

2019

City of Gainesville, Florida

Community Redevelopment Agency

Financial Statements

and Independent Auditor's Report

September 30, 2019

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF GAINESVILLE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2019

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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, 2019, and the related statement of revenues, expenditures and changes in fund balances for the year 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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.

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Honorable Mayor and City Commissioners
City of Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT

Opinion

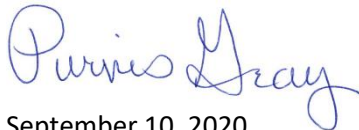
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CRA as of September 30, 2019, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the accompanying financial statements are intended to present the financial position and changes in financial position of the CRA to facilitate the independent audit requirements contained in Section 163.387(8), Florida Statutes, and do not purport to, and do not, present fairly the financial position of the City as of September 30, 2019, 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. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2020, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's Plan's internal control over financial reporting and compliance.



September 10, 2020
Gainesville, Florida

FINANCIAL STATEMENTS

**CITY OF GAINESVILLE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET
SEPTEMBER 30, 2019**

	Community Redevelop- ment Agency Fund	Downtown Redevelop- ment Increment Fund	Fifth Avenue Tax Increment Fund	College Park Tax Increment Fund	Eastside Tax Increment Fund	Total
Assets						
Equity in pooled cash and investments	\$ 1,587,336	\$ 4,795,179	\$ 1,211,103	\$ 5,803,001	\$ 566,257	\$ 13,962,876
Receivables	1,198	-	1,390	-	4,557	7,145
Total Assets	<u>1,588,534</u>	<u>4,795,179</u>	<u>1,212,493</u>	<u>5,803,001</u>	<u>570,814</u>	<u>13,970,021</u>
Liabilities						
Accounts payable and accrued liabilities	12,014	112,817	12,998	368,157	1,761	507,747
Due to other funds	-	303	-	-	2,202	2,505
Advances from other funds	1,339,751	-	-	-	-	1,339,751
Total Liabilities	<u>1,351,765</u>	<u>113,120</u>	<u>12,998</u>	<u>368,157</u>	<u>3,963</u>	<u>1,850,003</u>
Deferred Inflows						
Assessments not yet available	-	-	1,390	-	-	1,390
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,390</u>	<u>-</u>	<u>-</u>	<u>1,390</u>
Fund Balances						
Restricted for:						
Capital project purposes	236,769	4,682,059	1,198,105	5,434,844	566,851	12,118,628
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>236,769</u>	<u>4,682,059</u>	<u>1,198,105</u>	<u>5,434,844</u>	<u>566,851</u>	<u>12,118,628</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,588,534</u>	<u>\$ 4,795,179</u>	<u>\$ 1,212,493</u>	<u>\$ 5,803,001</u>	<u>\$ 570,814</u>	<u>\$ 13,970,021</u>

See accompanying notes to financial statements.

**CITY OF GAINESVILLE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Community Redevelop- ment Agency Fund	Downtown Redevelop- ment Increment Fund	Fifth Avenue Tax Increment Fund	College Park Tax Increment Fund	Eastside Tax Increment Fund	Total
Revenues						
Property taxes	\$ -	\$ 1,378,088	\$ 411,835	\$ 2,100,947	\$ 372,812	\$ 4,263,682
Rental income	-	-	17,756	-	19,200	36,956
Gain on investments	-	114,372	30,352	70,802	23,676	239,202
Miscellaneous	35,262	-	-	13,662	-	48,924
Total Revenues	<u>35,262</u>	<u>1,492,460</u>	<u>459,943</u>	<u>2,185,411</u>	<u>415,688</u>	<u>4,588,764</u>
Expenditures						
City attorney	66,066	-	-	-	-	66,066
Downtown redevelopment administration	325,334	-	-	-	-	325,334
Fifth avenue administration	126,186	-	-	-	-	126,186
College park administration	554,758	-	-	-	-	554,758
Eastside administration	102,015	-	-	-	-	102,015
Downtown redevelopment projects	-	895,647	-	-	-	895,647
Fifth Avenue Projects	-	-	230,088	-	-	230,088
College Park Projects	-	-	-	4,500,140	-	4,500,140
Eastside Projects	-	-	-	-	614,448	614,448
(Total Expenditures)	<u>1,174,359</u>	<u>895,647</u>	<u>230,088</u>	<u>4,500,140</u>	<u>614,448</u>	<u>7,414,682</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,139,097)</u>	<u>596,813</u>	<u>229,855</u>	<u>(2,314,729)</u>	<u>(198,760)</u>	<u>(2,825,918)</u>
Other Financing Sources (Uses)						
Transfers in	2,001,961	789,861	236,046	2,100,947	213,803	5,342,618
Transfers (out)	(46,222)	(626,214)	(230,778)	(946,255)	(198,713)	(2,048,182)
Total Other Financing Sources (Uses)	<u>1,955,739</u>	<u>163,647</u>	<u>5,268</u>	<u>1,154,692</u>	<u>15,090</u>	<u>3,294,436</u>
Net Change in Fund Balances	816,642	760,460	235,123	(1,160,037)	(183,670)	468,518
Fund Balances, October 1	<u>(579,873)</u>	<u>3,921,599</u>	<u>962,982</u>	<u>6,594,881</u>	<u>750,521</u>	<u>11,650,110</u>
Fund Balances, September 30	<u>\$ 236,769</u>	<u>\$ 4,682,059</u>	<u>\$ 1,198,105</u>	<u>\$ 5,434,844</u>	<u>\$ 566,851</u>	<u>\$ 12,118,628</u>

See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS
COMMUNITY REDEVELOPMENT AGENCY**

Note 1 - Summary of Significant Accounting Policies

A legally separate entity, the Community Redevelopment Agency (CRA) was created by ordinance of the City of Gainesville, Florida (the City) to carry out community redevelopment within the City 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 non-major governmental funds in the City's financial statements. 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.

Cash Deposits

Deposits in financial institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, Florida Statutes, no public depositor shall be liable for any loss thereof. The City's operating and component units cash deposits are placed with qualified financial institutions and are fully insured or collateralized.

Equity in Pooled Cash and Investments

The City, for accounting and investment purposes, maintains an internal investment pool that includes all of the City's cash deposits and investments, except for those monies which are legally restricted to a separate administration or are administered by other agencies. This provides the City the ability to invest large amounts of idle cash for short periods of time and maximize earning potential.

**NOTES TO FINANCIAL STATEMENTS
COMMUNITY REDEVELOPMENT AGENCY**

Fund Balance

The CRA follows the provisions of Governmental Accounting Standards Board (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.

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 Advances 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:

\$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.

\$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.

**NOTES TO FINANCIAL STATEMENTS
COMMUNITY REDEVELOPMENT AGENCY**

\$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 payable was established from the City to CRA to be repaid from tax increment proceeds. The final repayment is scheduled for July 2025.

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

<u>Fiscal Year Ending September 30,</u>	<u>Advances from General Fund to CRA</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 341,602	\$ 33,882	\$ 375,483
2021	230,756	26,522	257,278
2022	243,278	20,312	263,590
2023	203,719	13,872	217,591
2024	210,737	7,733	218,470
2025	109,660	2,581	112,241
Total	<u>\$ 1,339,751</u>	<u>\$ 104,902</u>	<u>\$ 1,444,653</u>

Note 3 - Subsequent Event

Community Redevelopment Agency (CRA)/Gainesville Community Reinvestment Area (GCRA)

Effective October 1, 2019, the City Commission, in collaboration with the Alachua County Board of County Commissioners (BOCC), dissolved the CRA and replaced it with a City Department, the GCRA. The CRA formerly had four distinct districts with restricted funding for each. Under the GCRA, the four districts are combined into a single reinvestment area. The City and BOCC agreed upon a funding plan whereby each party has a predetermined contribution identified over a ten-year period, with funding available for projects within the new single reinvestment area without regard to the boundaries of the original four districts.

**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 Mayor and City Commissioners
City of Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Community Redevelopment Agency (CRA), a blended component unit of the City of Gainesville, Florida (the City), which comprise the balance sheet as of and for the year ended September 30, 2019, 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, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated September 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA's internal control over financial reporting (internal control) to determine the 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 the CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, as disclosed in our report dated June 29, 2020, on our consideration of the City'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, included in the City's 2019 Comprehensive Annual Financial Report, that we consider to be material weaknesses, and could also impact the CRA. Management's response to those findings is also included in the City's 2019 Comprehensive Annual Financial Report.

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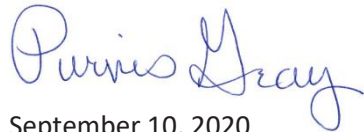
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

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

Purpose of this Report

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



September 10, 2020
Gainesville, Florida

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