

City of Gainesville, Florida  
Community Redevelopment  
Agency

Financial Statements and Independent  
Auditor's Report

September 30, 2013

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
BALANCE SHEET	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	4
NOTES TO FINANCIAL STATEMENTS	5



Carr, Riggs & Ingram, LLC  
4010 N.W. 25th Place  
Gainesville, Florida 32606  
P.O. Box 13494  
Gainesville, Florida 32604

(352) 372-6300  
(352) 375-1583 (fax)  
www.cricpa.com

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Commissioners  
City of Gainesville, Florida

We have audited the accompanying financial statements of the Community Redevelopment Agency (CRA), a blended component unit of the City of Gainesville, Florida (the "City"), which comprise the balance sheet as of September 30, 2013, and the related statement of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City's CRA as of September 30, 2013, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the accompanying financial statements were prepared to facilitate the independent audit requirements contained in Section 163.387(8), Florida Statutes, and are not intended to be a complete presentation of the City's financial activity. Our opinion is not modified with respect to that matter.

*Carr, Riggs & Ingram, L.L.C.*

Gainesville, Florida  
March 21, 2014

**Balance Sheet**  
**City of Gainesville, Florida**  
**Community Redevelopment Agency**  
**September 30, 2013**

<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	\$ 317,501	\$ 2,372,762	\$ 739,619	\$ 7,731,280	\$ 1,635,611	\$ 12,796,773
Receivables	2,690	8,108	1,390	-	1,075	13,263
<b>TOTAL ASSETS</b>	<b>\$ 320,191</b>	<b>\$ 2,380,870</b>	<b>\$ 741,009</b>	<b>\$ 7,731,280</b>	<b>\$ 1,636,686</b>	<b>\$ 12,810,036</b>
 <u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable and Accrued Liabilities	\$ 15,044	\$ 3,351	\$ 28,667	\$ 151,777	\$ 9,000	\$ 207,839
Advances from Other Funds	2,804,253	-	-	-	-	2,804,253
Deferred Revenue	-	-	1,390	-	-	1,390
<b>TOTAL LIABILITIES</b>	<b>2,819,297</b>	<b>3,351</b>	<b>30,057</b>	<b>151,777</b>	<b>9,000</b>	<b>3,013,482</b>
 <u>FUND BALANCES</u>						
Restricted for: Capital Project Purposes	-	2,377,519	710,952	7,579,503	1,627,686	12,295,660
Unassigned	(2,499,106)	-	-	-	-	(2,499,106)
<b>TOTAL FUND BALANCES</b>	<b>(2,499,106)</b>	<b>2,377,519</b>	<b>710,952</b>	<b>7,579,503</b>	<b>1,627,686</b>	<b>9,796,554</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 320,191</b>	<b>\$ 2,380,870</b>	<b>\$ 741,009</b>	<b>\$ 7,731,280</b>	<b>\$ 1,636,686</b>	<b>\$ 12,810,036</b>

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, 2013**

	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
<b>REVENUES</b>						
Property Taxes	\$ -	\$ 1,182,169	\$ 329,541	\$ 1,766,166	\$ 356,801	\$ 3,634,677
Rental Income	-	10,121	14,060	-	10,500	34,681
(Loss) on Investments	(21,788)	(131,325)	(40,060)	(441,031)	(93,971)	(728,175)
Model Home Sale	-	-	51,221	-	-	51,221
Miscellaneous	-	-	-	15,000	-	15,000
<b>TOTAL REVENUES</b>	<b>(21,788)</b>	<b>1,060,965</b>	<b>354,762</b>	<b>1,340,135</b>	<b>273,330</b>	<b>3,007,404</b>
<b>EXPENDITURES</b>						
Clerk of Commission	22,249	-	-	-	-	22,249
City Attorney	40,560	-	-	-	-	40,560
Downtown Redevelopment Administration	343,409	-	-	-	-	343,409
Fifth Avenue Administration	131,477	-	-	-	-	131,477
College Park Administration	600,978	-	-	-	-	600,978
Eastside Administration	121,247	-	-	-	-	121,247
Downtown Redevelopment Projects	-	1,033,694	-	-	-	1,033,694
Fifth Avenue Projects	-	-	373,111	-	-	373,111
College Park Projects	-	-	-	1,655,903	-	1,655,903
Eastside Projects	-	-	-	-	109,682	109,682
<b>TOTAL EXPENDITURES</b>	<b>1,259,920</b>	<b>1,033,694</b>	<b>373,111</b>	<b>1,655,903</b>	<b>109,682</b>	<b>4,432,310</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,281,708)</b>	<b>27,271</b>	<b>(18,349)</b>	<b>(315,768)</b>	<b>163,648</b>	<b>(1,424,906)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	1,833,531	618,151	172,315	923,520	186,571	3,734,088
Transfers Out	(47,046)	(538,647)	(349,768)	(784,917)	(160,198)	(1,880,576)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,786,485</b>	<b>79,504</b>	<b>(177,453)</b>	<b>138,603</b>	<b>26,373</b>	<b>1,853,512</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>504,777</b>	<b>106,775</b>	<b>(195,802)</b>	<b>(177,165)</b>	<b>190,021</b>	<b>428,606</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>(3,003,883)</b>	<b>2,270,744</b>	<b>906,754</b>	<b>7,756,668</b>	<b>1,437,665</b>	<b>9,367,948</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ (2,499,106)</b>	<b>\$ 2,377,519</b>	<b>\$ 710,952</b>	<b>\$ 7,579,503</b>	<b>\$ 1,627,686</b>	<b>\$ 9,796,554</b>

See accompanying notes.

**Notes to Financial Statements**  
**City of Gainesville, Florida**  
**Community Redevelopment Agency**  
**September 30, 2013**

**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 board of this organization and approves its budget. The CRA is reported as if it were a part 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 nonmajor 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, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The fund balances of the City's CRA 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 OTHER FUNDS**

The Advance from Other Funds balance resulted from various notes between the City and the CRA, a blended component unit, 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 payable was established from the City to CRA 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 payable was established from the City to CRA 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 payable was established from the City to CRA 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 payable was established from the City to CRA 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 payable was established from the City to CRA 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, 2013**

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

\$800,000 College Park / 2<sup>nd</sup> Avenue Redevelopment Trust, College Park Promissory Note – 4.5% to 6.2% fixed annual interest rate. In May 2005, a promissory note payable was established from the City to CRA 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 5<sup>th</sup> 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,	Advances from General Fund to CRA		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 226,978	\$ 124,120	\$ 351,098
2015	235,599	114,708	350,307
2016	246,392	104,872	351,264
2017	255,096	94,267	349,363
2018	267,505	83,051	350,556
2019-2023	1,252,284	232,136	1,481,420
2024-2025	320,399	18,017	338,416
Total	<u>\$ 2,804,253</u>	<u>\$ 771,171</u>	<u>\$3,572,424</u>