Our audit approach consisted of the following phases:

Understanding and Documentation of the Process

This phase consisted primarily of inquiry and walkthroughs to obtain an understanding of the current operating policies and procedures, monitoring functions, and control structures as they relate to the processes within our scope. The following were performed as part of this phase:

- Obtained and reviewed all agreements, policies, and procedures governing the SoDo and College Park Districts. This included current agreements and all applicable contract requirements.
- Conducted interviews and walkthroughs with key personnel to obtain a detailed understanding of applicable policies and procedures, and roles/responsibilities related to the processes within the scope. Gained an understanding of procedures as they relate to the processes within scope.
- Developed a work plan to evaluate the operating effectiveness of key processes and controls based on the information obtained through interviews, walkthroughs, and preliminary review of documentation.

Evaluation of the Process and Controls Design and Testing of Operating Effectiveness

The purpose of this phase was to evaluate the design of key processes and controls and test compliance and internal controls for operating effectiveness based on our understanding of the processes obtained during the first phase. We utilized sampling and other auditing techniques to meet our audit objectives outlined above.

Our testing procedures included, but were not limited to:

- Reviewed all policies and procedures provided by the District(s) to determine whether they are consistent with the terms and conditions of the agreement.
- Evaluated whether contract language should be strengthened to improve accountability, reporting consistency, and enforceability.
- Assessed the City’s process and controls relevant to identifying unique contract risks and ability to develop procedures to mitigate identified risks.
- Assessed overall internal controls and oversight practices to identify gaps or risks related to financial reporting, reimbursement, or compliance monitoring.
- On a sample basis, we performed detailed testing using District financial records, City financial records, and quarterly reports to assess compliance with the agreement through the following:
 - Evaluated whether District expenditures were made in accordance with the terms and conditions outlined in the agreement with the City.
 - Reviewed supporting documentation for a sample of expenditures to verify compliance with allowable cost provisions and restrictions.
 - Assessed adherence to reporting, reimbursement, and performance requirements established by the agreement.
 - Verified that expenditures were approved, recorded, and reported, in a manner consistent with agreement obligations.
 - Evaluated the accuracy and completeness of reported amounts and supporting documentation as required by the agreements including, but not limited to purchasing/expenditure documents, invoices, and payment records, and evaluated whether costs were charged to the appropriate general ledger account and were properly included or excluded from the quarterly financial reports in the proper period.

Reporting

At the conclusion of this internal audit, we summarized our findings into this report. We have reviewed the results with the appropriate Management personnel and have incorporated Management responses into this report.

OBSERVATIONS MATRIX

Observation	1. Invoice Documentation and Review															
Moderate	<p>During our review, we identified instances in which invoice documentation for certain Main Street Program expenditures was not sufficiently detailed to support reported costs, or was not retained. We also identified opportunities to strengthen the invoice reporting and review process.</p> <p><u>Invoice Requirements and Documentation</u> The Main Streets Program agreements state that, “the district shall have financial policies in place for its staff that at a minimum include requiring documentation for all costs and expenses with receipts, invoices, and expense reports.”. While financial policies are in place for both SoDo and College Park, but there are not specific policies surrounding the management and support required for retention as it relates to main street expenditures. These policies describe expenditure support for general financial management and company card expenditures, but do not fully articulate support required for other funding sources.</p> <p>Supporting documentation is necessary to confirm costs are allowable, accurate, and incurred in accordance with the terms of the agreement. Complete and detailed invoice documentation is a key internal control that supports transparency, accountability, and compliance with City funding requirements.</p> <p>During our testing of source documents, we identified nineteen (19) samples in which invoices or receipts were either missing or lacked sufficient detail to verify the purpose of the expenditure. In these instances, available documentation did not clearly describe the services performed or items purchased, limiting the ability to verify that costs were directly related to approved program activities.</p> <table border="1" data-bbox="369 802 1969 997"> <thead> <tr> <th data-bbox="369 802 854 865">District</th> <th data-bbox="854 802 1230 865">Economic Vitality Fund</th> <th data-bbox="1230 802 1598 865">Beautification Fund</th> <th data-bbox="1598 802 1969 865">NID Agreement Fund</th> </tr> </thead> <tbody> <tr> <td data-bbox="369 865 854 930">SoDo</td> <td data-bbox="854 865 1230 930">1 out of 10</td> <td data-bbox="1230 865 1598 930">9 out of 10</td> <td data-bbox="1598 865 1969 930">4 out of 10</td> </tr> <tr> <td data-bbox="369 930 854 997">College Park</td> <td data-bbox="854 930 1230 997">5 out of 20</td> <td data-bbox="1230 930 1598 997">0 out of 10</td> <td data-bbox="1598 930 1969 997">N/A</td> </tr> </tbody> </table> <p><u>Invoice Reporting and Review Process</u> Although districts are required to submit quarterly financial reporting to the City summarizing funding activity, we noted that the reporting and review process could be strengthened. The agreements do not require districts to submit detailed, transaction-level expenditure support as part of quarterly reporting, relying instead on high-level financial summaries. The quarterly reports identify City funding, but do not indicate how those funds were deployed in detail, limiting the ability to effectively and timely review expenditures for allowability. As a result, questions related to individual expenditures and supporting documentation may not be identified or resolved in a timely manner. Should expenditures be insufficiently supported or unallowable, it may remain unaddressed until a detailed review is performed at the discretion of the City.</p>				District	Economic Vitality Fund	Beautification Fund	NID Agreement Fund	SoDo	1 out of 10	9 out of 10	4 out of 10	College Park	5 out of 20	0 out of 10	N/A
District	Economic Vitality Fund	Beautification Fund	NID Agreement Fund													
SoDo	1 out of 10	9 out of 10	4 out of 10													
College Park	5 out of 20	0 out of 10	N/A													

OBSERVATIONS MATRIX (CONTINUED)

Observation	1. Invoice Documentation and Review (Continued)
Recommendation	<p>The following is recommended:</p> <ul style="list-style-type: none"> Amend Main Street agreements to define minimum invoice documentation and review requirements. Specifically, the City should require districts to retain and submit complete, transaction-level invoice documentation that clearly describes the nature, purpose, and program relevance of each expenditure, sufficient to independently verify allowability in accordance with executed agreements. The City should also establish standardized documentation standards (e.g., required invoice elements, acceptable descriptions, and retention expectations) and communicate these requirements consistently to all participating districts. Enhance quarterly reporting and monitoring processes. Once quarterly reports are received by each district, staff should assess the completeness and sufficiency of supporting documentation, identify any documentation deficiencies, and promote timely resolution of questions related to individual expenditures. Consideration should be given to require transaction-level detail or sample-based supporting documentation as part of quarterly reporting to supplement high-level financial summaries. Based on discussion with City staff, we understand funding agreements have been amended for the next fiscal year to a reimbursement-basis, which may assist in confirming allowability and appropriateness of expenditures on a timely basis.
Management Action Plan	<p>Response: Management will perform the following:</p> <ul style="list-style-type: none"> Measurable Performance is evaluated on an annual basis through the National Main Street Assessment/Accreditation Update the OMS agreements that, during any Executive Director vacancy, the Board Chair and Treasurer are responsible for ensuring that quarterly financial reports are completed and submitted in accordance with all reporting requirements. The \$60,000 City funding allocation must be reported as a separate line item on all financial statements and Profit and Loss reports. All direct expenses funded through this allocation shall be separately identified and tracked to provide clear documentation of the use of City funds. The annual \$10,000 City Beautification Fund allocation must be reported as a separate line item on all financial statements and Profit and Loss reports. Any beautification project utilizing these funds must receive prior approval from the Orlando Main Street Administrator before expenditures are incurred or work begins. <p>Responsible Party: Economic Development Department</p> <p>Estimated Completion Date: FY2027</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	2. Clarity of Contract Terms
Moderate	<p>The FY2025 Main Street funding agreement between the City and each district establishes general program, reporting, and compliance requirements; however, several areas of the contract language could be strengthened to improve clarity, enforceability, and consistency of oversight. Specifically, the agreement presents the following opportunities for enhancement:</p> <p><u>Neighborhood Improvement District “NID” Agreement</u></p> <ul style="list-style-type: none"> Allowable and prohibited expenditures are not clearly defined. General fund usage is described as, “<i>The promotion of economic vitality within the district’s Target Area</i>”, but specific guidance for districts to determine how funding can be used is not included in the agreement itself. <p><u>All Funding Agreements</u></p> <ul style="list-style-type: none"> While the agreements require districts to “<i>have financial policies in place for its staff that at a minimum include requiring documentation for all costs and expenses with receipts, invoices, and expense reports.</i>”, language could be added to further define what supporting documentation is required for different types of expenditures. For example, costs related to labor may require timesheets, activity logs, or payroll registers. Costs related to third party vendors may require bank statements, invoices, and itemized receipts. Without clearly defining documentation standards, expectations may not be uniformly understood, and reliance is placed on verbal or informal explanations (also see Observation 1). Performance expectations are not clearly measurable. The agreement references general participation in the Main Street Four-Point Approach, accreditation goals, and the objective “<i>to brand, market and promote the District and its efforts to bring the entire District, businesses and residents, together.</i>” However, minimum deliverables, outputs, or success metrics are not defined. Should there be a vacancy at the District Executive Director level, there is limited language describing who assumes responsibility and primary decision-making obligations (beyond the requirement to fill the position within 120 days). Nonperformance standards and enforcement steps are not clearly defined, limiting guidance on how and when deficiencies should be addressed before escalating to probation or termination. Allowable and prohibited uses of funds are not articulated outside of the beautification exhibit, which may lead to inconsistent interpretation of permissible expenditures. Oversight of subrecipients and contractors is limited, as the agreement states “<i>If the district provides any or all of the Funds to sub recipients, then the district shall include in written agreements with such sub recipients a requirement that records of the sub recipient be open to inspection and audit by the City or by the City’s designee to the same extent as those of the district.</i>” It does not explicitly require City approval or notification before funds are passed through to third parties. Conflict-of-interest disclosure requirements are limited, stating “<i>By executing this Agreement, the district certifies that no officer or employee of the City, nor their spouse or child, serves as an officer, partner, director or proprietor of, nor has a material interest in, the district.</i>” However, there are no explicit requirements for periodic board or officer disclosures beyond initial certifications. <p>Without clear and detailed contract language, the City may have limited ability to objectively assess performance, consistently enforce compliance requirements, and promptly address deficiencies. These gaps increase the risk of inconsistent contract administration, delayed corrective action, disputes regarding funding eligibility, and reduced transparency over the use of public funds.</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	2. Clarity of Contract Terms (Continued)
<p>Recommendation</p>	<p>The following is recommended:</p> <ul style="list-style-type: none"> • Revise and standardize its Main Street and NID funding agreements to strengthen clarity, enforceability, and consistency of oversight. Specifically, the City should consider: • Define measurable performance expectations, including minimum deliverables, timelines, and success metrics tied to funding eligibility. • Establish continuity and interim management requirements during Executive Director vacancies. • Clearly articulating allowable and unallowable uses of funds across all agreements, including non-beautification expenditures. • Formalize nonperformance procedures, escalation steps, and enforcement actions to guide consistent remediation of deficiencies. • Enhance financial reporting, record retention, and audit provisions by specifying documentation standards, reconciliation and certification requirements, subrecipient oversight expectations, and periodic conflict-of-interest disclosures.
<p>Management Action Plan</p>	<p>Response: Management will perform the following:</p> <ul style="list-style-type: none"> • Beginning in Fiscal Year 2025-2026, So Do is required to submit paid invoices and receipts to support all reimbursement requests under NID documentation requirements. All projects must be reviewed and approved by NID staff prior to the commencement of any work or incurrence of related expenses. • Prior approval from the Orlando Main Street Administrator is required before a district may engage any third party to manage, administer, or oversee projects funded, in whole or in part, by City funds or City grants. • Ensure that Conflict of Interest forms are signed and maintained on file for all applicable board members and staff in accordance with organizational policies and requirements. <p>Responsible Party: Economic Development Department</p> <p>Estimated Completion Date: FY2027</p>


PROCESS IMPROVEMENT OPPORTUNITY

1. Funding General Ledger Accounting

Currently, Main Street districts receive funding from the City through annual participation and program agreements; however, these City funds are not consistently segregated within the districts' accounting records. In practice, City funding is often deposited into general operating accounts and expenditures are recorded without the use of separate fund codes, restricted classes, or distinct accounting codes to identify when City dollars are used. As a result, there is no centralized or readily available accounting record that clearly distinguishes City-funded transactions from those supported by other revenue sources.

This practice makes it difficult to generate a complete and reliable listing of expenditures funded by the City and limits the City's ability to efficiently verify compliance with contract terms, allowable use requirements, and funding restrictions. The lack of accounting segregation also increases the risk of inconsistent interpretation of funding eligibility, delays during reimbursement or monitoring reviews, and additional effort during audits or oversight activities to manually reconstruct City-funded expenditures from commingled records.

To strengthen financial transparency and oversight, participating districts should consider segregating revenue streams within their accounting systems. Establishing separate funds, restricted classes, or unique general ledger codes can assist in streamlined reporting, reconciliations, and traceability of transactions and revenues received. We recommend the city encourage participating districts to adopt designated accounting fund and project codes for tracking of main street revenues of expenditures in order to facilitate more streamlined and consolidated tracking and reporting on an ongoing basis.



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