

HARDEN COMMUNITY REDEVELOPMENT PLAN

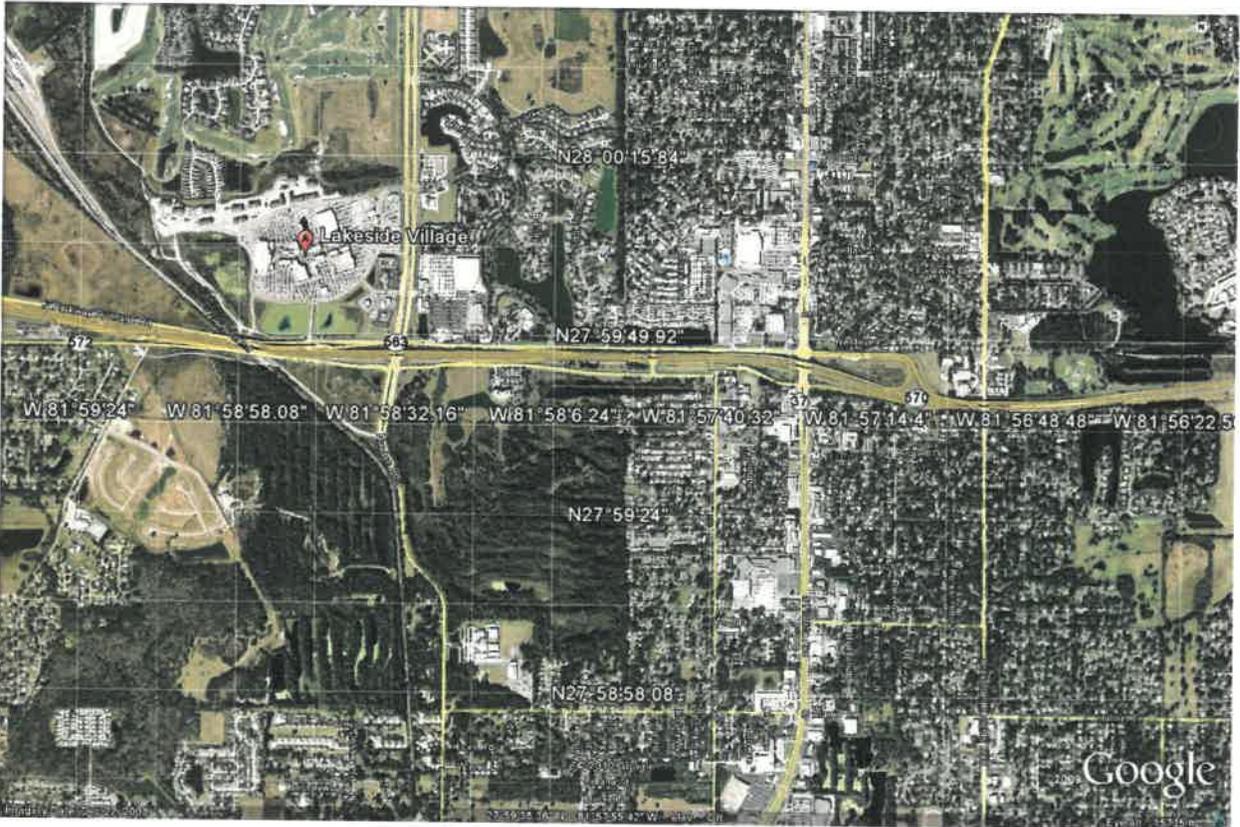
Annual Report **Polk County Florida** *Fiscal Year 2014/2015*

TABLE OF CONTENTS

<i>Section I:</i>	Map	3
<i>Section II:</i>	History	3
<i>Section III:</i>	Economic Development	4
<i>Section IV:</i>	Harden CRA Board	5
<i>Section V:</i>	Financial Statements	5

Section I

MAP:



Section II

HISTORY:

The Harden Parkway Community Redevelopment Agency (H/P CRA) was created by the Polk County Board of County Commissioners in 2004. The H/P CRA encompasses lands located within the southern portion of the City of Lakeland and unincorporated areas of Polk County. These lands are predominately road right of ways along Harden Boulevard and South Florida Avenue. Polk County had the statutory authority to establish a redevelopment area in a municipality located within Polk County and was supported by the City of Lakeland in utilizing this approach. The County and City established an Interlocal Agreement to cooperate in creating this single purpose CRA for the purpose of eliminating transportation system blight in the area which originally had adverse impacts upon both County and City governments and the citizenry. Specifically, the purpose of the H/P CRA Plan was to provide the program framework to relieve the transportation blight conditions, avoid economic disuse of potentially viable properties, and provide the funding mechanism to jointly address the necessary transportation improvements. The County borrowed the funds to complete approximately \$11.2 million of

transportation and roadway improvements prior to 2013. Repayment of this debt is dependent upon TIF revenues and gas tax revenue because the TIF revenue is insufficient to cover the debt service payment.

Section III

ECONOMIC DEVELOPMENT

Development of properties within the City of Lakeland and adjacent to the H/P CRA boundaries has not materialized as projected due to a lackluster economy since 2008. This will continue to constrain TIF revenue generation for the near future as the economy climbs out of the slump. Further, developer interest has been stifled by significant impact fees charged by the City of Lakeland while waived at the County level in an effort to stimulate development.



The Lakeside Village retail / mixed use development is the primary commercial development in the CRA. It has not seen significant new development since its early development days. Redevelopment of two existing restaurants did occur in FY2013-2014, however. The former Mimi's restaurant was

redeveloped by Village Inn with it's a radically new store concept and is experiencing a strong level of business. The former Romano's Macaroni Grill was demolished and rebuilt by Darden Restaurants as an Olive Garden. To the right and below are photos of the Lakeside Village Retail Development from which the majority of CRA TIF monies are generated. In addition to retail and restaurants, the development has over 40,000 square feet of mixed-use Class A office space office space above the retail stores and a state-of-the-art movie theater.



Section IV

Harden CRA Board

The Harden Parkway CRA Board holds meetings on an as-needed basis. Current Board Members are:

- George Lindsey, District 1, Nov. 21, 2016
- Melony M. Bell, District 2, Nov. 20, 2018
- Edwin V. Smith, District 3, Nov. 21, 2016
- R. Todd Dantzler, District 4, Nov. 20, 2018
- John Hall, District 5, Nov. 21, 2016
- Doug Thomas, City Manager of Lakeland, Jan. 21, 2018
- Jim Studiale, Lakeland Community Development Director, Jan. 21, 2016

The Harden Parkway CRA Board include the Polk County Board of County Commissioners and the city manager and community development department director for the City of Lakeland, or their designees, to serve as two additional members of the Harden Parkway CRA Board. The appointing authority is found in Resolution No. 04-010.

Section V

FINANCIAL

Tax incremental funding has not reached anticipated projections primarily due to lack of development after the downturn in the economy. TIF revenues are insufficient to service the debt on outstanding bonds. As a result, Polk County's Transportation Trust Fund (gasoline taxes) pays for a portion of the debt service. In FY 2014-2015 \$1,130,000 was paid by Constitutional Gas Tax as shown in the Financial Statements attached to this report. Actual debt service and other expenditures in the Polk Harden / Parkway CRA totaled \$750,193 in FY 11/12 and \$1,010,000 in FY 12/13.

See attached unaudited budget and actuals summary report for FY 2014/2015. This annual report will be updated with a final audited Comprehensive Annual Financial Report (CAFR) for FY 2014/2015 by end of 2nd Quarter 2016. The audited CAFR report for FY2013/2014 is also included.

END OF REPORT

Polk/Harden Parkway CRA (177)									
Fund 15291	Sunsets:	FY 26/27							1.324
								TB: 397,223	TB: 240,450
	Cost Center	Project	Account	FY04/05 Actuals	FY05/06 Actual	Budget FY 13/14	Projected Actual FY13/14	Proposed FY 14/15	Unaudited Actual FY14/15
Beginning Fund Balance	030920620		3899003		(158,950)	362,105	397,223	240,457	240,457
Operating Revenues:									
BOCC Tax Increment	030920620		3899009	17,781	94,953	312,687	330,673	342,286	342,741
Impact Fee Prepayment Loan proceeds									
LAMTD Tax Increment	030920620		3899011			26,650	28,183	27,769	29,231
Municipality Tax Increment (CRA) (Lakeland)	030920620		3899010			200,316	255,888	251,468	264,703
Additional Rev. from 1-mill for Transp.	030920620		3110009			53,301	56,366	58,346	58,423
Additional Rev. from Stormwater MSTU	030920620		3110010			143	150	172	167
Additional Rev. from Parks MSTU	030920620		3110007			504	536	728	700
Additional Rev. from Library MSTU	030920620		3110008			302	318	364	353
Interfund Transfer/Bond Proceeds	030920620		3810001						
Interfund Transfer from TTF 10105	030920620		3810001						
Surplus Land Sales			3881001						
Other Cont/Donation (LOC)	030920620		3894001						
Rents	030920621		3620001						
Pooled Investments/Interest	030009177		3611014/ 3613001	(1,622)	(17,571)	2,580	6,020	1,370	8,365
Total Operating Revenues				16,159	77,382	596,583	678,234	682,503	704,689
Total Revenues				16,159	(81,568)	958,688	1,075,457	922,960	945,146
Total Revenue Entry for Oracle	030920620		3810008			367,037	388,143	401,896	402,390
Expenditures:									
Total Road Projects				73,789	506,714	0	0	0	0
CRA Administrative Costs - Allowance	030920620		5991020	100,000	50,000	0	0	0	0
Debt Service	030920620		5991020	1,320		835,000	835,000	745,000	745,000
Reserve for future capital	030920620		5998140			123,688	0	177,960	0
True Up Adjustment									
Total Expenditures				175,109	556,714	835,000	835,000	745,000	745,000
Fund Balance in CRA Fund	030920620		5998140	(158,950)	(638,282)	0	240,457	0	200,146
Full Debt Service to be paid by year for Harden						1,825,000		1,875,000	
Total DS for Harden*						835,000		745,000	
To be paid by Constitutional Gas Tax						1,025,000		1,130,000	
* Harden CRA fund is not paying full share of debt service									

**POLK COUNTY, FLORIDA
HARDEN/PARKWAY COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET
SEPTEMBER 30, 2014**

ASSETS

Cash and Investments	\$ 240,255
Interest Receivable	<u>357</u>
Total Assets	<u><u>\$ 240,612</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Unearned Revenue	\$ 155
Total Liabilities	<u>155</u>
Fund Balances:	
Restricted	<u>240,457</u>
Total Fund Balances	<u><u>240,457</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 240,612</u></u>

**POLK COUNTY, FLORIDA
HARDEN/PARKWAY COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2014**

REVENUES	
Taxes	\$ 672,214
Interest Income	3,786
Net Change in Fair Value of Investments	2,234
Total Revenues	<u>678,234</u>
EXPENDITURES	
Total Expenditures	<u><u>-</u></u>
EXCESS OF REVENUES OVER EXPENDITURES	678,234
OTHER FINANCING SOURCES (USES)	
Transfers Out	<u>(835,000)</u>
Total Other Financing Sources (Uses)	<u>(835,000)</u>
NET CHANGE IN FUND BALANCES	(156,766)
Fund Balances - Beginning of Year	<u>397,223</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 240,457</u></u>

**POLK COUNTY, FLORIDA
HARDEN/PARKWAY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Harden/Parkway Community Redevelopment Agency (the Agency) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

Reporting Entity

The Harden/Parkway Community Redevelopment Agency is a dependent special district of Polk County, Florida (the County). The Agency was established on March 8, 2004 in accordance with Chapter 163, Part III of the Florida Statutes. The Agency is a legally separate entity established by County Ordinance 04-12. The purpose of the Agency is to coordinate projects and programs to rehabilitate, conserve, or redevelop the Harden/Parkway community. The members of the Board of County Commissioners also serve on the Board of the Agency. The financial statements of the County include all governmental functions and operations controlled by or dependent on the County. Accordingly, the financial statements include the Harden/Parkway Community Redevelopment Agency.

Measurement Focus and Basis of Accounting

The Agency's only fund is a governmental fund. 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues 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. Property taxes, intergovernmental revenues and interest earned associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Agency.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables (special assessment) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

**POLK COUNTY, FLORIDA
HARDEN/PARKWAY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Fund Financial Statements

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of its assets, liabilities, equities, revenues and expenditures, or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Basis of Presentation

The Agency's financial statements consist of the fund financial statements and notes to the financial statements.

Cash and Investments

The Agency uses a pooled cash concept in maintaining its bank account. Cash is pooled with the County for operating and investing purposes and each fund has equity in the pooled amount.

Interfund Balances and Transfers

Activity between the Agency and other funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as advances to / from other funds. For the year ended September 30, 2014, Harden/Parkway Community Redevelopment Agency transferred \$835,000 to the County's Constitutional Fuel Tax Revenue Refunding Bonds Series 2006 fund for payment of debt service.

Fund Balance

In accordance with GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, which was implemented by the County for the year ended September 30, 2013, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned. Chapter 163, Florida Statutes, requires that CRA funds only be used for the purpose of community redevelopment activities within the community redevelopment area.

**POLK COUNTY, FLORIDA
HARDEN/PARKWAY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Increment Revenue

Tax increment revenues are collected from the County and are the primary source of revenue for the Agency. The tax increment revenue is calculated by applying the adopted millage rate of the County to the increase in current year taxable assessed valuations over the 2003 base year taxable assessed valuations for all properties located within the Agency's boundaries. The County is required to pay 95% of these incremental property taxes to the Agency. The increase in assessed valuations of property within the boundaries over the base year valuations is presumed to be the result of the redevelopment efforts of the Agency. The following is the calculation of tax increment revenues for the tax increment revenues related to County ad valorem taxes for the year ended September 30, 2014:

	<u>Incorporated</u>	<u>Unincorporated</u>	<u>Total</u>
Assessed property value for 2013	\$ 59,990,285	\$ 6,892,465	
Assessed property value for 2003 (base year)	2,243,112	5,306,670	
Increase in assessed property value	\$ 57,747,173	\$ 1,585,795	
Millage rate	0.0068665	0.0075993	
Total Tax Increment	\$ 396,521	\$ 12,051	\$ 408,572
% of tax increment to the Agency	95%	95%	95%
Tax increment revenue transferred to Agency	<u>\$ 376,695</u>	<u>\$ 11,448</u>	<u>\$ 388,143</u>

The Agency also received tax increment revenues from municipalities totaling \$284,071.



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INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Polk County, Florida
Bartow, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, Florida (the "County"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents. We have also audited the financial statements of the North Ridge Community Redevelopment Agency, Harden/Parkway Community Redevelopment Agency, Polk Commerce Centre Community Redevelopment Agency, and the Eloise Community Redevelopment Agency (each CRA is a nonmajor special revenue fund) which are presented in the accompanying combining and individual fund schedules and statements section as of and for the year ended September 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tax Collector, Polk County, Florida, which represents 1.38% and 5.37%, respectively, of the assets and revenues of the general fund, and 0.03% and 2.88%, respectively, of assets and revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Tax Collector, Polk County, Florida, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditors' Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the financial statements of the North Ridge Community Redevelopment Agency, Harden/Parkway Community Redevelopment Agency, Polk Commerce Centre Community Redevelopment Agency, and the Eloise Community Redevelopment Agency (each CRA is a nonmajor special revenue fund) of the County as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows and budgetary comparison thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedule of funding progress – other postemployment benefits on pages C-1 to C-15 and F-1 to F-2 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.

Board of County Commissioners
Polk County, Florida

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements and the financial statements of the North Ridge Community Redevelopment Agency, Harden/Parkway Community Redevelopment Agency, Polk Commerce Centre Community Redevelopment Agency, and the Eloise Community Redevelopment Agency. The combining and individual fund schedules and statements (with the exception of the North Ridge Community Redevelopment Agency, Harden/Parkway Community Redevelopment Agency, Polk Commerce Centre Community Redevelopment Agency, and the Eloise Community Redevelopment Agency), the Introductory section and the Statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules and statements (with the exception of the North Ridge Community Redevelopment Agency, Harden/Parkway Community Redevelopment Agency, Polk Commerce Centre Community Redevelopment Agency, and the Eloise Community Redevelopment Agency) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual fund schedules and statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2015 on our consideration of the County'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 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 County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
March 25, 2015