

**ESCAMBIA COUNTY, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2014
WITH INDEPENDENT AUDITORS' REPORT**

**ESCAMBIA COUNTY, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

**SEPTEMBER 30, 2014
WITH INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners
Escambia County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Redevelopment Agency Fund ("CRA") of Escambia County, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

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 auditors' 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 CRA of Escambia County, Florida, as of September 30, 2014, and the changes in financial position thereof 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 CRA financial statements referred to above were prepared solely for the purpose of complying with Florida Statutes, Section 163.356 (3)(C). The accompanying financial statements are intended to present the financial position and changes in financial position of the operations of Escambia County solely attributable to the operations of the CRA. They do not purport to, and do not, present fairly the financial position of Escambia County, Florida, as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule and related notes, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Warren Averett, LLC

Pensacola, Florida
February 18, 2015

Financial Statements

ESCAMBIA COUNTY, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET
September 30, 2014

ASSETS

Cash and Investments	<u>\$ 3,301,643</u>
Total Assets	<u><u>\$ 3,301,643</u></u>

LIABILITIES

Accounts Payable	\$ 48,945
Accrued Liabilities	26,483
Due to Other Governments	<u>3,169</u>
Total Liabilities	<u>78,597</u>

FUND BALANCE:

Restricted - Economic & Community Development	<u>3,223,046</u>
Total Fund Balance	<u>3,223,046</u>

Total Liabilities and Fund Balance	<u><u>\$ 3,301,643</u></u>
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ESCAMBIA COUNTY, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended September 30, 2014

REVENUES

Taxes	\$ 584,014
Intergovernmental	185,000
Investment Income	21,191
Miscellaneous Revenues	191
Total Revenues	<u>790,396</u>

EXPENDITURES

Current:

General Government	
Personal Services	527,286
Operating	565,860
Grant and Aid	109,134
Capital Outlay	42,524
Total Expenditures	<u>1,244,804</u>

Excess (Deficiency) of Revenues

Over (Under) Expenditures (454,408)

Fund Balance - Beginning 3,677,454

Fund Balance - Ending \$ 3,223,046

**ESCAMBIA COUNTY, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting entity

Pursuant to Florida Statutes section 163 Part III, the Community Redevelopment Act of 1969 authorized governments to use tax increment financing as a means for community redevelopment. The primary purpose of this Act is to provide local governments with a source of funds to revitalize the deteriorated portions of their communities. In 1995, the Board of County Commissioners (BOCC) adopted Ordinance No. 95-6 which established the Community Redevelopment Agency (CRA) of Escambia County. The BOCC serves as the CRA Board and has all rights, powers, duties, privileges and immunities authorized by the Act. Included under the CRA jurisdiction are the following six redevelopment areas referred to by location as Warrington, Brownsville, Palafox, Englewood, Barrancas, and Cantonment.

The following is a summary of the significant principles and policies used in the preparation of these financial statements.

For financial reporting purposes, the CRA is a blended component unit of the primary government of Escambia County, Florida (the County), and therefore, is included as such in the Escambia County, Florida, Comprehensive Annual Financial Report as a special revenue fund.

B. Financial Statements

These financial statements are presented for the purpose of complying with Section 163.356 (3)(c), Florida Statutes, which requires the CRA to file, on or before March 31st of year, a report of its activities for the preceding fiscal year, setting forth its assets, liabilities, income, and operating expenditures as of the end of such fiscal year.

Because this special fund level-only report is prepared for statutory compliance purposes, it does not present entity-wide financial statements and management's discussion and analysis in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34.

Entity-wide financial statements are prepared at the County-wide level by the County and also include the CRA special revenue fund. Copies of that report may be found at the Community Redevelopment Agency Office, 221 Palafox Place Suite 305, Pensacola, Florida 32502 or online at www.escambiaclerk.com.

C. Basis of presentation – fund financial statements

The CRA's financial records and accounts are maintained in accordance with the principles of "fund accounting," whereby resources are classified for accounting and reporting purposes into funds to insure compliance with any special restrictions or limitations on the use of such resources. The financial transactions of the CRA are recorded in an individual special revenue fund. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Restricted Fund Balance - Fund balances are classified as restricted when constraints are placed on the use of resources. The resources of the CRA are restricted by Florida Statute 163.387(1)(a) for community redevelopment activities pursuant to the community redevelopment plan approved by the CRA.

**ESCAMBIA COUNTY, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies – (Continued)

D. Measurement focus and basis of accounting

The CRA special revenue fund is accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Reported fund balance is considered a measure of “available or appropriable resources”. The operating statement presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The CRA special revenue fund uses the *modified accrual basis of accounting*. Revenues are recognized when they become susceptible to accrual—that is when they are both measurable and available to finance expenditures of the current period. Expenditures generally are recognized under the *modified accrual basis of accounting* when the fund liability is incurred.

E. Funding

The primary source of revenue for the CRA is tax increment financing (TIF), whereby a portion of the difference between the amounts of ad-valorem tax levied each year within the CRA’s redevelopment areas and the amounts which would have been produced by the same levy on the assessed values of taxable real property in the redevelopment areas’ base year is restricted for redevelopment purposes. Only the taxes levied by the BOCC, City of Pensacola, and the Downtown Improvement Board are subject to the TIF.

Additional sources of revenue are interest income and HUD funded Community Development Block Grant program revenue.

F. Property Tax

Under Florida law, the assessments of all properties and the collections of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes generally permit counties to levy ad valorem taxes on real and tangible personal property taxes at a rate not to exceed 10 mills for countywide purposes. All property is assessed at 100% of just value.

For the fiscal year 2014, the countywide operating millage rate assessed was 6.6165 mills and the CRA tax increment of that millage rate was 34.3% for the Warrington, Brownsville, Palafox, Englewood, and Barrancas CRAs. The Cantonment CRA is not yet funded by TIF.

All property is assessed by the Property Appraiser according to its fair market value on January 1st of each year. The certified assessment roll is delivered by the Property Appraiser to the Tax Collector. The tax levy is established by the BOCC prior to October 1st of each year and the Tax Collector incorporates the millage into the total tax levy, which includes the municipalities, special districts, and the County School Board tax requirements and produces the tax bill.

All property taxes are billed in arrears and become due and payable on November 1st of each year. All unpaid taxes become delinquent on April 1st following the year which they are assessed. The legal lien date is January 1st of each year. Discounts are allowed for early payment at the rates of 4,3,2,1, and 0 percent for the months of November, December, January, February, and March, respectively.

**ESCAMBIA COUNTY, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

2. Cash and Investments

At September 30, 2014, the reported amount of the CRA's cash and investment accounts was approximately \$3.3 million and consisted of \$1.47 million of cash deposits in qualified public depositories and investments of approximately \$1.83 million. All amounts were considered insured through a combination of FDIC coverage and the Florida Security for Public Deposits Act.

3. Capital assets

Capital assets (vehicles, equipment and other property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures at the time of purchase. These assets are capitalized at cost and depreciated in Escambia County's government-wide financial statements.

4. Litigation

In the opinion of management, based on the advice of legal counsel, there are no lawsuits or claims outstanding which could have a material adverse effect on the financial position of the CRA.

Required Supplementary Information

ESCAMBIA COUNTY, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 625,000	\$ 584,014	\$ 584,014	\$ -
Intergovernmental	185,000	185,000	185,000	-
Investment Income	-	-	21,191	21,191
Miscellaneous Revenues	-	-	191	191
Total Revenues	810,000	769,014	790,396	21,382
EXPENDITURES				
Current:				
General Government				
Personal Services	367,187	564,277	527,286	36,991
Operating	660,309	687,202	565,860	121,342
Grant and Aid	104,000	197,000	109,134	87,866
Capital Outlay	390,000	399,131	42,524	356,607
Total Expenditures	1,521,496	1,847,610	1,244,804	602,806
Excess (Deficiency) of Revenues Over (Under) Expenditures	(711,496)	(1,078,596)	(454,408)	624,188
Fund Balance - Beginning	711,496	1,078,596	3,677,454	2,598,858
Fund Balance - Ending	\$ -	\$ -	\$ 3,223,046	\$ 3,223,046

See notes to the required supplementary information.

**ESCAMBIA COUNTY, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY**

**SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2014**

The CRA operates under budget procedures applicable to counties pursuant to Florida Statutes. An annual budget is legally adopted for the CRA on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level.

The CRA's tentative budget is prepared by the BOCC for the ensuing fiscal year. As required by Florida Statutes, the proposed budget contains balanced statements of estimated revenues and proposed expenditures.

After public hearings, a final budget is prepared and adopted no later than September 30th. The CRA budget, which is included in Escambia County's budget, is legally enacted through passage of a resolution.

The County Budget Department is authorized to transfer budgeted amounts within and between departments of the fund; however, the Board of County Commissioners must approve any revisions that alter the total expenditures of the fund.

The budgets presented in the accompanying schedule are as originally adopted, or as legally amended, by the BOCC during the year ended September 30, 2014.