

CITY OF GAINESVILLE, FLORIDA
COMMUNITY REDEVELOPMENT
AGENCY

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Gainesville, Florida

We have audited the accompanying special purpose balance sheet and statement of revenues, expenditures and changes in fund balances of the Community Redevelopment Agency (CRA), a blended component unit of the City of Gainesville, Florida (the City) as of and for the year ended September 30, 2012. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements were prepared to facilitate the independent audit requirements contained in Section 163.387(8), Florida Statutes, as described in Note 1, and are not intended to be a complete presentation of the City's financial activity.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the City's CRA at September 30, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Honorable Mayor, City Commissioners and management of the City, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram LLC

March 22, 2013
Gainesville, Florida

Balance Sheet
City of Gainesville, Florida
Community Redevelopment Agency
September 30, 2012

| <u>ASSETS</u> | COMMUNITY REDEVELOPMENT AGENCY OPERATING FUND | DOWNTOWN REDEVELOPMENT TAX INCREMENT FUND | FIFTH AVENUE TAX INCREMENT FUND | COLLEGE PARK TAX INCREMENT FUND | EASTSIDE TAX INCREMENT FUND | TOTAL |
|---|---|---|---|---|--------------------------------------|----------------------------|
| Equity in Pooled Cash | \$ 240,942 | \$ 2,277,581 | \$ 751,088 | \$ 7,943,177 | \$ 1,437,484 | \$12,650,272 |
| Receivables | 2,430 | 8,369 | 1,390 | - | 1,823 | 14,012 |
| Assets Held for Resale | - | - | 189,823 | - | - | 189,823 |
| TOTAL ASSETS | <u>\$ 243,372</u> | <u>\$ 2,285,950</u> | <u>\$ 942,301</u> | <u>\$ 7,943,177</u> | <u>\$ 1,439,307</u> | <u>\$12,854,107</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 35,649 | \$ 15,206 | \$ 34,157 | \$ 186,509 | \$ 1,642 | \$ 273,163 |
| Advances from General Fund | 3,211,606 | - | - | - | - | 3,211,606 |
| Deferred Revenue | - | - | 1,390 | - | - | 1,390 |
| TOTAL LIABILITIES | <u>3,247,255</u> | <u>15,206</u> | <u>35,547</u> | <u>186,509</u> | <u>1,642</u> | <u>3,486,159</u> |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted for: Capital Project Purposes | - | 2,270,744 | 906,754 | 7,756,668 | 1,437,665 | 12,371,831 |
| Unassigned | (3,003,883) | - | - | - | - | (3,003,883) |
| TOTAL FUND BALANCES | <u>(3,003,883)</u> | <u>2,270,744</u> | <u>906,754</u> | <u>7,756,668</u> | <u>1,437,665</u> | <u>9,367,948</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 243,372</u> | <u>\$ 2,285,950</u> | <u>\$ 942,301</u> | <u>\$ 7,943,177</u> | <u>\$ 1,439,307</u> | <u>\$12,854,107</u> |

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
City of Gainesville, Florida
Community Redevelopment Agency
For the Year Ended September 30, 2012

| | COMMUNITY REDEVELOPMENT AGENCY OPERATING FUND | DOWNTOWN REDEVELOPMENT TAX INCREMENT FUND | FIFTH AVENUE TAX INCREMENT FUND | COLLEGE PARK TAX INCREMENT FUND | EASTSIDE TAX INCREMENT FUND | TOTAL |
|---|---|---|---|---|--------------------------------------|---------------------|
| <u>REVENUES</u> | | | | | | |
| Property Taxes | \$ - | \$ 1,087,350 | \$ 360,305 | \$ 1,856,026 | \$ 401,761 | \$ 3,705,442 |
| Rental Income | - | 10,582 | - | - | - | 10,582 |
| Gain on Investments | 2,995 | 55,286 | 18,237 | 192,707 | 32,752 | 301,977 |
| Model Home Sale | - | - | 112,577 | - | - | 112,577 |
| TOTAL REVENUES | 2,995 | 1,153,218 | 491,119 | 2,048,733 | 434,513 | 4,130,578 |
| <u>EXPENDITURES</u> | | | | | | |
| Clerk of Commission | 21,483 | - | - | - | - | 21,483 |
| City Attorney | 61,787 | - | - | - | - | 61,787 |
| Downtown Redevelopment Administration | 302,215 | - | - | - | - | 302,215 |
| Fifth Avenue Administration | 153,816 | - | - | - | - | 153,816 |
| College Park Administration | 582,279 | - | - | - | - | 582,279 |
| Eastside Administration | 145,366 | - | - | - | - | 145,366 |
| Downtown Redevelopment Projects | - | 941,216 | - | - | - | 941,216 |
| Fifth Avenue Projects | - | - | 393,857 | - | - | 393,857 |
| College Park Projects | - | - | - | 2,323,499 | - | 2,323,499 |
| Eastside Projects | - | - | - | - | 106,947 | 106,947 |
| TOTAL EXPENDITURES | 1,266,946 | 941,216 | 393,857 | 2,323,499 | 106,947 | 5,032,465 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (1,263,951) | 212,002 | 97,262 | (274,766) | 327,566 | (901,887) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | | |
| Transfers In | 1,724,674 | 841,092 | 464,223 | 1,026,784 | 227,006 | 4,283,779 |
| Transfers Out | (509,062) | (493,166) | (280,964) | (779,985) | (170,559) | (2,233,736) |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,215,612 | 347,926 | 183,259 | 246,799 | 56,447 | 2,050,043 |
| NET CHANGE IN FUND BALANCES | (48,339) | 559,928 | 280,521 | (27,967) | 384,013 | 1,148,156 |
| FUND BALANCES, OCTOBER 1 | (2,955,544) | 1,710,816 | 626,233 | 7,784,635 | 1,053,652 | 8,219,792 |
| FUND BALANCES, SEPTEMBER 30 | \$ (3,003,883) | \$ 2,270,744 | \$ 906,754 | \$ 7,756,668 | \$ 1,437,665 | \$ 9,367,948 |

See accompanying notes.

Notes to Financial Statements
City of Gainesville, Florida
Community Redevelopment Agency
September 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A legally separate entity, the Community Redevelopment Agency (CRA) was created by ordinance of the City to carry out community redevelopment within the City of Gainesville under Chapter 163 of the Florida Statutes. The City Commission sits as the governing board of this organization and approves its budget. In the City's comprehensive annual financial report, the CRA is reported as a blended component unit of the City because the City Commission is its governing body and because of the existence of a financial benefit/burden relationship.

Basis of Presentation

The CRA's operating fund and four Tax Increment District project funds are reported as separate governmental funds. The accompanying financial statements are special purpose financial statements. They have been prepared to facilitate the requirement for an independent audit of the City's CRA funds and, accordingly, result in an incomplete presentation of the City's financial activity that is otherwise in conformity with generally accepted accounting principles. The accompanying financial statements include only those five funds and do not purport to, and do not, constitute a complete presentation of the City's financial activity.

Measurement Focus/Basis of Accounting

The CRA funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

The CRA funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Fund Balance

The CRA follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Notes to Financial Statements
City of Gainesville, Florida
Community Redevelopment Agency
September 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The fund balances of the tax increment funds are classified as *restricted* pursuant to the provisions of GASB Statement No. 54. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

The City's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

NOTE 2 – ADVANCES FROM GENERAL FUND

The advances resulted from various promissory notes between the City and the CRA, for various projects within the four CRA districts. A description of each note is listed below:

\$60,000 Arlington Square Apartments Phase III, Downtown Promissory Note – 6.5% fixed annual interest rate. In August 1998, a promissory note was executed to be repaid from tax increment proceeds. In September 2002, the note was amended to specify that repayment will be from tax increment proceeds from the redevelopment of specific parcels. The final repayment is scheduled for July 2013.

\$836,900 Commerce Building/AMJ Project, Downtown Promissory Note – 1.05% to 4.28% fixed annual interest rate. In September 1999, a promissory note was executed to be repaid from tax increment proceeds associated with the Commerce Building project. In July 2004, the note was amended to specify that repayment will be from all tax increment proceeds from the Downtown Redevelopment Area. The final repayment is scheduled for January 2020.

\$434,955 The Lofts (Old Stringfellow) – 609 West University Avenue, College Park Promissory Note – 1.57% to 4.96% fixed annual interest rate. In April 2001, a promissory note was executed to be repaid from tax increment proceeds. In October 2004, the note was amended for the redevelopment of the area known as The Lofts. The final repayment is scheduled for November 2024.

\$650,000 Fifth Avenue/Pleasant Street Projects, Fifth Avenue/Pleasant Street Promissory Note – 6.72% fixed annual interest rate. In April 2002, a promissory note was executed to be repaid from tax increment proceeds. The final repayment is scheduled for July 2022.

\$1,400,600 Courthouse Parking Facility Project, Downtown Promissory Note – 6.72% fixed annual interest rate. In April 2002, a promissory note was executed to be repaid from tax increment proceeds. The final repayment is scheduled for July 2024.

**Notes to Financial Statements
City of Gainesville, Florida
Community Redevelopment Agency
September 30, 2012**

NOTE 2 – ADVANCES FROM GENERAL FUND

\$300,000 Eastside District Redevelopment Trust Promissory Note – 4.5% to 6.2% fixed annual interest rate. In May 2005, a promissory note was executed to be repaid from tax increment proceeds. The final repayment is scheduled for July 2025.

\$800,000 College Park/2nd Avenue Redevelopment Trust, College Park Promissory Note – 4.5% to 6.2% fixed annual interest rate. In May 2005, a promissory note was executed to be repaid from tax increment proceeds. The final repayment is scheduled for July 2025.

\$355,165 Loan Advance for Construction of Model Homes – 3.0% fixed annual interest rate. In December 2011, the City established a construction line-of-credit for the construction of model block homes in the 5th Avenue Tax Increment District of the CRA. The CRA draws down on the line-of-credit to reimburse contractors for the construction cost of the model homes. Principal payment along with accrued interest is paid back to the City from the sale proceeds of the home at closing.

Following is the repayment schedule of advances from the City's General Fund to the CRA:

| Year ending September 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|---------------------|-------------------|---------------------|
| 2013 | \$ 407,355 | \$ 136,944 | \$ 544,299 |
| 2014 | 226,979 | 124,120 | 351,099 |
| 2015 | 235,599 | 114,708 | 350,307 |
| 2016 | 246,392 | 104,872 | 351,264 |
| 2017 | 255,096 | 94,267 | 349,363 |
| 2018-2022 | 1,316,069 | 291,783 | 1,607,852 |
| 2023-2025 | <u>524,116</u> | <u>41,421</u> | <u>565,537</u> |
| Total | <u>\$ 3,211,606</u> | <u>\$ 908,115</u> | <u>\$ 4,119,721</u> |

**Notes to Financial Statements
City of Gainesville, Florida
Community Redevelopment Agency
September 30, 2012**

NOTE 3 – ENCUMBRANCES

Encumbrances for various projects of the tax increment funds as of September 30, 2012 are detailed as follows:

| | Downtown Redevelopment Tax Increment Fund | 5th Avenue Tax Increment Fund | College Park Tax Increment Fund | Eastside Tax Increment Fund | Totals |
|------------------------------|--|--|---------------------------------------|--------------------------------------|---------------------|
| Depot Building Rehab | \$ 125,829 | \$ - | \$ - | \$ - | \$ 125,829 |
| Model Block Homes | - | 99,354 | - | - | 99,354 |
| Finance Programs | - | 233 | 1,604 | 321 | 2,158 |
| CPUH Maintenance | - | - | 557 | - | 557 |
| Depot Rail Trail | - | - | 535,175 | - | 535,175 |
| Primary Corridors-SW 13th St | - | - | 241,135 | - | 241,135 |
| SW 12th Street Lighting | - | - | 11,709 | - | 11,709 |
| Totals | \$ 125,829 | \$ 99,587 | \$ 790,180 | \$ 321 | \$ 1,015,917 |