

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**CITY OF GAINESVILLE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
GAINESVILLE, FLORIDA**

SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**CITY OF GAINESVILLE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
GAINESVILLE, FLORIDA**

SEPTEMBER 30, 2018

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Financial Statements	
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balances	4
Notes to Financial Statements	5-7

INDEPENDENT AUDITORS' 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 sheets as of September 30, 2018, 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.

Auditors' 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, 2018, 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.

Certified Public Accountants

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Honorable Mayor and City Commissioners
City of Gainesville, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

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.

Purvis, Gray and Company, LLP

August 1, 2019
Gainesville, Florida

FINANCIAL STATEMENTS

**CITY OF GAINESVILLE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET
SEPTEMBER 30, 2018**

	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	\$ 1,166,310	\$ 4,026,749	\$ 983,681	\$ 7,407,155	\$ 989,045	\$ 14,572,940
Receivables	8,208	12,892	2,964	-	12,994	37,058
Total Assets	1,174,518	4,039,641	986,645	7,407,155	1,002,039	14,609,998
Liabilities						
Accounts payable and accrued liabilities	14,054	117,704	22,273	772,817	247,114	1,173,962
Due to other funds	144,000	338	-	39,457	4,404	188,199
Advances from other funds	1,596,337	-	-	-	-	1,596,337
Total Liabilities	1,754,391	118,042	22,273	812,274	251,518	2,958,498
Deferred Inflows						
Assessments not yet available	-	-	1,390	-	-	1,390
Total Deferred Inflows of Resources	-	-	1,390	-	-	1,390
Fund Balances						
Restricted for:						
Capital project purposes	-	3,921,599	962,982	6,594,881	750,521	12,229,983
Unassigned	(579,873)	-	-	-	-	(579,873)
Total Fund Balances	(579,873)	3,921,599	962,982	6,594,881	750,521	11,650,110
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,174,518	\$ 4,039,641	\$ 986,645	\$ 7,407,155	\$ 1,002,039	\$ 14,609,998

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, 2018**

	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	\$ -	\$ 1,577,441	\$ 376,011	\$ 2,722,625	\$ 366,777	\$ 5,042,854
Rental income	-	-	18,707	-	19,200	37,907
Gain on investments	30,318	78,508	24,099	210,713	30,624	374,262
Miscellaneous	154	5,180	11	68	9	5,422
Total Revenues	<u>30,472</u>	<u>1,661,129</u>	<u>418,828</u>	<u>2,933,406</u>	<u>416,610</u>	<u>5,460,445</u>
Expenditures						
City attorney	75,109	-	-	-	-	75,109
Downtown redevelopment administration	376,337	-	-	-	-	376,337
Fifth avenue administration	191,041	-	-	-	-	191,041
College park administration	464,528	-	-	-	-	464,528
Eastside administration	291,196	-	-	-	-	291,196
Downtown redevelopment projects	-	1,133,249	-	-	-	1,133,249
Fifth Avenue Projects	-	-	220,934	-	-	220,934
College Park Projects	-	-	-	9,506,739	-	9,506,739
Eastside Projects	-	-	-	-	2,173,982	2,173,982
(Total Expenditures)	<u>1,398,211</u>	<u>1,133,249</u>	<u>220,934</u>	<u>9,506,739</u>	<u>2,173,982</u>	<u>14,433,115</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,367,739)</u>	<u>527,880</u>	<u>197,894</u>	<u>(6,573,333)</u>	<u>(1,757,372)</u>	<u>(8,972,670)</u>
Other Financing Sources (Uses)						
Transfers in	1,733,702	914,805	210,882	1,613,978	205,968	4,679,335
Transfers (out)	(45,508)	(637,692)	(279,661)	(669,364)	(161,634)	(1,793,859)
Total Other Financing Sources (Uses)	<u>1,688,194</u>	<u>277,113</u>	<u>(68,779)</u>	<u>944,614</u>	<u>44,334</u>	<u>2,885,476</u>
Net Change in Fund Balances	320,455	804,993	129,115	(5,628,719)	(1,713,038)	(6,087,194)
Fund Balances, October 1	<u>(900,328)</u>	<u>3,116,606</u>	<u>833,867</u>	<u>12,223,600</u>	<u>2,463,559</u>	<u>17,737,304</u>
Fund Balances, September 30	<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>

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 to carry out community redevelopment within the City of Gainesville, Florida (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 nonmajor 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, F.S., 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 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
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

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.

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.

Item #180076C

**NOTES TO FINANCIAL STATEMENTS
COMMUNITY REDEVELOPMENT AGENCY
(Concluded)**

Note 2 - Advances from Other Funds (Concluded)

\$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:

Fiscal Year Ending September 30,	Advances from General Fund to CRA		
	Principal	Interest	Total
2019	\$ 305,917	\$ 70,512	\$ 376,429
2020	292,270	57,600	349,870
2021	230,756	56,245	287,001
2022	243,278	34,877	278,155
2023	203,719	23,404	227,123
2024-25	320,397	18,019	338,416
Total	<u>\$ 1,596,337</u>	<u>\$ 260,657</u>	<u>\$ 1,856,994</u>