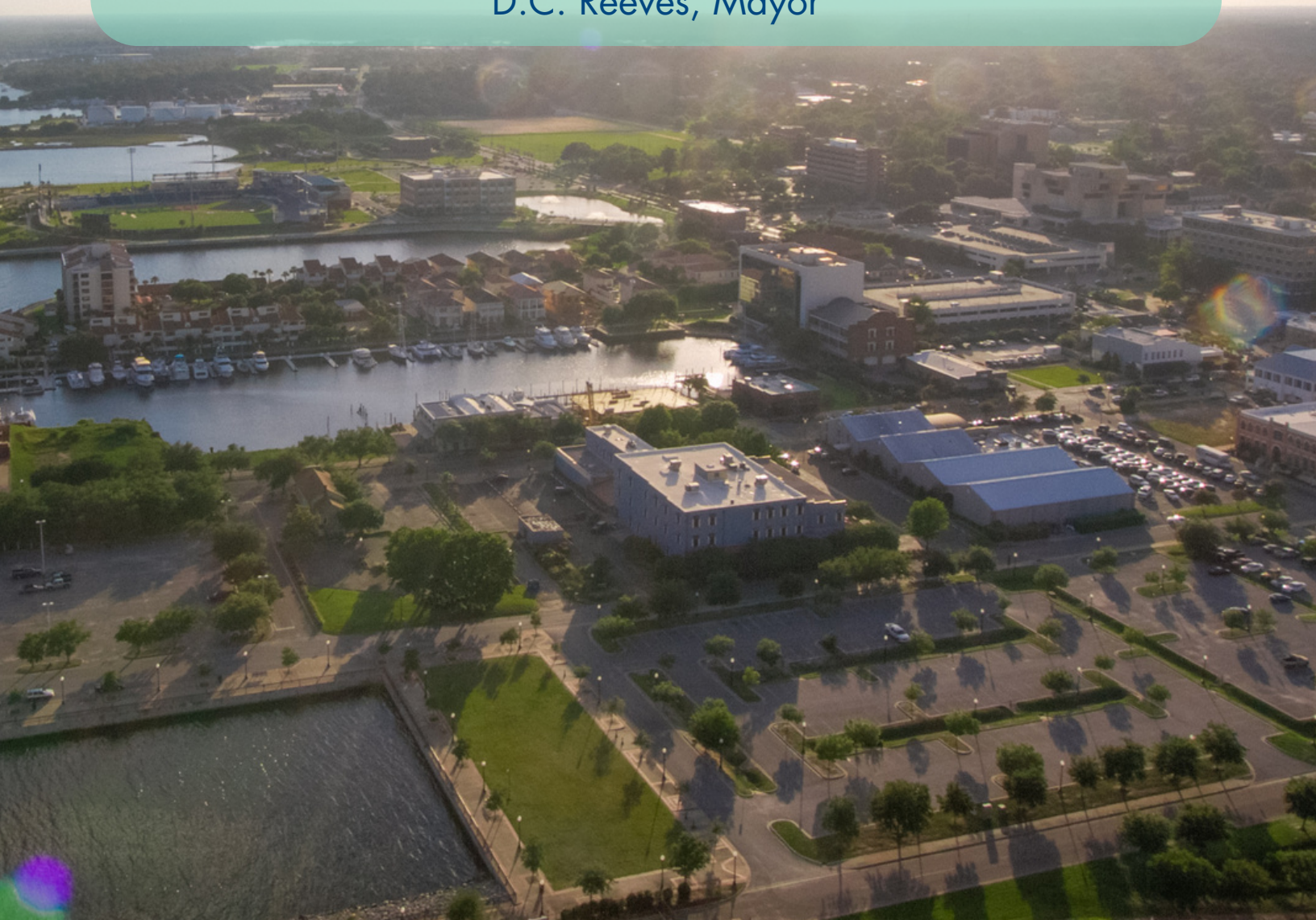


FISCAL YEAR 2023

City of Pensacola
Community Redevelopment Agency
(A Component Unit of the City of Pensacola, Florida)
Audited Financial Statements
For the Year Ended September 30, 2023



City of Pensacola, Florida
D.C. Reeves, Mayor



**CITY OF PENSACOLA
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**CITY OF PENSACOLA
COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023



**Prepared by:
Financial Services Department**

**Amy Lovoy
Finance Director**

**ACCOUNTING STAFF
Lakia McNeal, CPA
Alicia Faller**

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)

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**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)**

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INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

Board Members
Community Redevelopment Agency
City of Pensacola, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Pensacola Community Redevelopment Agency (the "Agency"), a component unit of the City of Pensacola, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relation to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report

that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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.

Other Supplementary Information

The budgetary comparison schedule for the debt service fund is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2024, on our consideration of the Agency'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 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 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 Agency's internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida

March 5, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

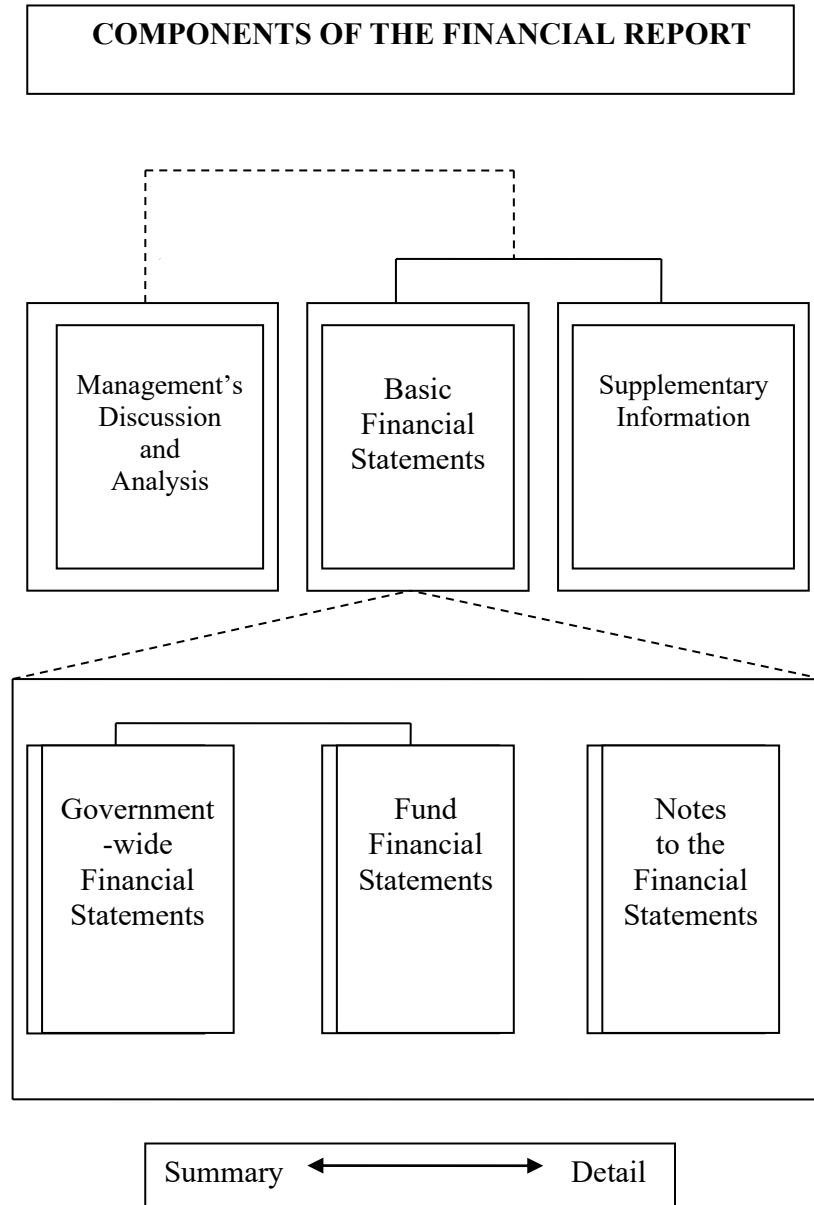
The Management's Discussion and Analysis ("MD&A") of the City of Pensacola Community Redevelopment Agency (the "Agency") is designed to provide the reader a narrative overview of the Agency's financial activity for the fiscal year ended September 30, 2023. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the Agency's financial activity and identify any changes in the Agency's financial position. This MD&A should be read in conjunction with the financial statements and notes.

Financial Highlights

- As shown on the Statement of Net Position, the Agency's liabilities and deferred inflows of resources exceeded its assets (net position) as of September 30, 2023, by \$56,362,874. The negative net position is a result of the various interlocal agreements whereby the Agency has pledged Tax Increment Revenues to repay long-term obligations which do not result in an asset for the Agency. These obligations included notes payable of \$64,812,180 and due to other governments of \$5,200,000. The Agency projects sufficient future Tax Increment Revenues to repay such obligations in full before the sunset of the Community Redevelopment Areas. Until then these obligations will continue to negatively impact unrestricted net position for future periods until all obligations have been paid in full.
- As shown on the Statement of Activities, the Agency's negative net position of \$56,362,874 improved by \$5,942,824(9.5%) over the fiscal year 2022 negative net position of \$62,605,698. The primary reason for the increase in net position was related to a \$3,256,068 reduction in long term obligations as a result of annual payments and an increase of \$1,50,094 in community redevelopment tax increment revenues.
- As shown on the Balance Sheet, the Agency's assets exceeded its liabilities (fund balance) as of September 30, 2023 by \$14,996,909. Of the \$14,996,909 in fund balance, \$151 is related to prepaid insurance cost and therefore is considered non-spendable, \$10,876,459 is restricted to be spent on community redevelopment projects due to enabling legislation and \$4,120,299 is committed to be spent on community redevelopment projects due to Agency action. For an explanation on the fund balance restrictions, refer to the Fund Balance section of Notes.
- As shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances, the Agency's fund balance of \$14,996,909 increased by \$2,644,708 (21.4%) over the fiscal year 2022 fund balance of \$12,352,202. Total revenues increased by \$1,862,261 over the prior fiscal year. Tax Increment Revenues increased by \$1,020,389 due to increased property values and interest income. Agency fund expenditures and other financing uses increased over the prior fiscal year by \$1,862,261 mainly due to completion of community redevelopment projects. For a detailed explanation of these fluxes by fund refer to the Government-Wide Financial Analysis section of Management's Discussion and Analysis.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. These statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements. Following is a chart that illustrates the components of the report.



Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all the Agency's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long term obligations. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal years (e.g., revenue in connection with receivables which are not considered available to liquidate liabilities of the current period).

Both the government-wide financial statements distinguish functions of the Agency that are principally supported by tax increment revenues (intergovernmental revenues). The governmental activities of the Agency include general government and community development. The Agency has no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The Agency utilizes four special revenue funds and one debt service fund. Monies from each of the special revenue funds are transferred as needed, based upon the bond covenants, to the debt service fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This allows readers to better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the Community Redevelopment Agency Fund, Urban Core Redevelopment Trust Fund, Eastside Tax Increment Financing District Fund, Westside Tax Increment Financing District Fund and CRA Debt Service Fund, all of which are considered to be major funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found after the financial statements of this report.

Other information

This report additionally includes Required Supplementary Information (RSI) containing budgetary comparisons schedules of the Agency's Community Redevelopment Agency Fund, Urban Core Redevelopment Trust Fund, Eastside Tax Increment Financing District Fund and Westside Tax Increment Financing District Fund. It is useful to compare the information and amounts presented for governmental funds with its corresponding budget to ensure compliance with the budget and provide an analysis of significant budgetary variances. Other Supplementary Information (OSI) contains budgetary comparisons schedules of the Agency's debt service funds.

Government-Wide Financial Analysis

The Agency adopted the government-wide financial statement presentation. This reporting structure and measurement focus using accrual accounting for all of the government's activities was mandated by the Government Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The following pages include a summary version of the Statement of Net Position and Statement of Changes in Net Position as reported in the basic financial statements section for the fiscal years ended September 30, 2022 and 2021. Over time, the Agency's net position and changes thereof may serve as a useful indicator of the Agency's financial position.

Any debt issued to finance capital at the request of the Agency, for use in accordance with the redevelopment plan, is issued by the City of Pensacola, Florida ("City"). Capital assets acquired with debt proceeds are contributed to the City. Therefore, any outstanding debt issued to finance such capital will have a negative effect on the Agency's net position until such debt is paid off.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola)
Summary Statement of Net Position
As of September 30,

	Governmental	
	Activities	
	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 15,336,340	\$ 12,769,281
Total assets	<u>15,336,340</u>	<u>12,769,281</u>
Current and other liabilities	4,641,985	4,740,837
Noncurrent liabilities	<u>71,398,097</u>	<u>70,012,180</u>
Total liabilities	<u>76,040,082</u>	<u>74,753,017</u>
Total deferred inflows of resources	<u>301,117</u>	<u>321,962</u>
Net position:		
Restricted	14,996,909	12,352,202
Unrestricted	<u>(71,359,783)</u>	<u>(74,657,900)</u>
Total net position	<u>\$ (56,362,874)</u>	<u>\$ (62,305,698)</u>

The Agency’s total net position increased by \$5.9 million. The increase in assets is a result of increased cash and investments while the decrease in liabilities is a result of decreases in debt service obligations and due to other governments.

Restricted net position are resources subject to external restriction on how they may be used. Such restrictions could include reserves for debt service or community redevelopment projects. Any residual resources flow to unrestricted net position. Unrestricted net position for governmental activities is negative as a result of the various interlocal agreements whereby the Agency has pledged Tax Increment Revenues to repay long-term obligations which do not result in an asset for the Agency. The Agency projects sufficient future Tax Increment Revenues to repay such obligations in full before the sunset of the Community Redevelopment Areas. These obligations will continue to negatively impact unrestricted net position for future periods until all obligations have been paid in full. These obligations include the Agency’s long-term contribution to the Emerald Coast Utilities Authority and the Agency’s various Notes Payable. Detailed information on these obligations can be found in Notes to the Financial Statements; Note III.D and Note IV.B.

The Statement of Activities as presented on the following page shows changes in the Agency’s net position for fiscal years ended September 30, 2023 and 2022. All changes in the net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement, for some items that will result in cash flows in future fiscal periods.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola)
Summary Statement of Changes in Net Position
Year Ended September 30,

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 223,381	\$ 15,829
General revenues:		
Tax increment revenues	11,081,007	9,580,913
Investment earnings	423,730	44,115
Other		25,000
Total revenues	11,728,118	9,640,857
Expenses:		
General government	3,445,610	2,810,491
Interest on long-term debt	2,139,684	2,202,864
Total expenses	5,585,294	5,013,355
Change in Net Position	6,142,824	4,605,012
Net position at beginning of year	(62,305,698)	(66,958,200)
Net position at end of year	\$ (56,162,874)	\$ (62,353,188)

The Agency's change in net position of \$5,942,824 improved by \$1,290,322 over the prior fiscal year. The primary reason for the increase in net position was related to a revenue increase of \$2,087,261 and expense increase of \$571,939 over the prior fiscal year. Tax Increment Revenues increased by \$1,500,094 due to increased property values. Expenditures increased by \$571,939 related to the ongoing Agency's projects.

Financial Analysis of the Agency's Funds

The Agency uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, the ability for the Agency to meet current operating needs. As of September 30, 2023, the Agency's governmental funds reported combined fund balances of \$14,996,910, an increase of \$2,644,708 (21.4%) over the prior fiscal year total of \$12,352,202.

Below is a comparative chart of revenues verses expenditures for the Agency's funds; Community Redevelopment Agency Fund (CRA Fund), Urban Core Redevelopment Trust Fund

(Urban Core Fund), Eastside Tax Increment Financing District Fund (Eastside Fund), Westside Tax Increment Financing District Fund (Westside Fund) and CRA Debt Service Fund.

	CRA Fund	Urban Core Fund	Eastside Fund	Westside Fund	CRA Debt Service Fund
Fiscal Year 2023					
Revenues and other sources	\$ 9,438,828	\$ 0	\$ 401,537	\$ 1,674,070	\$ 4,412,402
Expenditures and other outlays	(7,951,500)	0	(394,625)	(813,204)	(4,122,800)
Increase (decrease) in fund balance	\$ 1,487,328	\$ 0	\$ 6,912	\$ 860,866	\$ 289,602
Fiscal Year 2022					
Revenues and other sources	\$ 4,054,169	\$ 8,083,603	\$ 297,742	\$ 1,208,895	\$ 4,473,098
Expenditures and other outlays	(3,622,597)	(8,083,603)	(227,200)	(643,741)	(4,129,544)
Increase (decrease) in fund balance	\$ 431,572	\$ 0	\$ 70,542	\$ 565,154	\$ 343,554

The Community Redevelopment Agency Fund was created to account for the development projects in the Urban Core Community Redevelopment Area as well as administrative cost associated with running the program. The Community Redevelopment Agency had a total fund balance at fiscal year-end of \$7,738,316, an increase of \$1,487,328. All funds are restricted to be spent on CRA operations, community development projects in the Urban Core CRA district and repayment of debt. The increase in revenues of \$5,384,659 is due to increase in tax increment revenues as well as the Urban Core Fund closing and all revenues and expenditures moved to the CRA fund. The expenditures increased by \$4,328,903 from the prior year. The majority of the increase can be explained by the increase of expenditures related to community redevelopment projects and the closing of the Urban Core fund.

The Urban Core Redevelopment Trust Fund was created to account for the tax increment receipts collected in the Urban Core Community Redevelopment Area. The receipts collected throughout the year are transferred to the Community Redevelopment Agency Fund and the CRA Debt Service Fund in order to pay for CRA operations, debt service and community development projects in the Urban Core CRA district. The Urban Core Redevelopment Trust Fund was closed in fiscal year 2023.

The Eastside Tax Increment Financing District Fund was created to account for the tax increment receipts and development projects in the Urban Infill and Redevelopment Area as well as administrative cost associated with running the program. The Eastside Tax Increment Financing District Fund had a total fund balance at fiscal year-end of \$829,724, an increase of \$6,912. All funds are restricted to be spent on operations, community development projects and repayment of debt in the Eastside CRA district. The increase in revenues over the prior fiscal year is due to increased property values. Expenditures increased \$167,425 related to community development projects.

The Westside Tax Increment Financing District Fund was created to account for the tax increment receipts and development projects in the Urban Infill and Redevelopment Area as well as administrative cost associated with running the program. The Westside Tax Increment Financing District Fund had a total fund balance at fiscal year-end of \$2,310,649 an increase of \$860,886. All funds are restricted to be spent on operations, community development projects and repayment of debt in the Westside CRA district. The increase in revenues over the prior

fiscal year is due to increased property values. The increase in expenditures is related to an increase in façade grants and street projects.

The CRA Debt Service Fund had a total fund balance at fiscal year-end of \$4,118,221 which is restricted for debt service payments on the Eastside Redevelopment Revenue Bond, Series 2017, Westside Redevelopment Revenue Bond, Series 2017, Urban Core Redevelopment Revenue Bond, Series 2017 and Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019. The fund balance increase of \$289,602 is related to an increase in the debt service reserves on the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019. The increase in revenues and expenditures is related to the increase in debt services payments.

Agency Budgetary Highlights

Agency bylaws state that unless expressly provided otherwise by law or action of the Agency, ordinances, policies and rules of procedure for the City of Pensacola shall apply to the Agency. As part of the City's budget procedures, budget is controlled within each fund are at the line item. As long as the total appropriations of the fund are not changed, amounts may be transferred between line items within a fund, provided no transfer shall be made contrary to Florida Statute. In order to be compliant with Florida Statutes, any budget transfer that changes the total appropriations of the fund requires Agency and City action through a budget resolution or amendment.

The final appropriations in the Community Redevelopment Agency Fund as compared with the original budget increased by \$5,329,637 in fiscal year 2023. The primary reason for the increase relates to carryforwards from the prior fiscal year budget to cover open encumbrances and projects.

The final appropriations in the Eastside Tax Increment Financing District Fund as compared with the original budget increased by \$822,812 in fiscal year 2023. The primary reason for the increase relates to carryforwards from the prior fiscal year budget to cover open encumbrances and projects.

The final appropriations in the Westside Tax Increment Financing District Fund as compared with the original budget increased by \$1,449,783 in fiscal year 2023. The primary reason for the increase relates to carryforwards from the prior fiscal year budget to cover open encumbrances and projects.

Long-term Debt

As of September 30, 2023, the Agency had total bonded debt of \$64,812,180 million a reduction of \$1,948,068 from the prior fiscal year. The decrease in long-term debt is a result of scheduled principal payments. Total bonded debt includes:

	Governmental Funds	
	2023	2022
Eastside Redevelopment Revenue Bond, Series 2017	\$ 988,000	\$ 1,043,000
Westside Redevelopment Revenue Bond, Series 2017	3,087,000	3,258,000
Urban Core Redevelopment Revenue Bond, Series 2017	7,155,000	7,310,000
Urban Core Redevelopment Revenue Bond, Series 2019	53,582,180	55,149,248
Total	\$ 64,812,180	\$ 66,760,248

As of September 30, 2023, the only bonded debt the Agency had outstanding were bank issued. Therefore, there will not be any ratings on these issues unless the City specifically request a review by one of the rating agencies. Additional detail about long-term debt can be found in the Notes to the Financial Statements; Note III, Long-term liabilities.

Economic Factors and Next Year’s Budgets and Rates

The Agency primarily relies on TIF revenues to assist with the operations of the Agency. Based on estimated property valuations, the Agency’s budget for fiscal year 2024 versus the fiscal year 2023 beginning budget includes an increase in Tax Increment Financing (“TIF”) revenues of 12.8% in the Urban Core Tax Increment Financing District, 24% in the Eastside Tax Increment Financing District and a 38% increase in the Westside Tax Increment Financing District. Focus will continue to be placed on redevelopment programs and projects which include affordable housing, complete streets, parks and public space projects and residential and commercial property improvement programs. For fiscal year 2024, the following table shows the composition of the total budgeted expenditures:

	<u>Urban Core</u>	<u>Eastside</u>	<u>Westside</u>	<u>Total</u>
Core operations	\$ 1,915,300	\$ 86,500	\$ 184,500	\$ 2,186,300
Development programs and projects	2,256,700	260,400	1,739,700	4,256,800
Debt service payments and reserves	6,115,700	89,800	279,500	6,485,000
Total Expenditures	\$ 10,287,700	\$ 436,700	\$ 2,203,700	\$ 12,928,100

Request for Information

This financial report is designed to provide a general overview of the Agency’s finances for all those with an interest in the Agency’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, PO Box 12910, Pensacola, Florida 32521. The City of Pensacola’s website address is www.cityofpensacola.com.

FINANCIAL STATEMENT

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,636,161
Investments	5,548,692
Accounts Receivables (net of allowances)	1,071
Prepays and deposits	151
Accrued Interest	6
Lease Receivable	7,755
Restricted assets	
Restricted cash and cash equivalents	2,340,876
Investments	2,801,628
Total assets	<u>15,336,340</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 36,116
Contracts payable	165,238
Contracts payable - retainage	
Due to other funds	28,259
Compensated absences payable	
Deposits	101,000
Payable from restricted assets	
Due to other governments	1,300,000
Notes payable	1,956,068
Accrued interest payable	1,055,304
Total current liabilities	<u>4,641,985</u>
Noncurrent liabilities	
Due to other governments	3,900,000
Notes payable	62,856,112
Total noncurrent liabilities	<u>66,756,112</u>
Total liabilities	<u>71,398,097</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on early retirement	292,299
Related to leases	7,747
Unavailable revenue	1,071
Total deferred inflows of resources	<u>301,117</u>
NET POSITION	
Restricted for	
Debt service	4,118,220
Community redevelopment	10,878,689
Unrestricted (deficit)	<u>(71,359,783)</u>
Total net position (deficit)	<u>\$ (56,362,874)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Function/Programs	Expenses	Program Revenues Charges for Services	Net (Expenses Revenue and Changes in Net Position)
Governmental activities:			
General government	\$ 3,445,610	\$ 23,381	\$ (3,422,229)
Interest on long-term debt	2,139,684		(2,139,684)
Total governmental activities	5,585,294	23,381	(5,561,913)
General revenues:			
Tax increment revenues			11,081,007
Interest earnings			423,730
Total general revenues			11,504,737
Change in net position			5,942,824
Net position at beginning of year			(62,305,698)
Net position September 30, 2023			\$ (56,362,874)

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	<u>Community Redevelopment Agency</u>	<u>Eastside Tax Increment Financing District</u>	<u>Westside Tax Increment Financing District</u>
ASSETS			
Cash and cash equivalents	\$ 3,157,287	\$ 378,531	\$ 1,100,343
Investments	3,778,734	453,036	1,316,922
Accounts receivable	1,071		
Prepays and deposits	151		
Accrued Interest	6		
Lease Receivable	7,755		
Restricted assets			
Cash and cash equivalents	466,256		
Investments	558,028		
Total assets	<u>\$ 7,969,288</u>	<u>\$ 831,567</u>	<u>\$ 2,417,265</u>
LIABILITIES			
Accounts payable	\$ 35,471	\$ 645	\$
Contracts payable	61,109		104,129
Contracts payable - retainage			
Due to other funds	24,574	1,198	2,487
Deposits	101,000		
Total liabilities	<u>222,154</u>	<u>1,843</u>	<u>106,616</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	7,747		
Unavailable revenue	1,071		
Total deferred inflows of resources	<u>8,818</u>	<u>0</u>	<u>0</u>
FUND BALANCE			
Non-spendable	151		
Restricted	3,617,866	829,724	2,310,649
Assigned	4,120,299		
Total fund balances	<u>7,738,316</u>	<u>829,724</u>	<u>2,310,649</u>
Total liabilities and fund balances	<u>\$ 7,969,288</u>	<u>\$ 831,567</u>	<u>\$ 2,417,265</u>

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	CRA Debt Service Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$	\$ 4,636,161
Investments		5,548,692
Accounts receivable		1,071
Prepays and deposits		151
Accrued Interest		6
Lease Receivable		7,755
Restricted assets		
Cash and cash equivalents	1,874,620	2,340,876
Investments	2,243,600	2,801,628
	<u>4,118,220</u>	<u>15,336,340</u>
Total assets	\$ 4,118,220	\$ 15,336,340
LIABILITIES		
Accounts payable	\$	\$ 36,116
Contracts payable		165,238
Contracts payable - retainage		0
Due to other funds		28,259
Deposits		101,000
Total liabilities	<u>0</u>	<u>330,613</u>
DEFERRED INFLOWS OF RESOURCES		
Related to leases		7,747
Unavailable revenue		1,071
Total deferred inflows of resources	<u>0</u>	<u>8,818</u>
FUND BALANCE		
Non-spendable		151
Restricted	4,118,220	10,876,459
Assigned		4,120,299
Total fund balances	<u>4,118,220</u>	<u>14,996,909</u>
Total liabilities and fund balances	\$ 4,118,220	\$ 15,336,340

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Ending fund balance - governmental funds	\$	14,996,909
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Amounts reported in the governmental activities in the Statement of Net Position are different because:

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Notes payable	(64,812,180)	
Deferred gain on refunding	(292,299)	
Due to other governments	(5,200,000)	
Accrued interest payable	(1,055,304)	<u>(71,359,783)</u>
Net Position (deficit)	\$	<u><u>(56,362,874)</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Community Redevelopment Agency</u>	<u>Eastside Tax Increment Financing District</u>	<u>Westside Tax Increment Financing District</u>
Revenues:			
Tax increment revenues	\$ 9,101,349	\$ 377,004	\$ 1,602,654
Charges for services	23,381		
Interest earnings	314,098	24,533	71,416
Other			
Total revenues	<u>9,438,828</u>	<u>401,537</u>	<u>1,674,070</u>
Expenditures:			
Current -			
General government	3,920,984	290,088	534,538
Debt service -			
Principal retirement			
Interest		15,000	
Total expenditures	<u>3,920,984</u>	<u>305,088</u>	<u>534,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,517,844</u>	<u>96,449</u>	<u>1,139,532</u>
Other financing sources (uses):			
Transfers in			
Transfers (out)	<u>(4,030,516)</u>	<u>(89,537)</u>	<u>(278,666)</u>
Total other financing sources (uses)	<u>(4,030,516)</u>	<u>(89,537)</u>	<u>(278,666)</u>
Net Change in fund balances	<u>1,487,328</u>	<u>6,912</u>	<u>860,866</u>
Fund balances at beginning of year	<u>6,250,988</u>	<u>822,812</u>	<u>1,449,783</u>
Fund balances at end of year	<u>\$ 7,738,316</u>	<u>\$ 829,724</u>	<u>\$ 2,310,649</u>

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	CRA Debt Service Fund	Total Governmental Funds
Revenues:		
Tax increment revenues	\$	\$ 11,081,007
Charges for services		23,381
Interest earnings	13,683	423,730
Other		0
Total revenues	13,683	11,528,118
Expenditures:		
Current -		
General government		4,745,610
Debt service -		
Principal retirement	1,948,068	1,948,068
Interest	2,174,732	2,189,732
Total expenditures	4,122,800	8,883,410
Excess (deficiency) of revenues over (under) expenditures	(4,109,117)	2,644,708
Other financing sources (uses):		
Transfers in	4,398,719	4,398,719
Transfers (out)		(4,398,719)
Total other financing sources (uses)	4,398,719	0
Net Change in fund balances	289,602	2,644,708
Fund balances at beginning of year	3,828,619	12,352,202
Fund balances at end of year	\$ 4,118,221	\$ 14,996,910

The accompanying notes are an integral part of these financial statements.

**CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - total governmental funds	2,644,708
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,948,068
Repayment of long-term amounts due to other governments are expenditures in the governmental funds, but the repayment reduces the liability in the statement of net position.	1,300,000
Accrued interest expense, reported in the statement of activities, does not require the use of current financial resources in governmental funds.	<u>50,050</u>
Change in net position of governmental activities	<u><u>5,942,826</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENT

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the City of Pensacola Community Redevelopment Agency (Agency) is presented to assist the reader in interpreting the basic financial statements. The policies are considered essential and should, therefore, be read in conjunction with the basic financial statements.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Statements and Interpretations of the GASB have been applied in the preparation of these financial statements.

A. Reporting Entity

Community Redevelopment Agencies (CRA) are a common governmental tool for redevelopment in the State of Florida and operate on a budget generated by an increase in property taxes within a defined area. Once a CRA is established, an amount equal to a percentage of the increase in property taxes goes to the CRA. This tax increment is used to finance the redevelopment projects and administration of the Agency outlined in the Community Redevelopment Plan. The principal purpose of the Agency, as defined by Florida Statute, is to eliminate and prevent blight, rehabilitate and conserve the redevelopment areas, preserve or enhance the tax base, create affordable housing, reduce crime, and to prepare and administer the City's adopted community redevelopment plans.

On September 25, 1980, the City Council made the determination that a blighted area existed in the City, and that there was a need for a redevelopment agency to implement the revitalization of this blighted area. Therefore, Resolution No. 54-80 created the Pensacola Inner City Community Redevelopment Area (reaffirmed by Resolution No. 65-81) and based on this determination, the City Council declared itself the Community Redevelopment Agency (Agency) pursuant to the provisions of Chapter 163, Part III, Florida Statutes (the "Redevelopment Act"). This action, adopted by Resolution No. 55-80, reaffirmed by Resolution No. 65-81 and amended by Resolution 22-10, also outlined the rights, powers, duties, privileges and immunities invested in the Agency. The Agency exists until dissolved by action of the City Council. The City Council selects a chair and a vice-chair from the seven-members of the Agency and approves the annual operating budget. The Agency is considered a blended component unit since the Agency and City have the same governing body and management of the primary government has operational responsibility for the Agency. The Agency is reported as a special revenue fund within the City of Pensacola's Annual Comprehensive Financial Report. Florida Statute Section 163.387(8) requires an independent audit of the fund each fiscal year, and submission of a report of such audit.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Pensacola Inner City Community Redevelopment Area is a 1,237-block, 4,611-acre area that encompasses the area bounded by 17th Avenue on the east, Pensacola Bay on the south, Bayou Chico and the City limit line on the west and the city limit line on the north. It accounts for about 31.8% of the City's total land area. Within the Pensacola Inner City Community Redevelopment Area, there exists three Redevelopment Areas. The Urban Core Community Redevelopment Area; the Westside Community Redevelopment Area; and the Urban Infill and Redevelopment Area which is also referred to herein as the Eastside Neighborhood Redevelopment Area.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) are designed to provide readers with a broad overview of the Agency's finances in a manner similar to a private-sector business.

The statement of net position presents financial information on all the Agency's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources) and long-term obligations. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal years (e.g., earned but unused vacation leave and revenue in connection with receivables which are not considered available to liquidate liabilities of the current period).

Individual fund financial statements are provided for governmental funds which are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting, Measurement Focus and Financial Presentation

The basis of accounting refers to when revenues, expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Those revenues not clearly defined as program revenues are categorized as general revenue. General revenues include resources such as tax increment revenues, investment earnings, and sale of assets. As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Tax increment revenues, charges for services, and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The Agency reports the following major governmental funds:

Community Redevelopment Agency - to administer the programs and projects identified in Urban Core Community Redevelopment Area.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Urban Core Redevelopment Trust - to account for the tax increment development receipts derived from the Urban Core Community Redevelopment Area of which the balance of the fund is transferred to the Community Redevelopment Agency fund and/or the CRA Debt Service fund.

Eastside Tax Increment Financing District - to administer and account for the tax increment revenues associated with programs and projects identified in Eastside Community Redevelopment Area.

Westside Tax Increment Financing District – to administer and account for the tax increment revenues associated with programs and projects identified in Westside Community Redevelopment Area.

CRA Debt Service Fund - to provide monies for payment of the Redevelopment Revenue Bond(s) financed with tax increment financing revenues derived from the Urban Core, Eastside and Westside Tax Increment Financing Districts.

When both restricted and unrestricted resources are available for use, the Agency uses restricted resources first, and then use unrestricted resources.

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents

The Agency has defined *cash and cash equivalents* as cash held at a depository and cash on hand for operating purposes and those investments which are short-term and highly liquid. Cash equivalents normally consist of treasury bills, certificates of deposit, and money market funds.

All monies, which are not legally restricted to separate administration, are pooled together for investment purposes while each individual fund and/or account is maintained on a daily transaction basis. Investment earnings are distributed in accordance with the participating funds' relative equity.

2. Investments

Investments are held by the City on behalf of the Agency. All investments held by the City of Pensacola are reported at fair value.

3. Accounts Receivables

All receivables are shown net of allowance for doubtful accounts.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Prepaid Insurance

The Agency accounts for property insurance premiums using the consumption method. Property insurance premiums for both governmental and enterprise funds are paid quarterly, with a term year beginning May 1st resulting in a prepaid insurance premium for the month of October.

5. Restricted Assets

Certain assets are restricted by specific provisions of bond resolutions or agreements with outside parties. Assets such as these are restricted since their use is limited.

6. Capital Assets

The Agency does not have title to any capital assets as any improvements made with its funding sources are contributed to the City of Pensacola, Florida.

7. Leases

The Agency is a lessor for noncancellable lease of land. The Agency recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of the lease, the Agency initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow is recognized as revenue over the term of the lease.

The Agency uses its incremental borrowing rate as the discount rate for the leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are comprised of the following:

- Fixed payments (including in-substance fixed payments), plus variable payments from the lessee. For land and building leases that include variable payments, those payments include common area maintenance.
- Residual value guarantee payments that are fixed in substance.
- Any lease incentives.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Variable payments that depend on an index or a rate such as the Consumer Price Index or a market rate interest rate are initially measured using the index or market rate at the commencement of the lease.

The Agency monitors changes in circumstances that would require a remeasurement of the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency has no items that would qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has two items that qualify for reporting in this category, a deferred gain on refunding reported in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is deferred recognition of revenue associated with long-term receivables for the leases of land and buildings. The amount is deferred and amortized over the life of the lease.

9. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as prepaid issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when paid. Bonds payable are reported net of the applicable bond premium or discount. Bond refunding gains and losses are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method. Bond refunding gains are presented as deferred inflows of resources while losses are presented as deferred outflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs (whether or not withheld from the actual debt proceeds received), during the current period.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

10. Fund Balance

GASB Statement No. 54, Fund Balance Reporting Governmental Fund Type Definitions, establishes accounting and financial reporting requirements for governmental funds and criteria for classifying fund balances. Accordingly, the governmental fund financial statements report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Agency is legally bound to honor the specific purposes for which amounts in fund balance may be spent. Amounts which are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation are classified as fund balances. Fund balances for governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In accordance with Governmental Accounting and Financial Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Agency classifies fund balance as follows.

Non-Spendable Fund Balance – Amounts that are not in a spendable form or are required to be maintained intact (such as prepaids).

Restricted Fund Balance – Amounts that can be spent only for the specific purposes stipulated by external resource providers or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers. Pursuant to Chapter 163, Part III, Florida Statutes, intergovernmental revenues derived from the Tax Increment Revenues fall into this category as well as interest earned on those revenues.

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action of the Agency’s highest level of decision-making authority. Commitments may be changed or lifted only by the Agency taking the same formal action that imposed the constraint originally. A Resolution adopted by the Agency establishes a fund balance commitment.

Assigned Fund Balance – Amounts the Agency intends to use for a specific purpose. Assignments of fund balances are made by management based upon the direction of the Board.

Unassigned Fund Balance – The residual classification includes amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance which is not obligated or specifically designated and is available for any purpose.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE I. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For classification of fund balance 1) when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first 2) when expenditures are incurred for purposes for which amounts in any of unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

11. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset-related debt. Since The Agency does not have title to any capital assets the Agency has no items that would qualify for reporting in this category.

Restricted Net Position are liquid assets (generated from revenues and net bond proceeds) which are not accessible for general use because of third-party (statutory, bond covenant or granting agency) limitations.

Unrestricted Net Position represents unrestricted assets.

12. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

NOTE II. – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

General Budget Policies

In accordance with the City Charter, the Mayor prepares and submits the annual budget and capital program to City Council. In order to be compliant with Florida Statutes, the Agency is required to take action on all budget resolutions and budget amendments of the Agency. Once the budget has been adopted by the Agency, it is then adopted by City Council. Budget amendments are administered in accordance with Chapter 166.241, Florida Statutes, and the procedure established in the Financial Planning and Administration Policy adopted by City Council Resolution. The Agency follows that policy for budget amendments.

Through an Interlocal Agreement, the Agency’s activities and administrative services are provided by City of Pensacola.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE II. – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Therefore, budget amendments for the Agency follow the budget policies outlined in the City’s Financial Planning and Administration Policy allowing the Mayor (or designee) to authorize budget amendments if the total appropriations of the fund are not changed. Specifically, the Mayor (or designee) shall have the authority to transfer appropriations between expenditure categories and between departments or programmatic activities except that amounts appropriated for capital outlay cannot be transferred to any other expenditure category provided no transfer shall be made from the appropriations that are contrary to Florida Law. Further, management has established budgetary control within each fund at the line-item level.

Authorized staff within the Agency and Financial Services Department may request budget amendments between line items or between departments within a fund subject to final determination by the Finance Director as the Mayor’s designee.

Additionally, in accordance with Chapter 166.241, Florida Statutes, appropriations within a fund may only be decreased or increased by resolution with City Council approval. Prior to City Council’s adoption of any Agency supplemental budget resolutions a supplemental budget resolution will be approved and confirmed by the Agency. Expenditures for each fund may not legally exceed the total fund appropriation.

A legally adopted budget is employed as a control device for the Agency Funds and is budgeted on a limited non-GAAP basis for management control purposes.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. The budget for the subsequent year provides a re-appropriation of funds to complete transactions for outstanding encumbrances.

NOTE III. - DETAIL NOTES ON ALL FUNDS

A. Deposits and Investments

The Agency’s investments of \$8,350,320 are in a money market account and certificates of deposits with maturities that range from October 2023 to July 2024 and have a weighted average maturity of one year. These investments are not subject to level disclosure in the fair value hierarchy.

B. Tax Increment Revenues

The Agency’s primary source of revenue is tax increment revenues derived from each of the redevelopment areas.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

This revenue is calculated by taking ninety-five percent of the difference between the amount of ad valorem real property taxes levied by the taxing authority, excluding school districts, water management districts and other taxing entities enumerated in Section 163.387(l)(c), Florida Statutes, each year within each redevelopment area and the amount which would have been produced by the same levy on the assessed value of taxable real property in such redevelopment area in the base year which is the year in which the Redevelopment Trust Fund was established (the "Tax Increment" or "Tax Increment Revenues"). Each taxing authority is required to fund this amount annually, by December 31st, without regard to tax collections or other obligations.

The base year for calculation of the Tax Increment for the Urban Core Community Redevelopment Area is 1983 and the Tax Increment Revenues total \$87,926,570 for the City and Escambia County and \$49,010,270 for the DIB. The sunset date for the Tax Increment Revenues being paid into the Urban Core Community Redevelopment Trust Fund is December 31, 2043 (Fiscal Year 2044).

The base year for calculation of the Tax Increment for the Westside Community Redevelopment Area is 2013 and the Tax Increment Revenues total \$121,903,783. The sunset date for the Tax Increment Revenues being paid into the Westside Community Redevelopment Trust Fund is December 31, 2037 (Fiscal Year 2038).

The base year for calculation of the Tax Increment for the Eastside Neighborhood Redevelopment Area is 2005 and the Tax Increment Revenues total \$19,243,104. The sunset date for the Tax Increment Revenues being paid into the Eastside Neighborhood Redevelopment Trust Fund is December 31, 2045 (Fiscal Year 2046).

C. Accounts Receivable

1. Lease Receivables

The Agency leases building space to third party. As of September 30, 2023, The Agency's leases receivables were valued at \$7,755 and the deferred inflow of resources associated with the leases that will be recognized as revenue over the term of the leases were \$7,747. The lease term is from September 2022 through September 2025 with an option for renewal for a term of 3 years and annual payments of 4,000 which includes interest at a rate of 3%. Revenue recognized in fiscal year 2023 related to the lease was \$3,928.

Fiscal Year	Governmental Activities	
	Principal	Interest
2024	\$ 3,819	\$ 178
2025	3,936	61
	\$ 7,755	\$ 239

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

D. Interfund Transfers

During the course of operations, transactions occur between individual funds based on revenues received and then transferred to other funds pursuant to debt covenants or operational needs. For the year ended September 30, 2023, interfund transfers are as follows:

Governmental activities:	<u>Transfer In</u>	<u>Transfer Out</u>
Community Redevelopment Agency	\$	4,030,516
Eastside Tax Increment Financing District		89,537
Westside Tax Increment Financing District		278,666
CRA Debt Service	<u>4,398,719</u>	
Total	<u>\$ 4,398,719</u>	<u>\$ 4,398,719</u>

Funds are transferred from the Community Redevelopment Agency fund to the CRA Debt Service fund to pay debt service on the Urban Core Redevelopment Revenue Bond, Series 2017, and the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019. Funds from the Eastside Tax Increment Financing District fund are transferred to the CRA Debt Service fund to pay debt service on the Eastside Redevelopment Revenue Bond, Series 2017. Funds from the Westside Tax Increment Financing District fund are transferred to the CRA Debt Service fund to pay debt service on the Westside Redevelopment Revenue Bond, Series 2017.

E. Long-term Liabilities

1. Changes in Long-Term Liabilities

Following is a summary of changes in the long-term liabilities for the Agency's year ended September 30, 2023:

Governmental activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Due to other governments	\$ 6,500,000	\$	\$ (1,300,000)	\$ 5,200,000	\$ 1,300,000
Notes payable	<u>66,760,248</u>	<u></u>	<u>(1,948,068)</u>	<u>64,812,180</u>	<u>1,956,068</u>
Governmental activity long-term liabilities	<u>\$ 73,260,248</u>	<u>\$ -</u>	<u>\$ (3,248,068)</u>	<u>\$ 70,012,180</u>	<u>\$ 3,256,068</u>

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NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

Due to other governments includes an Interlocal agreement between the City of Pensacola and the Agency which committed the Agency to contribute Tax Increment Revenues derived from the Urban Core Community Redevelopment Area to the Main Street Wastewater Treatment Plant Replacement Project (the Project). The Agency committed \$19.5 million towards the project, payable to Emerald Coast Utilities Authority (ECUA) in annual installments of \$1.3 million. The annual \$1.3 million payment is included in general government expenditures since the payment is not considered debt service. For accounting purposes, this is a voluntary non-exchange transaction. In December 2012, ECUA provided documentation which showed all eligibility criteria had been met as of September 30, 2012. Therefore, the long-term liability and expenditure were recorded in the Agency's government-wide financial statements. Since the long-term liability is not due and payable in the current period it is not recorded in the fund financial statements.

Notes payable include Interlocal agreements between the City of Pensacola and the Agency which committed the Agency to contribute Tax Increment Revenues derived from the Urban Core Community Redevelopment Area to pay debt service on the Urban Core Redevelopment Revenue Bond, Series 2017, and the Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019; Tax Increment Revenues derived from the Eastside Neighborhood Redevelopment Area to pay debt service on the Eastside Redevelopment Revenue Bond, Series 2017; and Tax Increment Revenues derived from the Westside Community Redevelopment Area to pay debt service on the Westside Redevelopment Revenue Bond, Series 2017. The Agency's outstanding notes payable do not contain any significant events of default with finance-related consequences, termination events with finance-related consequences, or subjective acceleration clauses.

2. Individual Notes Payable

Below are the Agency's obligations towards the City's individual long-term notes payable which were outstanding on September 30, 2023:

Governmental activities:

\$1,307,000 Eastside Redevelopment Revenue Bond, Series 2017 was issued for the purpose of financing certain community redevelopment capital improvements in the Eastside Neighborhood Redevelopment Area included in the Eastside Neighborhood Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.33% commencing April 1, 2018, to and including April 1, 2037, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2018, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Eastside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax. Final maturity of principal occurs on April 1, 2037.

988,000

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SEPTEMBER 30, 2023

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

\$4,082,000 Westside Redevelopment Revenue Bond, Series 2017 was issued for the purpose of financing certain community redevelopment capital improvements in the Westside Neighborhood Redevelopment Area included in the Westside Neighborhood Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.33% commencing April 1, 2018, to and including April 1, 2037, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2018, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Westside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax. Final maturity of principal occurs on April 1, 2037. 3,087,000

\$8,000,000 Urban Core Redevelopment Revenue Bond, Series 2017 was issued for the purpose of financing certain community redevelopment capital improvements in the Urban Core Redevelopment Area included in the Urban Core Community Redevelopment Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.60% commencing April 1, 2018, to and including April 1, 2040, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2018, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Urban Core Redevelopment Area and in the event that these revenues are insufficient, a covenant to budget and appropriate non-ad valorem revenues of the City. Final maturity of principal occurs on April 1, 2040. 7,155,000

\$58,140,000 Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019 was issued for the purpose of refunding the outstanding principal balance of the Redevelopment Revenue Bonds, Series 2009B, as well as financing certain community redevelopment capital improvements in the Urban Core Redevelopment Area included in the Urban Core Community Redevelopment Plan and the costs of issuance on the borrowing. The bond has a fixed interest rate of 3.40% commencing October 1, 2019, to and including December 31, 2043, payable each April 1 and October 1 of each year. Principal payments commenced on April 1, 2021, payable April 1 of each year. Debt service payments are secured with Tax Increment Financing (TIF) revenues derived from the Urban Core Redevelopment Area and in the event that these revenues are insufficient, a covenant to budget and appropriate non-ad valorem revenues of the City. Final maturity of principal occurs on December 31, 2043. 53,582,180

Total Governmental Activities \$ 64,812,180

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

3. Summary of Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the Agency's long-term notes are as follows:

Governmental Long-Term Debt

Fiscal Year Ending September 30,	Principal	Interest	Total Principal and Interest
2024	\$ 2,007,612	\$ 2,110,609	\$ 4,118,221
2025	2,062,981	2,044,467	4,107,448
2026	2,120,901	1,976,447	4,097,348
2027	2,187,210	1,906,401	4,093,611
2028	2,665,969	1,834,105	4,500,074
2029-2033	14,640,514	7,838,323	22,478,837
2034-2038	16,753,418	5,344,400	22,097,818
2039-2043	18,273,568	2,586,815	20,860,383
2044	4,100,007	104,550	4,204,557
Total	<u>64,812,180</u>	<u>25,746,117</u>	<u>90,558,297</u>
Less: Current	<u>1,956,064</u>	<u>-</u>	<u>1,956,064</u>
Total government debt	<u>\$ 62,856,116</u>	<u>\$ 25,746,117</u>	<u>\$ 88,602,233</u>

4. Revenues Pledged for Debt Repayment

The Agency has pledged future Tax Increment Revenues derived from the Urban Core Redevelopment Area to repay \$8,000,000 in Bond issued in 2017 and a \$58,140,000 Bond issued in 2019. Proceeds from the 2019 bond provided financing to refund \$38,925,000 in outstanding 2009 bonds which financed the construction of a Community Maritime Park. Proceeds of the 2017 bond and remaining proceeds from the 2019 bond provided financing for certain community redevelopment capital improvements in the Urban Core Community Redevelopment Area included in the Urban Core Community Redevelopment Area Plan. The bonds are secured by Tax Increment Revenues derived from the Urban Core Redevelopment Area and in the event that these revenues are insufficient and the City has advanced (an "Advance") non-ad valorem revenues budgeted and appropriated for the payment thereof the Agency shall repay the amount of such Advance to the City plus interest and are payable through 2043. Principal and interest paid for the current year on the 2017 bond was \$311,434 and the 2019 bonds was \$3,442,142 and Tax Increment Revenues for the current year were \$9,101,349.

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NOTE III. - DETAIL NOTES ON ALL FUNDS (Continued)

The Agency has pledged future Tax Increment Revenues derived from the Eastside Redevelopment Area to repay a \$1,307,000 Bond issued in 2017. Proceeds of the bond provided financing for certain community redevelopment capital improvements in the Eastside Neighborhood Redevelopment Area included in the Eastside Neighborhood Plan. The bond is secured by Tax Increment Revenues derived from the Eastside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax and are payable through 2037. Principal and interest paid for the current year were \$89,732 and Tax Increment Revenues for the current year were \$377,004.

The Agency has pledged future Tax Increment Revenues derived from the Westside Redevelopment Area to repay a \$4,082,000 Bond issued in 2017. Proceeds of the bond will provide financing for certain community redevelopment capital improvements in the Westside Neighborhood Redevelopment Area included in the Westside Neighborhood Plan. The bond is secured by Tax Increment Revenues derived from the Westside Redevelopment Area and in the event that these revenues are insufficient, the Local Business Tax, and are payable through 2037. Principal and interest paid for the current year were \$279,492 and Tax Increment Revenues for the current year were \$1,602,654.

F. Net Position Deficit

The Agency has a negative net position on the Government-wide Financial Statements of \$56,362,874 as of September 30, 2023. This amount is the result of the various interlocal agreements whereby the Agency has pledged Tax Increment Revenues to repay long-term obligations which do not result in an asset for the Agency.

These obligations included notes payable of \$64,812,180 and due to other governments of \$5,200,000. Based on current projects, the Agency projects sufficient future Tax Increment Revenues to repay such obligations in full before the sunset of the Community Redevelopment Areas. Detailed information on these obligations can be found in Note III.D and Note IV.B of this report.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE IV. – OTHER INFORMATION

A. Related Party Commitments

1. *Interlocal Agreement – Downtown Improvement Board.* On September 11, 2020, the Agency and the Pensacola Downtown Improvement Board (DIB) entered into an Interlocal Agreement whereby the Agency agreed to contribute to the DIB an annual amount equal to the funds paid into the Urban Core Redevelopment Trust Fund by the DIB during the most recent tax year, less \$100,000. The primary purpose of the contribution is for economic development, marketing, public realm enhancement and beautification, community policing innovations and to support multi-modal enhancements of Downtown Pensacola, provided such functions are reasonably consistent and compatible with the long-term goals and objectives outlined in the Urban Core Redevelopment Plan. The annual installments to the DIB are paid from Tax Increment Revenues derived from the Urban Core Redevelopment Area. Payments for the year ended September 30, 2023 totaled \$404,624.
2. *Interlocal Agreement - Main Street Wastewater Treatment Plant.* On June 26, 2009, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed to pay the Emerald Coast Utilities Authority \$19.5 million towards the relocation of the Main Street Wastewater Treatment Plant. The obligation was recorded in fiscal year 2012 upon project completion. Annual installments to the Authority of \$1.3 million began in fiscal year 2013 and will extend through fiscal year 2027. The annual installments to the Authority will be paid from Tax Increment Revenues derived from the Urban Core Redevelopment Area and any shortfall paid by the City will be reimbursed by the Agency when funds are available. Payments for the year ended September 30, 2023 totaled \$1,300,000.
3. *Interlocal Agreement – Westside Redevelopment Revenue Bond, Series 2017.* On August 15, 2017, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed that to the extent that Tax Increment Revenues derived from the Westside Community Redevelopment Area are insufficient to fully pay the principal of and interest on the 2017 Westside Bond, and the City has advanced Local Business Tax for the payment thereof in accordance with the terms of Resolution No. 17-38 (the “Westside Bond Resolution”) adopted by the City on August 10, 2017 (an "Advance"), the Agency shall repay the amount of such Advance to the City plus interest. The obligation of the Agency to pay the City the amount of any Advance and interest thereon shall be junior and subordinate in all respects to the Agency's obligation to make payments sufficient to pay the 2017 Westside Bond and any Additional Obligations issued in accordance with the Westside Bond Resolution.

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE IV. – OTHER INFORMATION (Continued)

4. *Interlocal Agreement – Eastside Redevelopment Revenue Bond, Series 2017.* On August 15, 2017, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed that to the extent that Tax Increment Revenues derived from the Eastside Neighborhood Redevelopment Area are insufficient to fully pay the principal of and interest on the 2017 Eastside Bond, and the City has advanced Local Business Tax for the payment thereof in accordance with the terms of Resolution No. 17-43 (the “Eastside Bond Resolution”) adopted by the City on August 10, 2017 (an "Advance"), the Agency shall repay the amount of such Advance to the City plus interest. The obligation of the Agency to pay the City the amount of any Advance and interest thereon shall be junior and subordinate in all respects to the Agency's obligation to make payments sufficient to pay the 2017 Eastside Bond and any Additional Obligations issued in accordance with the Eastside Bond Resolution.

5. *Interlocal Agreement – Eastside Redevelopment Loan.* On September 30, 2016, as amended on August 10, 2017, the City and the Agency entered into an Interlocal Agreement which established the terms and conditions by which the City would provide a loan to the Agency in the principal amount of \$500,000 to finance a portion of the cost associated with the design, construction and acquisition of the General Daniel “Chappie” James, Jr. Museum and Youth Flight Academy. The loan was made from the City’s Insurance Retention Fund to the Agency’s Eastside TIF District and has a thirty (30) year term with interest only being paid until the twenty (20) year Eastside Redevelopment Revenue Bond, Series 2017 has matured. Principal payments begin December 31, 2037 and end on December 31, 2045. Since the principal repayment on the loan does not start until December 31, 2037, the full interfund balance was reduced and a transfer between the Eastside TIF District Fund and the City was recorded. At the point of repayment, the full long-term liability will be recorded and the transfer reversed.

6. *Interlocal Agreement – Urban Core Redevelopment Revenue Bond, Series 2017.* On November 15, 2017, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed that to the extent that Tax Increment Revenues derived from the Urban Core Community Redevelopment Area are insufficient to fully pay the principal of and interest on the 2017 Urban Core Bond, and the City has advanced (an "Advance") non-ad valorem revenues budgeted and appropriated for the payment thereof in accordance with the terms of Resolution No. 33-09 adopted on October 8, 2009 (the "Original Bond Resolution" and as amended and supplemented, the "Bond Resolution"), and the 2017 Urban Core Bond Resolution, the Agency shall repay the amount of such Advance to the City plus interest. The obligation of the Agency to pay the City the amount of any Advance and interest thereon shall be junior and subordinate in all respects to the Agency’s obligation to make payments sufficient to pay the 2017 Urban Core Bond, the 2019 Urban Core Bond and any Additional Obligations issued in accordance with the Bond Resolution.

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE IV. – OTHER INFORMATION (Continued)

7. *Interlocal Agreement – Urban Core Redevelopment Refunding and Improvement Revenue Bond, Series 2019.* On July 25, 2019, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed that to the extent that Tax Increment Revenues derived from the Urban Core Community Redevelopment Area are insufficient to fully pay the principal of and interest on the 2019 Urban Core Bond, and the City has advanced (an "Advance") non-ad valorem revenues budgeted and appropriated for the payment thereof in accordance with the terms of the Original Bond Resolution and Resolution No. 2019-31 adopted by the City on July 25, 2019, the Agency shall repay the amount of such Advance to the City plus interest. The obligation of the Agency to pay the City the amount of any Advance and interest thereon shall be junior and subordinate in all respects to the Agency's obligation to make payments sufficient to pay the 2017 Urban Core Bond, the 2019 Urban Core Bond and any Additional Obligations issued in accordance with the Bond Resolution.

8. *Interlocal Agreement – Administrative Services.* On September 22, 2017, as amended on August 13, 2019, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide administrative services to the Agency through December 31, 2045. Administrative services include personnel, financial, legal, engineering, planning, purchasing, construction, insurance, title and construction services. All personnel assigned by the City are employees of the City and are not officers, employees, or agents of the Agency. As such, the Agency has no pension obligation, other post-employment obligations or other liabilities related to personnel. In consideration of the services, the Agency reimburses the City based on the actual cost of services. Payments for the year ended September 30, 2023 totaled \$704,087.

9. *Interlocal Agreement – Urban Core Maintenance Services.* On September 22, 2017, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide landscape, park and public space enhancements and accessibility improvement maintenance services on the Agency's behalf through December 31, 2043. These services include the cost to maintain any improvements to various public facilities within the Urban Core Community Redevelopment Area which, pursuant to the Urban Core Community Redevelopment Plan, the Agency has made. In consideration of the services, the Agency will reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2023 totaled \$409,002.

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(A Component Unit of the City of Pensacola, Florida)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE IV. – OTHER INFORMATION (Continued)

10. *Interlocal Agreement – Eastside Maintenance Services.* On November 15, 2017, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide landscape, park, property management, leasing, accessibility improvement, public space enhancement, and facilities maintenance services on the Agency’s behalf through December 31, 2045. These services include the cost to maintain any improvements to various public facilities within the Eastside Community Redevelopment Area which, pursuant to the Eastside Community Redevelopment Plan, the Agency has made. In consideration of the services, the Agency will reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2023 totaled \$12,916.

11. *Interlocal Agreement – Community Policing Innovations.* On September 23, 2022, the City and the Agency entered into an Interlocal Agreement whereby the City agreed to provide additional policing services within the Urban Core Community Redevelopment Area through September 30, 2023. These services aim to reduce crime by reducing opportunities for, and increasing perceived risk of engaging in, criminal activity through visible presence of police. In consideration of the services, the Agency will reimburse the City based on the actual cost of services. Payments for the year ended September 30, 2023 totaled \$116,017.

12. *CRA Interlocal Agreement – Community Maritime Park Stadium Improvements.* On July 23, 2021, the City and the Agency entered into an Interlocal Agreement whereby the Agency agreed to contribute up to \$2,000,000 to fund certain improvements at the Vince Whibbs Sr. Community Maritime Park Blue Wahoos Stadium. Such improvements include, but are not limited to, the conversion of the Blue Wahoos Stadium baseball field from natural grass to synthetic turf and any irrigation changes needed to accommodate the conversion, the conversion of the Blue Wahoos Stadium lights to LED, the removal of existing bullpens and construction of new bullpens, the construction of new batting cages, the purchase of additional training tables, dishwashers and surveillance equipment, internet and phone upgrades, replacement of HWC chairs, painting, repairs to seats, flooring, electrical outlets and elevators all in furtherance of maximizing the use and impact of the Vince Whibbs Sr. Community Maritime Park improvements paid for with tax increment revenues derived from the Urban Core Community Redevelopment Area. As of September 30, 2023, \$1,713,220 has been paid towards improvements for the project, life-to-date.

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE IV. – OTHER INFORMATION (Continued)

B. Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. As part of the Interlocal Agreement for administrative services, the City manages the Agency’s insurance needs. The City is self-insured with respect to general, auto liability, and workers' compensation claims but does carry public official’s liability insurance as well as property insurance. The coverage limits and deductibles are as follows:

<u>Primary Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Public officials	2,000,000	75,000
Property	200,000,000	100,000/5% named wind storm

C. Litigation

The Agency is contingently liable with respect to other lawsuits and other claims incidental to the ordinary course of its operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, based on the advice of counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Agency.

D. Contractual, Construction, and Equipment Commitments

The Agency has outstanding commitments for contractual services and for the construction and acquisition of property, plant and equipment at year end. The commitments represent the difference between the contract prices of the various projects and the amounts paid on each contract. Outstanding commitments by fund on September 30, 2023 were:

Community Redevelopment Agency	\$ <u>165,237</u>
Total	\$ <u><u>165,237</u></u>

NOTE V. – SUBSEQUENT EVENTS

No other significant events occurred subsequent to the balance sheet date, as of the date of this report that would have a material impact on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive/(Negative)
Revenues:				
Tax increment revenues	\$ 9,101,500	\$ 9,101,500	\$ 9,101,349	\$ (151)
Intergovernmental revenues				
Charges for services	16,000	16,000	23,381	7,381
Investment earnings			314,098	314,098
Other		100,000		(100,000)
Total revenues	<u>9,117,500</u>	<u>9,217,500</u>	<u>9,438,828</u>	<u>221,328</u>
Expenditures:				
Current -				
General government	8,849,400	12,217,556	3,649,815	8,567,741
Capital outlay	268,100	2,229,581	271,169	1,958,412
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>9,117,500</u>	<u>14,447,137</u>	<u>3,920,984</u>	<u>10,526,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(5,229,637)</u>	<u>5,517,844</u>	<u>10,747,481</u>
Other financing sources (uses):				
Transfers in				
Transfers (out)			(4,030,516)	(4,030,516)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(4,030,516)</u>	<u>(4,030,516)</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ (5,229,637)</u>	<u>1,487,328</u>	<u>\$ 6,716,965</u>
Fund balances at beginning of year			<u>6,250,988</u>	
Fund balances at end of year			<u>\$ 7,738,316</u>	

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
EASTSIDE TAX INCREMENT FINANCING DISTRICT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive/(Negative)</u>
Revenues:				
Tax increment revenues	\$ 377,100	\$ 377,100	\$ 377,004	\$ (96)
Intergovernmental revenues				
Charges for services				
Investment earnings			24,533	24,533
Other				
Total revenues	<u>377,100</u>	<u>377,100</u>	<u>401,537</u>	<u>24,437</u>
Expenditures:				
Current -				
General government	272,300	893,925	152,044	741,881
Capital outlay		201,187	138,044	63,143
Debt service -				
Principal retirement				
Interest	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Total expenditures	<u>287,300</u>	<u>1,110,112</u>	<u>305,088</u>	<u>805,024</u>
Excess (deficiency) of revenues over (under) expenditures	<u>89,800</u>	<u>(733,012)</u>	<u>96,449</u>	<u>829,461</u>
Other financing sources (uses):				
Transfers in				
Transfers (out)	<u>(89,800)</u>	<u>(89,800)</u>	<u>(89,537)</u>	<u>263</u>
Total other financing sources (uses)	<u>(89,800)</u>	<u>(89,800)</u>	<u>(89,537)</u>	<u>263</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ (822,812)</u>	<u>6,912</u>	<u>\$ 829,724</u>
Fund balances at beginning of year			<u>822,812</u>	
Fund balances at end of year			<u>\$ 829,724</u>	

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
WESTSIDE TAX INCREMENT FINANCING DISTRICT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive/(Negative)</u>
Revenues:				
Tax increment revenues	\$ 1,602,200	\$ 1,602,200	\$ 1,602,654	\$ 454
Intergovernmental revenues				
Charges for services				
Investment earnings			71,416	71,416
Other				
Total revenues	<u>1,602,200</u>	<u>1,602,200</u>	<u>1,674,070</u>	<u>71,870</u>
Expenditures:				
Current -				
General government	1,322,700	2,104,103	529,280	1,574,823
Capital outlay		668,380	5,258	663,122
Debt service -				
Principal retirement				
Interest				
Total expenditures	<u>1,322,700</u>	<u>2,772,483</u>	<u>534,538</u>	<u>2,237,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>279,500</u>	<u>(1,170,283)</u>	<u>1,139,532</u>	<u>2,309,815</u>
Other financing sources (uses):				
Transfers in				
Transfers (out)	<u>(279,500)</u>	<u>(279,500)</u>	<u>(278,666)</u>	<u>834</u>
Total other financing sources (uses)	<u>(279,500)</u>	<u>(279,500)</u>	<u>(278,666)</u>	<u>834</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ (1,449,783)</u>	<u>860,866</u>	<u>\$ 2,310,649</u>
Fund balances at beginning of year			<u>1,449,783</u>	
Fund balances at end of year			<u>\$ 2,310,649</u>	

SUPPLEMENTARY INFORMATION

CITY OF PENSACOLA COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pensacola, Florida)
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive/(Negative)</u>
Revenues:				
Tax increment revenues	\$	\$	\$	\$
Intergovernmental revenues				
Charges for services				
Investment earnings			13,683	13,683
Other				
Total revenues	<u>0</u>	<u>0</u>	<u>13,683</u>	<u>13,683</u>
Expenditures:				
Current -				
General government				
Capital outlay				
Debt service -				
Principal retirement	2,248,100	2,248,100	1,948,068	300,032
Interest	<u>2,174,900</u>	<u>2,174,900</u>	<u>2,174,732</u>	<u>168</u>
Total expenditures	<u>4,423,000</u>	<u>4,423,000</u>	<u>4,122,800</u>	<u>300,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,423,000)</u>	<u>(4,423,000)</u>	<u>(4,109,117)</u>	<u>313,883</u>
Other financing sources (uses):				
Transfers in	4,423,000	4,423,000	4,398,719	(24,281)
Transfers (out)				
Total other financing sources (uses)	<u>4,423,000</u>	<u>4,423,000</u>	<u>4,398,719</u>	<u>(24,281)</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>289,602</u>	<u>\$ 289,602</u>
Fund balances at beginning of year			<u>3,828,619</u>	
Fund balances at end of year			<u>\$ 4,118,221</u>	

COMPLIANCE SECTION

**INDEPENDENT AUDITORS' 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**

Board Members
Community Redevelopment Agency
City of Pensacola, Florida

We have audited, 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, the financial statements of the governmental activities and each major fund of the City of Pensacola Community Redevelopment Agency (the "Agency"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 5, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

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 noncompliance 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida
March 5, 2024

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Board Members
Community Redevelopment Agency
City of Pensacola, Florida

We have examined the City of Pensacola Community Redevelopment Agency (the "Agency") compliance with the following requirements for the year ended September 30, 2023:

- (1) Florida Statute 218.415 in regards to investments
- (2) Florida Statutes 163.387(6) and (7) in regards to community redevelopment agencies

Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency has complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

This report is intended solely for the information and use of the Agency and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
March 5, 2024

MANAGEMENT LETTER

Board Members
Community Redevelopment Agency
City of Pensacola, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Pensacola Community Redevelopment Agency (the "Agency"), as of and for the year ended September 30, 2023, and have issued our report thereon dated March 5, 2024.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550 *Rules of the Florida Auditor General*.

Other Reports Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 5, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings were reported in the City of Pensacola's audit in the prior year.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the Agency has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the CRA reported:

- a. The total number of CRA employees compensated in the last pay period of the CRA's fiscal year was 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year was 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued regardless of contingency was \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as: The CRA has budgeted \$335,000 for the Legion Streets Project in fiscal year 2024.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amends a final adopted budget under Section 189.016(6), Florida Statutes, as included in the Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget to Actual as listed in the table of contents.

The specific information reported in the previous paragraph has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Additional Matters

Section 10.554 (1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
March 5, 2024