

**POLK COMMERCE CENTRE
COMMUNITY REDEVELOPMENT PLAN**

Annual Report

POLK COUNTY, FLORIDA

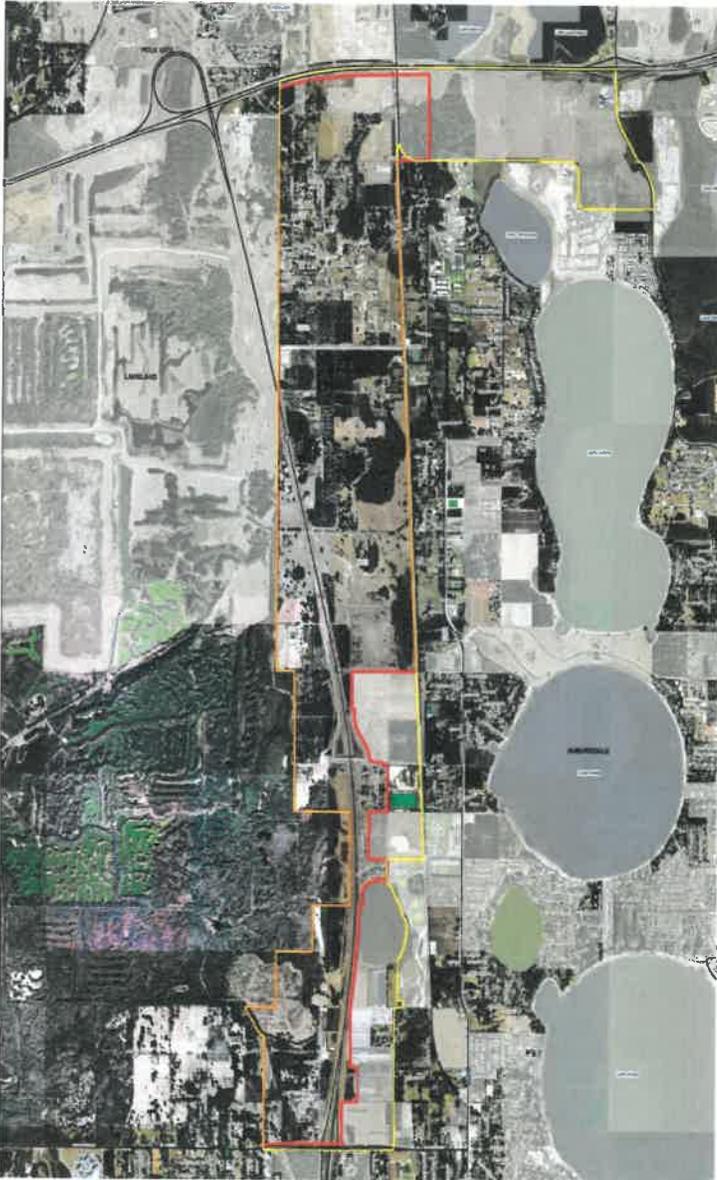
Fiscal Year 2014/2015

TABLE OF CONTENTS

<i>Section I:</i>	Map & History.....	2
<i>Section II:</i>	Infrastructure Improvements.....	3
<i>Section III:</i>	Continued Economic Development	4
<i>Section IV:</i>	Polk Commerce Centre CRA Committee & Board	5
<i>Section V:</i>	Financial Statements.....	6

Section I

MAP & HISTORY:



The Polk Commerce Centre Community Redevelopment Agency (CRA) was created by the Polk County Board of County Commissioners (BoCC) on November 24, 1992 for the purpose of identifying and addressing transportation blight existing within the boundaries encompassing some 3,251 acres. The CRA is located at the southwest corner of Interstate 4 and S.R. 559. As part of its Comprehensive Plan, Polk County adopted the I-4 Northeast Parkway Selected Area Plan (SAP) in May 1991. This SAP was based on the need for a well-planned, strategically located, mixed use commerce park within Polk County between the high growth markets of Orlando and Tampa. The CRA is located within the SAP and was again, created to address and correct transportation blight and to serve as a funding mechanism for the necessary infrastructure within the area.

The establishment of the CRA was also in concert with long range planning and development of the north-south Polk Parkway toll road by the Florida Department of Transportation (FDOT). Final alignment for the Polk Parkway was adopted in 1989. This planning included a proposed interchange at Gapway Road (a.k.a. Braddock Road) to enhance general transportation within the County, improve access to the City of Auburndale, and specifically to provide enhanced access to properties located with the CRA which would engender mixed use development. As part of the interchange proposal, FDOT required the completion of an area-wide Development of Regional

Impact (DRI) study. The CRA did not have the revenue to conduct the DRI study, a Turnpike Interchange Justification Report (TIJR) and associated review and legal fees since tax increment revenue, originally based in 1992, and subsequently changed to 1993 (Ordinance 96-20, June 1996), had yet to generate sufficient funds to cover those costs. Real property valuations in 1994 and 1995 generated minimal revenue (\$2,059.23 and \$1,429.64, respectively) and property valuations decreased in the three subsequent years due to freeze damage to citrus industry properties. As a result, the Polk County BoCC approved an economic development loan to the CRA in May 1996 in the amount of \$600,000 to pay the costs for the studies. The loan was approved for a 10 year term at 6% interest to be repaid by TIF revenues. As of 2004, only \$93,874.58 in tax increment had accrued to the CRA since no business park or other significant development had occurred. This amount (\$93,874.58) was applied to loan reduction and accrued interest. The original loan of \$600,000 plus accrued interest of \$288,189.06, less balance of loan funds of \$12,101.56 and less \$93,874.58 tax increment applied to loan

reduction, left a loan balance of \$782,212.72 at the end of fiscal year 2005. And, the financial picture has not significantly improved since that time.

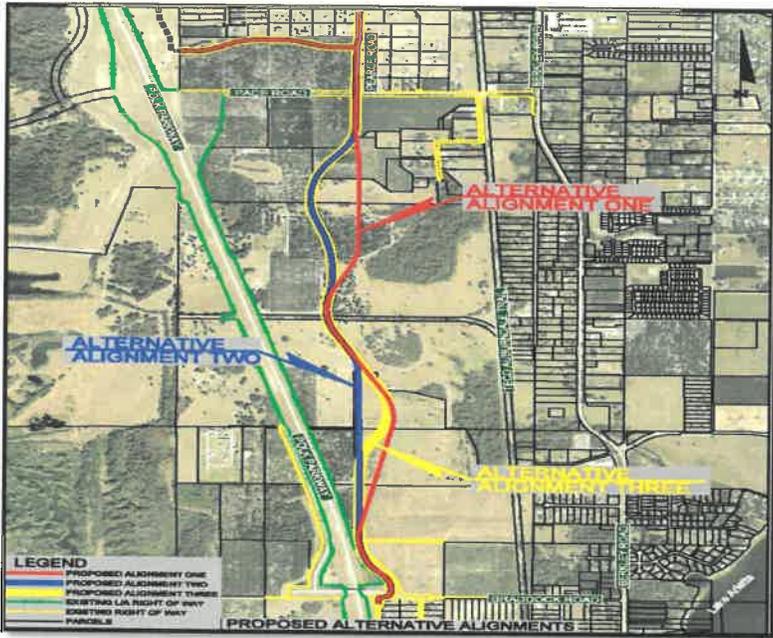
In January 2006, the independent CRA Board requested that the Polk County BoCC adopt a resolution appointing the BoCC as governing Board of the CRA due to the then current status of matters relating to the CRA and other outstanding issues affecting the CRA. Ordinance No. 06-015 was adopted for the BoCC to assume the CRA governing role effective April 2006. One of the outstanding issues involved payment for services rendered by outside legal counsel. This issue was settled by mediation but required the BoCC to approve an additional loan to the CRA totaling \$850,000. The first settlement installment of \$400,000 was paid in 2012 with four subsequent installments to be paid in fiscal years 2013, 2014, 2015 and 2016. Significant development activities must materialize for the CRA to generate TIF revenues to pay off the combined indebtedness anytime in the foreseeable future.

Section II

INFRASTRUCTURE IMPROVEMENTS

As previously discussed after 1996, TIF revenues were consumed by loan principal and interest repayment leaving no capital funding to address the transportation blight issue outlined in the CRA Plan. Polk County leadership had recognized the development potential for the area and during the past 5 years approved and funded the construction of Pace Road from Polk Parkway to Berkley Road in conjunction with FDOT's planning for a new interchange at Polk Parkway; and the extension of SR 33 east to the Polk Parkway. Approximately \$13.2 million was spent on Pace Road and another \$31.4 million was spent on reconstruction of Berkley Road. Both 4-lane roadways were completed prior to FY 2013/2014, but set the stage for development within the CRA boundaries. CR 559A, also within the CRA boundaries, is currently under construction with a scheduled completion by end of CY 2014. Estimated costs are \$24.6 million. These three roads provide connectivity to I-4; the Polk Parkway and SR 33 through the CRA. Again, no CRA TIF monies were available to address the transportation blight issue within the CRA, but were accomplished through Polk County's Capital Improvement Program. Federal stimulus funding added another \$75.8 million to construct the Pace Road/Polk Parkway and the SR 33 east-west extension outside the CRA boundaries. These roadways create the gateway connectivity to the area and enhance development potential.

During FY 2013/2014, an alignment study for construction of a "spine" road through the interior of the CRA was completed. This study was funded and conducted by Polk County at a cost of \$141,555. The purpose of the study was to determine a path to open up large tracts of land for development. These properties are controlled by 6 owners who have collaborated with the CRA Administration to determine a roadway alignment that maximizes the potential of each property while minimizing environmental impacts. There is an understanding by the owners that the right-of-way must be donated in order to consider the next step of how to fund this roadway without the benefit of TIF monies – an estimated cost of \$19.6 million.



Another significant gateway project impacting the future of the CRA consists of constructing a new bridge on SR 559 over I-4; expanding SR 559 from two lanes to four lanes from north of a new CR 559A intersection to the westbound I-4 entrance ramp; shifting the eastbound lanes of I-4 to the south; installing lighting on SR 559; resurfacing the existing roadway; and improving roadway drainage. Polk County is planning the installation of a traffic signal at the intersection of SR 559 and the newly re-routed CR 559A. Started in August 2014, this \$21 million project is expected to complete in early 2017.

Section III

CONTINUED ECONOMIC DEVELOPMENT

Progress towards economic development and financial viability is, however, on the horizon. The new Florida Polytechnic University (FPU) located adjacent to the CRA boundaries opened in August of 2014 and is anticipated to be a significant economic engine and catalyst for new housing and commercial development in the area. The development community has been waiting to see if FPU would actually come to fruition due to legislative issues, state educational system goals and complex financing requirements. As a polytechnic university, academic focus will be on Science, Technology, Engineering and Math (STEM).

A 90,000-square-foot luxury residence hall on the FPU campus designed with the modern student in mind was completed mid-2014. 215 fully furnished three- and four-bedroom suites have the most current technology and accommodations to facilitate learning and achievement beyond the classroom. There are common areas for studying and socializing. Electronic access and security cameras enhance safety for residents. The building, owned and operated by private industry Vestcor Communities, was immediately filled at opening. Additional on-campus housing is already in the planning stages. It is expected that this initial demand for student housing will spill over into the CRA engendering infrastructure amenities to support the student population. There are currently no lodging, food services or other retail businesses within 5 miles of the new FPU campus. Approximately 2500



acres of lands adjacent to the FPU campus are held by a single out-of-state owner looking for one major developer to buy all of the holdings. To date, this owner prefers not to split off smaller parcels for development which indicates development opportunities will most likely occur first on smaller CRA properties adjacent to the campus. These developments are expected to include retail, lodging and potentially small footprint R&D office buildings. Development opportunities outside of the CRA boundaries directly adjacent to the FPU campus; the economic slump starting in 2008; a small startup student population; and the remoteness of the campus - although along the I-4 corridor at Polk Parkway – have been key factors in immediate developer interest in the area.

Section IV

POLK COMMERCE CENTRE CRA COMMITTEE & BOARD

The Polk Commerce Center CRA Board was created to eliminate and prevent the development or spread of slums and blight, to reduce or prevent crime, and to provide affordable housing, whether for rent or for sale, to residents of low or moderate income. That affordable housing may include slum clearance and redevelopment, or rehabilitation and revitalization of tourist areas that are deteriorating and economically distressed, and rehabilitation or conservation in the CRA area, or any combination or part thereof.

The Polk Commerce Center CRA Board holds meetings on an as-needed basis.

Board Members

- 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
- Shawn Sherrouse, Auburndale's community development director, June 18, 2016
- Michael D. Wadley, AICP land planning consultant, June 4, 2016

Qualifications for Board Members

The Polk Commerce Center CRA Board includes five members of the Board of County Commissioners and two Polk County residents to be appointed by the Board of Resolution. Initially, the first member shall serve a two-year term and the second member shall serve a four-year term. Thereafter, each of the additional members will serve four-year terms. The appointing authority is found in Ordinance No. 06-15.

Section V

FINANCIALS

See attached a budget summary report for FY 2014/2015 and notes to financial statements for FY 2014/2015.

END OF REPORT

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

REVENUES		
Taxes		\$ 12,113
Total Revenues		<u>12,113</u>
EXPENDITURES		
Current:		
Transportation		100,000
Debt Service:		
Interest and Fiscal Charges		4,590
Total Expenditures		<u>104,590</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES		<u>(92,477)</u>
NET CHANGE IN FUND BALANCES		(92,477)
Fund Balances - Beginning of Year		<u>(1,278,101)</u>
FUND BALANCES - END OF YEAR		<u><u>\$ (1,370,578)</u></u>

**POLK COUNTY, FLORIDA
POLK COMMERCE CENTRE COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET
SEPTEMBER 30, 2014**

ASSETS

Total Assets	\$ <u><u> -</u></u>
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LIABILITIES AND FUND BALANCES

Liabilities:

Advances from Other Funds	\$ 1,370,578
Total Liabilities	<u>1,370,578</u>

Fund Balances:

Unassigned	<u>(1,370,578)</u>
Total Fund Balances	<u>(1,370,578)</u>

Total Liabilities and Fund Balances	\$ <u><u> -</u></u>
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**POLK COUNTY, FLORIDA
POLK COMMERCE CENTRE COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Polk Commerce Centre 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 Polk Commerce Centre Community Redevelopment Agency is a dependent special district of Polk County, Florida (the County). The Agency was established on November 24, 1992 in accordance with Chapter 163, Part III of the Florida Statutes. The Agency is a legally separate entity established by County Ordinance 92-40. The purpose of the Agency is to coordinate projects and programs to rehabilitate, conserve, or redevelop the Polk Commerce Centre 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 Polk Commerce Centre 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
POLK COMMERCE CENTRE 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

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.

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
POLK COMMERCE CENTRE 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 1993 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	\$ 2,585,426	\$ 12,876,539	
Assessed property value for 1993 (base year)	3,010,770	10,885,339	
Increase in assessed property value	\$ (425,344)	\$ 1,991,200	
Millage rate	0.0068665	0.0075993	
Total Tax Increment	\$ (2,921)	\$ 15,132	\$ 12,211
% of tax increment to the Agency	95%	95%	95%
Tax increment revenue transferred to Agency	<u>\$ (2,775)</u>	<u>\$ 14,375</u>	<u>\$ 11,600</u>

The Agency also received tax increment revenues from a municipality totaling \$513.

NOTE 2 INTERFUND BALANCES

The \$1,370,578 in advances from other funds outstanding at September 30, 2014 represents amounts advanced from County's General Fund to the Agency for the purpose of paying engineering, consulting, and legal fees. The Agency is charged interest on the advance based on the prevailing interest rate of the State Board of Administration. These amounts will be repaid in future years as tax increment revenues are received.



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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