



Finance Committee Meeting

December 8, 2020

Bowden Building

4:30pm

AGENDA

- 1) Call to Order
 - a) Meeting was properly noticed
 - b) Approval of November 16th, 2020 Minutes
 - c) Approval of December 8th, 2020 Agenda
- 2) New Business
 - a) November DIB Financials
- 3) On-Going Business
- 4) Public Comment
- 5) Adjournment
- 6) On Hold

**Minutes of the
Finance Committee
Monday, November 16, 2020**

Attendance: Adam Cobb, Malcolm Ballinger, Mambwe Mutanuka, and Walker Wilson

I. Call to Order – Mr. Cobb called the meeting to order at 4:30 pm.

- a) Mr. Cobb confirmed the meeting was properly noticed.
- b) There was a motion and a second to approve the November 16, 2020 agenda.
- c) There was a motion and a second to approve the Oct 19, 2020 minutes.

II. On-Going Business

- a) The committee unanimously approved the October DIB financials.
- b) Mr. Wilson updated the committee that the audit was completed and will now be provided to the DIB Board and City upon DIB Board approval
- c) Mr. Wilson walked through with the committee conflicting budgets approved by City Council. Finance Committee asked for a clear in writing direction as to how DIB should proceed.

III. New Business

None

IV. Public Comment

None

V. Adjournment the meeting was adjourned at 5:06 p.m.

DOWNTOWN IMPROVEMENT BOARD
Balance Sheet - For Management Use Only
As of November 30, 2020

	Nov 30, 20
ASSETS	
Current Assets	
Checking/Savings	
101 · Cash - Coastal- 0237 Operating	
101.1 · BP Funds for Beautification	68,146.07
101.2 · LEAP Funds for Sign Maintenance	5,000.00
101 · Cash - Coastal- 0237 Operating - Other	112,931.52
	<hr/>
Total 101 · Cash - Coastal- 0237 Operating	186,077.59
	<hr/>
Total Checking/Savings	186,077.59
Accounts Receivable	
140.4 · A/R-Property Assessments	590,629.00
	<hr/>
Total Accounts Receivable	590,629.00
Other Current Assets	
140.5 · Due from Friends of Downtown	888.25
162 · City of P-Clean Up Deposit/Perm	1,000.00
164 · Prepaid Insurance	8,341.66
	<hr/>
Total Other Current Assets	10,229.91
	<hr/>
Total Current Assets	786,936.50
Fixed Assets	
Puppy Pit Stop Project	72,745.00
240 · Equipment	168,473.57
260 · Furniture & Fixtures	4,541.23
275 · Website Capitalized	10,850.00
300 · Less Accumulated Depreciation	-118,225.58
	<hr/>
Total Fixed Assets	138,384.22
	<hr/>
TOTAL ASSETS	925,320.72
	<hr/> <hr/>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
450 · Accounts Payable	830.31
	<hr/>
Total Accounts Payable	830.31
Other Current Liabilities	
481 · Sales Tax Payable	-0.46
453 · 403(b) Employer Contribution	843.10
458 · Due to 403(b) - Employee Contr	51.19

DOWNTOWN IMPROVEMENT BOARD
Balance Sheet - For Management Use Only
As of November 30, 2020

	Nov 30, 20
471 · Payroll Liabilities	1,318.98
4849 · Deferred Revenue Sign Maint	5,000.00
490 · Deferred Revenue-Prop Taxes	492,190.80
	<hr/>
Total Other Current Liabilities	499,403.61
	<hr/>
Total Current Liabilities	500,233.92
	<hr/>
Total Liabilities	500,233.92
Equity	
32000 · Unrestricted Net Assets	410,241.59
587 · Fund Balance	
302-001 · Audit Reclass	39,018.00
587 · Fund Balance - Other	-115,563.00
	<hr/>
Total 587 · Fund Balance	-76,545.00
589 · Add'l Paid in Capital	55,898.44
Net Income	35,491.77
	<hr/>
Total Equity	425,086.80
	<hr/>
TOTAL LIABILITIES & EQUITY	925,320.72
	<hr/> <hr/>

DOWNTOWN IMPROVEMENT BOARD

Profit & Loss Budget Performance- For Mgmt Use Only

November 2020

Accrual Basis

	Nov 20	Budget	\$ Over Budget	Oct - Nov 20
Ordinary Income/Expense				
Income				
1301 · Co-Op Participation	4,668.37	4,800.83	-132.46	9,993.55
1302 · Compactor Construction Re-Paymt	1,740.00	500.00	1,240.00	3,393.00
4085 · LTU - Sidewalk Pressure Washing	0.00	541.67	-541.67	0.00
4000 · Misc Income	1,042.65	0.00	1,042.65	1,042.65
4010 · Ad Valorem Revenue	49,219.08	49,219.08	0.00	98,438.16
4015 · CRA Interlocal Income	0.00	0.00	0.00	0.00
4020 · Website Membership and Map	0.00	50.00	-50.00	0.00
Program Revenue	5,130.00	6,725.00	-1,595.00	9,310.00
4040 · DPMD Cleaning Reimbursement	0.00	6,641.33	-6,641.33	0.00
4900 · Sales Tax Collected	0.00	0.00	0.00	-273.46
Total Income	61,800.10	68,477.91	-6,677.81	121,903.90
Gross Profit	61,800.10	68,477.91	-6,677.81	121,903.90
Expense				
3001 · Compactor - Waste Services	267.91	4,441.58	-4,173.67	3,982.08
3002 · City Compactor Build Repayment	0.00	500.00	-500.00	0.00
3004 · Compactor - Security Fees	110.35	291.67	-181.32	1,540.71
3007 · Compactor - Electric	52.55	67.58	-15.03	102.34
5227 · PPD Security	0.00	5,000.00	-5,000.00	0.00
6012 · Market Security	24.45	500.00	-475.55	24.45
6011 · Market App Program Fee	0.00	166.67	-166.67	0.00
5005 · Workers Comp Insurance	0.00	166.67	-166.67	0.00
5000 · CRA Interlocal Payment	0.00	0.00	0.00	0.00
5001 · Salaries, Benefits & Taxes	7,775.77	8,519.75	-743.98	13,569.04
5006 · Board Meetings	521.00	541.67	-20.67	521.00
5007 · Annual Meeting	0.00	83.33	-83.33	0.00
5009 · Bank Charges	30.00	41.67	-11.67	60.00
5004 · Insurance Expense-Other	834.17	1,404.17	-570.00	1,668.34
5011 · Interest Expense	0.00	29.17	-29.17	0.00
5012 · Office Rent	1,237.72	1,238.42	-0.70	2,475.44
5013 · Office Supplies	0.00	125.00	-125.00	105.46
5014 · Office Equipment/Software	244.84	449.50	-204.66	570.62
5015 · Postage	11.00	16.67	-5.67	11.00
5016 · Telecommunications	732.81	871.00	-138.19	1,605.67
5017 · Website Support	31.25	416.67	-385.42	562.50
5018 · Website Hosting	36.05	333.33	-297.28	36.05
5019 · Computer Support/Email Leasing	317.84	208.33	109.51	664.79
5020 · Dues, Subscriptions, Publicatio	199.98	208.33	-8.35	317.10
5021 · Travel Entertainment & Educ.	292.00	99.17	192.83	292.00
5023 · Marketing Consultants	5,272.50	3,500.00	1,772.50	11,228.75
5024 · Bookkeeping	2,075.00	1,041.67	1,033.33	2,990.00

DOWNTOWN IMPROVEMENT BOARD
Profit & Loss Budget Performance- For Mgmt Use Only
November 2020

Accrual Basis

	Nov 20	Budget	\$ Over Budget	Oct - Nov 20
5025 · Audit	8,850.00	10,800.00	-1,950.00	8,850.00
5026 · Legal Counsel	1,015.00	708.33	306.67	1,913.00
5027 · Economic Development	648.61	2,083.33	-1,434.72	1,837.18
5029 · Donation to Friends of Downtown	0.00	0.00	0.00	0.00
6000 · Palafox Market	7,951.88	6,058.33	1,893.55	12,852.42
7000 · Ambassador Program	8,923.70	13,282.58	-4,358.88	18,639.49
Total Expense	47,456.38	63,194.59	-15,738.21	86,419.43
Net Ordinary Income	14,343.72	5,283.32	9,060.40	35,484.47
Other Income/Expense				
Other Income				
4980 · Sales Tax Collection Allowance	6.84	0.00	6.84	7.30
Total Other Income	6.84	0.00	6.84	7.30
Net Other Income	6.84	0.00	6.84	7.30
Net Income	14,350.56	5,283.32	9,067.24	35,491.77

DOWNTOWN IMPROVEMENT BOARD

Profit & Loss Budget Performance- For Mgmt Use Only

November 2020

Accrual Basis

	YTD Budget	\$ Over Budget	Annual Budget
Ordinary Income/Expense			
Income			
1301 · Co-Op Participation	9,601.66	391.89	57,610.00
1302 · Compactor Construction Re-Paymt	1,000.00	2,393.00	6,000.00
4085 · LTU - Sidewalk Pressure Washing	1,083.34	-1,083.34	6,500.00
4000 · Misc Income	0.00	1,042.65	0.00
4010 · Ad Valorem Revenue	98,438.16	0.00	590,629.00
4015 · CRA Interlocal Income	0.00	0.00	326,479.00
4020 · Website Membership and Map Program Revenue	100.00	-100.00	600.00
	13,450.00	-4,140.00	80,700.00
4040 · DPMD Cleaning Reimbursement	13,282.66	-13,282.66	79,696.00
4900 · Sales Tax Collected	0.00	-273.46	0.00
Total Income	136,955.82	-15,051.92	1,148,214.00
Gross Profit	136,955.82	-15,051.92	1,148,214.00
Expense			
3001 · Compactor - Waste Services	8,883.16	-4,901.08	53,299.00
3002 · City Compactor Build Repayment	1,000.00	-1,000.00	6,000.00
3004 · Compactor - Security Fees	583.34	957.37	3,500.00
3007 · Compactor - Electric	135.16	-32.82	811.00
5227 · PPD Security	10,000.00	-10,000.00	60,000.00
6012 · Market Security	1,000.00	-975.55	6,000.00
6011 · Market App Program Fee	333.34	-333.34	2,000.00
5005 · Workers Comp Insurance	333.34	-333.34	2,000.00
5000 · CRA Interlocal Payment	0.00	0.00	426,479.00
5001 · Salaries, Benefits & Taxes	17,039.50	-3,470.46	102,237.00
5006 · Board Meetings	1,083.34	-562.34	6,500.00
5007 · Annual Meeting	166.66	-166.66	1,000.00
5009 · Bank Charges	83.34	-23.34	500.00
5004 · Insurance Expense-Other	2,808.34	-1,140.00	16,850.00
5011 · Interest Expense	58.34	-58.34	350.00
5012 · Office Rent	2,476.84	-1.40	14,861.00
5013 · Office Supplies	250.00	-144.54	1,500.00
5014 · Office Equipment/Software	899.00	-328.38	5,394.00
5015 · Postage	33.34	-22.34	200.00
5016 · Telecommunications	1,742.00	-136.33	10,452.00
5017 · Website Support	833.34	-270.84	5,000.00
5018 · Website Hosting	666.66	-630.61	4,000.00
5019 · Computer Support/Email Leasing	416.66	248.13	2,500.00
5020 · Dues, Subscriptions, Publicatio	416.66	-99.56	2,500.00
5021 · Travel Entertainment & Educ.	198.34	93.66	1,190.00
5023 · Marketing Consultants	7,000.00	4,228.75	42,000.00
5024 · Bookkeeping	2,083.34	906.66	12,500.00

DOWNTOWN IMPROVEMENT BOARD

Profit & Loss Budget Performance- For Mgmt Use Only

Accrual Basis

November 2020

	YTD Budget	\$ Over Budget	Annual Budget
5025 · Audit	18,000.00	-9,150.00	18,000.00
5026 · Legal Counsel	1,416.66	496.34	8,500.00
5027 · Economic Development	4,166.66	-2,329.48	25,000.00
5029 · Donation to Friends of Downtown	0.00	0.00	75,000.00
6000 · Palafox Market	12,116.66	735.76	72,700.00
7000 · Ambassador Program	26,565.16	-7,925.67	159,391.00
Total Expense	122,789.18	-36,369.75	1,148,214.00
Net Ordinary Income	14,166.64	21,317.83	0.00
Other Income/Expense			
Other Income			
4980 · Sales Tax Collection Allowance	0.00	7.30	0.00
Total Other Income	0.00	7.30	0.00
Net Other Income	0.00	7.30	0.00
Net Income	14,166.64	21,325.13	0.00

Treasurer's Report - DIB

MEMORANDUM

To: DIB Board

From: Walker Wilson, Executive Director

Subject: Treasurer's Report

Date: December

Following this Memo is the September Income Statement and Balance Sheet.

Total Income DIB November: \$61,800.10

Total Expense DIB November: \$47,456.38

Notes:

DIB - Nov		
<u>Code</u>	<u>Description</u>	<u>DIB Notes</u>
Income	<i>Overview</i>	<i>\$6,600 under targeted budget</i>
1301	Co-Op Participation	\$100 Under Budget
4030	Palafox Market	\$1,500 under budget - Phased Market opening
4040	DPMD Reimbursement	\$6,600 - under budget (invoice timing)
Expense		
Expense	<i>Overview</i>	<i>\$15k Under Budget</i>
5001	Salaries, Benefits & Taxes	\$700 Under Budget (Staff Reduction)
5023	Marketing	\$1,700 Over Budget
5027	Economic Development	\$1,400 Under Budget
6000	Palafox Market	\$1,900 Under Budget
7000	Ambassador Program	\$4,300 Under budget (Credit on Invoice for previous overpayment)

MINUTES OF THE DOWNTOWN IMPROVEMENT BOARD

Regular Monthly Meeting

Tuesday, November 24, 2020, 7:30 a.m.

Attendance

Michael Carro, Chairman

Kevin Lehman, Adam Cobb, Jean Pierre N'Dione

Commissioner Robert Bender, *ex officio*

Walker Wilson, Executive Director

Sydney Barrow, Palafox Market & Event Manager

Call to Order

- a. Chairman Carro called the meeting to order at 7:30 a.m.

Recurring Agenda

- a. Mr. Wilson confirmed that the meeting was properly noticed.
- b. The proposed meeting agenda was unanimously approved.
- c. Minutes of the regular meeting of the DIB held on October 27, 2020, were unanimously approved.

Finance

- a. October Finance Consent Agenda was unanimously approved.
- b. DIB October Financials were unanimously approved.
- c. DIB September Financials were unanimously approved.
- d. 2020 Audit Presentation – Kristen McAllister
 1. Mrs. McAllister reported that the 2020 Audit is complete. It was a clean audit with no serious findings to report.
 2. Voting will be postponed until early next week via Zoom so the board can review audit on their own

Ongoing Business

- a. StreetPlus October Report
 1. StreetPlus manager, Lori Hughes, reported three things that would improve the work they do, a new smaller pressure washer, a larger vehicle, and a part-time employee.
 2. Mr. Bender suggested to see how to be credited by StreetPlus for the hours they are providing but not getting compensated for.
 3. Ms. Hughes would like to see her team lead, Lillian, get a raise.
- b. Palafox Market
 1. Chairman Carro informed the board of issue with vendors creeping into the middle walkway causing a bottleneck with the crowd. Suggests official warnings be given out and if they still don't comply, they be suspended, and their spot be given to waitlisted vendors.

2. A discussion was held about the Palafox Market extension into South Palafox Street. Chairman Carro suggested a February start date for a Palafox Street shutdown to bring vendors and customers into downtown businesses.
- c. First City Lights Festival update was given by Mr. Wilson.
 1. Lighting is scheduled for 5 p.m. Friday November 27.
 2. No central location for lighting, people are encouraged to come downtown and watch a virtual lighting ceremony on Facebook as lights turn on around them.

New Business

- a. Public Water Bottle Refilling Station
 1. Summary of Homelessness Summit was given by Chairman Carro.
 2. A discussion was held about leasing sidewalks in front of businesses.
 3. Chairman Carro reported that any water station would require some cost and maintenance but could help downtown businesses with homeless and everyday traffic issue.
- b. NYE Fireworks
 1. Mr. Wilson reported that a pyro company had reached out to him wanting to host a New Year's Eve Firework show that Friends of Downtown would fund. Still waiting to hear from Mayor Grover Robinson on approval.

Marketing Report

- a. October Marketing Report was presented by Caron Sjoberg of Ideaworks
 1. Ms. Sjoberg reported that Cox Media was down due to Hurricane Sally which impacted social media interactions.
 2. A trademark is in the process for the Palafox Market name.
- b. All I Want for Christmas Campaign Update
 1. Ms. Sjoberg reported that the All I Want for Christmas campaign is going well. There are three different campaigns running right now with the possibility of adding a radio campaign.
- c. Ms. Sjoberg presented a Homelessness flyer with a QR code encouraging people to donate to organizations through the code.

On Hold

- a. Street Cameras – final camera on hold for Seville Tower repairs

Upcoming Events

- a. Winterfest Virtual Lighting Ceremony 5:00 p.m. 11/27

Public Comment – None

Adjournment- The meeting was adjourned at 9:21 a.m.



**Downtown Improvement Board
Special Meeting Minutes**

Monday, November 30, 2020

8:30am via Zoom

AGENDA

Attendance- Chair Michael Carro, Jean
Pierre Ndione, Patti Sonnen, and Walker
Wilson

- I. Call to Order
 - a. Called to Order at 8:30 a.m.
 - b. Mr. Wilson confirms meeting was properly noticed.
- II. Agenda- Motion to approve agenda by Mrs. Sonnen, Second by Mr. Ndione. Motion carried unanimously.
 - a. 2019/2020 Audit Approval
 - Chair Carro recaps that Warren Averett gave DIB Audit it's highest rating and saw no issues with audit.
 - Motion to approve audit by Mr. Ndione, Second by Mrs. Sonnen. Motion carried unanimously.
- III. Public Comment
 - a. None
- IV. Adjournment
 - a. Mr. Carro adjourned meeting at 8:33 a.m.

Next meeting – December 22, 2020

1

(*) = approval item

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DOWNTOWN IMPROVEMENT BOARD
A COMPONENT UNIT OF THE CITY OF PENSACOLA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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DOWNTOWN IMPROVEMENT BOARD
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Downtown Improvement Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Downtown Improvement Board, a component unit of the City of Pensacola (the "Board"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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 Board'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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of the Board, as of September 30, 2020, and the respective changes in financial position and where applicable, cash flows 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 the management's discussion and analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual - General Fund 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Audit Standards* in considering the Board's internal control over financial reporting and compliance.

Pensacola, Florida
November 24, 2020

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DOWNTOWN IMPROVEMENT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

General Information

The Pensacola Downtown Improvement Board (Board) was created in 1972 by action of the State of Florida. It is governed by the Florida Statutes and follows the accounting standards promulgated by the Governmental Accounting Standards Board. Most of the revenues received by the Board emanate from an additional tax levy on properties within the boundaries initially established by the governing body of the City of Pensacola or from parking system revenues. A five-member board of directors appointed by the Mayor and confirmed by the Pensacola City Council governs the Board.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board's financial statements. Please read the information presented here in conjunction with the financial statements and notes to the financial statements that follow this section.

The Statement of Net Position presents information on all of the Board's assets and liabilities, with reported net position being the amount assets exceed liabilities. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the Board.

The Statement of Activities presents information showing how the Board'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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The notes to the financial statements provided additional information that is essential to a full understanding of the data provided in the financial statements.

Capital Assets and Long-Term Debt

The Board's investments in capital assets as of September 30, 2020, amounts to approximately \$812,000 (net of accumulated depreciation). This investment in capital assets includes improvements and equipment. Additional information on the capital assets of the Board can be found in Note 4 of this report.

At the end of the current fiscal year, the Board did not have any outstanding debt. Additional information on the Board's long-term debt can be found in Note 5 of this report.

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DOWNTOWN IMPROVEMENT BOARD MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED SEPTEMBER 30, 2020

Financial Analysis

The following condensed information comes from the financial statements of the last two years:

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current and other assets	\$ 273,532	\$ 305,679	\$ 72,608	\$ 362,507	\$ 346,140	\$ 668,186
Capital assets	<u>137,553</u>	<u>19,439</u>	<u>674,099</u>	<u>445,566</u>	<u>811,652</u>	<u>465,005</u>
Total assets	<u>411,085</u>	<u>325,118</u>	<u>746,707</u>	<u>808,073</u>	<u>1,157,792</u>	<u>1,133,191</u>
Liabilities						
Other liabilities	40,596	44,683	6,629	33,075	47,225	77,758
Long-term liabilities	<u>-</u>	<u>387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>387</u>
Total liabilities	<u>40,596</u>	<u>45,070</u>	<u>6,629</u>	<u>33,075</u>	<u>47,225</u>	<u>78,145</u>
Net Position						
Net investment						
in capital assets	137,553	15,593	674,099	445,566	811,652	461,159
Unrestricted	<u>232,936</u>	<u>264,455</u>	<u>65,979</u>	<u>329,432</u>	<u>298,915</u>	<u>593,887</u>
Total net position	<u>\$ 370,489</u>	<u>\$ 280,048</u>	<u>\$ 740,078</u>	<u>\$ 774,998</u>	<u>\$ 1,110,567</u>	<u>\$ 1,055,046</u>
Revenues						
Charges for services	\$ 49,591	\$ 103,209	\$ 780,372	\$ 877,934	\$ 829,963	\$ 981,143
Operating grants	380,551	251,528	-	-	380,551	251,528
Other	12,069	7,982	-	-	12,069	7,982
Ad valorem taxes	<u>549,920</u>	<u>414,289</u>	<u>-</u>	<u>-</u>	<u>549,920</u>	<u>414,289</u>
Total revenues	<u>992,131</u>	<u>777,008</u>	<u>780,372</u>	<u>877,934</u>	<u>1,772,503</u>	<u>1,654,942</u>
Expenses						
General government	1,314,773	1,117,856	-	-	1,314,773	1,117,856
Parking management	<u>-</u>	<u>-</u>	<u>402,209</u>	<u>396,601</u>	<u>402,209</u>	<u>396,601</u>
Total expenses	<u>1,314,773</u>	<u>1,117,856</u>	<u>402,209</u>	<u>396,601</u>	<u>1,716,982</u>	<u>1,514,457</u>
Interfund transfers	<u>413,083</u>	<u>350,883</u>	<u>(413,083)</u>	<u>(350,883)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 90,441</u>	<u>\$ 10,035</u>	<u>\$ (34,920)</u>	<u>\$ 130,450</u>	<u>\$ 55,521</u>	<u>\$ 140,485</u>

General fund revenues experienced an approximately \$215,000 increase in revenues due to the increased ad valorem taxes received on new construction in District. General fund expenditures increased approximately \$196,000 due to key factors: the addition of new employees to support the parking management services and the additional support of arts and culture events in Downtown area, such as the Holiday Lights event.

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DOWNTOWN IMPROVEMENT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
SEPTEMBER 30, 2020

Financial Analysis – Continued

Parking fund expenses decreased significantly, approximately \$217,000, due to terminating their parking management and enforcement services contract provider and to performing the parking management and enforcement services in-house as well as additional cost reductions based on closures during the COVID-19 pandemic during the year.

Budgetary Highlights

The Board's budget for the year ended September 30, 2020, reflects the continuing advancement of strategies intended to further enhance the prospects for the elimination of blight, capital and business attraction, retention and expansion within Downtown Pensacola. Significant expenditures were incurred to advance the mission of the Board and the many efforts to attract more tourists and non-resident visitors to the downtown area. Budgeted General Fund revenues exceeded the actual revenues by approximately \$35,000. Overall, the General Fund expenditures were under budgeted expectation by approximately \$119,000.

Economic Forecast

Pre-COVID 19 pandemic retail occupancy was at its highest level in over a decade and still shows signs of strength with new shops and restaurants continuing to open with a sense of caution during the pandemic. Tourism was increasing at a rapid pace, helping fuel the growth in retail, hospitality and entertainment venues. Many of the indicators for economic growth appear to be in place downtown, which should result in slightly increased real estate values.

As discussed in Note 9, the Parking fund operations will be assumed by the City of Pensacola effective October 1, 2020.

Request for Information

This financial report is designed to provide a general overview of the Board's finances for interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Walker Wilson, Executive Director
Downtown Improvement Board
226 South Palafox Place, Suite 106
Pensacola, Florida 32502

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BASIC FINANCIAL STATEMENTS

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DOWNTOWN IMPROVEMENT BOARD STATEMENT OF NET POSITION SEPTEMBER 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	\$ 261,149	\$ 43,249	\$ 304,398
Accounts receivable, net	868	29,359	30,227
Prepaid expenses	<u>11,515</u>	<u>-</u>	<u>11,515</u>
Total current assets	273,532	72,608	346,140
Noncurrent assets			
Depreciable capital assets, net of depreciation	<u>137,553</u>	<u>674,099</u>	<u>811,652</u>
TOTAL ASSETS	<u>411,085</u>	<u>746,707</u>	<u>1,157,792</u>
LIABILITIES			
Current liabilities			
Accounts payable	35,229	3,983	39,212
Due to City of Pensacola	-	2,646	2,646
Unearned revenues	5,000	-	5,000
Compensated absences	<u>367</u>	<u>-</u>	<u>367</u>
TOTAL LIABILITIES	<u>40,596</u>	<u>6,629</u>	<u>47,225</u>
NET POSITION			
Net investment in capital assets	137,553	674,099	811,652
Unrestricted	<u>232,936</u>	<u>65,979</u>	<u>298,915</u>
TOTAL NET POSITION	<u>\$ 370,489</u>	<u>\$ 740,078</u>	<u>\$ 1,110,567</u>

See notes to the financial statements.

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OWN IMPROVEMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Function/ Program	Program Revenues				Net (Expense) Revenue and Changes In Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 1,314,773	\$ 49,591	\$ 380,551	\$ -	\$ (884,631)	\$ -	\$ (884,631)
Business-type Activities							
Parking Management	402,209	780,372	-	-	-	378,163	378,163
Total	<u>\$ 1,716,982</u>	<u>\$ 829,963</u>	<u>\$ 380,551</u>	<u>\$ -</u>	(884,631)	378,163	(506,468)
General Revenues							
Ad valorem taxes					549,920	-	549,920
Other					12,069	-	12,069
Transfers					413,083	(413,083)	-
Total general revenues and transfers					975,072	(413,083)	561,989
Changes in net position					90,441	(34,920)	55,521
Net position, beginning of year					280,048	774,998	1,055,046
Net position, end of year					\$ 370,489	\$ 740,078	\$ 1,110,567

See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD
BALANCE SHEET - GENERAL FUND
SEPTEMBER 30, 2020

ASSETS

CURRENT ASSETS

Cash	\$ 261,149
Prepaid expenses	<u>11,515</u>

TOTAL ASSETS	<u>\$ 273,532</u>
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LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 35,229
Unearned revenues	<u>5,000</u>

Total liabilities	40,229
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FUND BALANCE

Nonspendable	11,515
Unassigned	<u>221,788</u>

Total fund balance	<u>233,303</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 273,532</u>
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See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

TOTAL FUND BALANCE - GENERAL FUND	\$ 233,303
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities, are not financial resources and therefore, are not reported in the General Fund.	137,553
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The liability for compensated absence is not expected to be paid using expendable available resources and therefore, is not reported as a liability in the General Fund.	<u>(367)</u>
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TOTAL NET POSITION FOR GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	<u>\$ 370,489</u>
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See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

REVENUES

Ad valorem taxes	\$ 549,920
Interlocal agreement with City of Pensacola	380,551
Program	49,591
Other	<u>12,070</u>
Total revenues	992,132

EXPENDITURES

General government	1,299,124
Debt service	3,846
Capital outlay	<u>80,643</u>
Total expenditures	<u>1,383,613</u>

EXCESS OF EXPENDITURES OVER REVENUES (391,481)

OTHER FINANCING SOURCES (USES)

Overhead transfers	<u>357,185</u>
Total other financing sources	<u>357,185</u>

NET CHANGE IN FUND BALANCE (34,296)

FUND BALANCE, BEGINNING OF YEAR 267,599

FUND BALANCE, END OF YEAR \$ 233,303

See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GENERAL FUND TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2020

NET CHANGES IN FUND BALANCE - GENERAL FUND	\$	(34,296)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the general fund as expenditures. However in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	80,643	
Capital contributions from the parking fund	55,897	
Less current year depreciation	<u>(18,426)</u>	118,114

The issuance of long-term debt provides current financial resources to the General Fund, while the repayment of principal of long-term debt consumes the current financial resources of the General Fund.

Principal payments	3,846
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In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the General Fund, expenditures are recognized based on the amount paid. This is the amount by which compensated absences earned exceeds the amount paid in the current year.

	<u>2,777</u>
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**CHANGES IN NET POSITION FOR GOVERNMENTAL
ACTIVITIES - STATEMENT OF ACTIVITIES**

	<u>\$ 90,441</u>
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See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD STATEMENT OF NET POSITION - PARKING FUND SEPTEMBER 30, 2020

ASSETS

CURRENT ASSETS

Cash	\$ 43,249
Accounts receivable, net	<u>29,359</u>
Total current assets	72,608

NONCURRENT ASSETS

Depreciable capital assets, net of depreciation	<u>674,099</u>
TOTAL ASSETS	746,707

LIABILITIES

CURRENT LIABILITIES

Accounts payable	3,983
Due to City of Pensacola	<u>2,646</u>
TOTAL LIABILITIES	6,629

NET POSITION

Net investment in capital assets	674,099
Unrestricted	<u>65,979</u>
TOTAL NET POSITION	<u>\$ 740,078</u>

See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION – PARKING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

REVENUES

Parking fees	\$ 421,611
Parking fines, net	285,303
Trash co-op program	70,488
Other income	<u>2,970</u>
Total revenues	780,372

OPERATING EXPENSES

Parking management and enforcement	128,980
Office	10,168
Marketing and parking research	48,134
Facilities maintenance and utilities	66,930
Depreciation	63,660
Dumpster service	52,540
Insurance	23,422
Professional services	<u>7,876</u>
Total operating expenses	<u>401,710</u>

OPERATING INCOME 378,662

NON-OPERATING EXPENSES

Loss on disposal of capital assets	(56,397)
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INCOME BEFORE TRANSFERS 322,265

Overhead transfers (357,185)

CHANGES IN NET POSITION (34,920)

NET POSITION, BEGINNING OF YEAR 774,998

NET POSITION, END OF YEAR \$ 740,078

See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD STATEMENT OF CASH FLOWS - PARKING FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 785,817
Payments to vendors	<u>(360,381)</u>

Net cash provided by operating activities 425,436

CASH FLOWS USED IN NONCAPITAL FINANCING ACTIVITIES

Interfund receivable/payable	(38,503)
Overhead transfers out	<u>(357,185)</u>

Net cash used in financing activities (395,688)

CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets	<u>(348,590)</u>
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NET DECREASE IN CASH (318,842)

CASH, BEGINNING OF YEAR 362,091

CASH, END OF YEAR \$ 43,249

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 378,662
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	63,660
Provision for uncollectable accounts	60,750
Changes in assets and liabilities:	
Change in accounts receivable	(55,305)
Change in prepaids	4,115
Change in due to City	(6,032)
Change in accounts payable	<u>(20,414)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 425,436

See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF ORGANIZATION

The financial statements of the Board have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The significant accounting and reporting policies and practices used by the Board are described below.

Defining the Report Entity

The Downtown Improvement Board (the Board) was created in April 1972 by Chapter 72-655, Laws of Florida, for the purpose of physically, economically and socially revitalizing Downtown Pensacola. It has been constituted as a public body and an agency of the City of Pensacola (the City). The Mayor of the City appoints, and the City Council approves the five-member Board. In addition, the City Council approves the budget for the Board, including the proposed millage rate. Accordingly, this entity meets the criteria of a component unit and will be included in the financial statements of the City.

In 2008, the Board entered into Interlocal agreements with the City of Pensacola, Escambia County, and the State of Florida transferring management of the Downtown Parking Management District (DPMD) from the City, County and State to the Board. The agreements transferred responsibility for parking garages, lots and meters to the Board, including collections for parking revenues and fines, as well as maintaining and enhancing the parking areas. In May 2020, the City of Pensacola provided notice to terminate these interlocal agreements effective October 1, 2020. See Note 9 for additional information on the transfer of parking related activities back to the City.

In July 2017, the Downtown Pensacola Alliance, Inc. (Alliance) was created by the Board to provide leadership, planning, and promotion of Downtown Pensacola. The five members of the Alliance's Board of Directors are comprised of the Board's Board of Directors; therefore, the Board can influence significant control over the Alliance. Currently, the Board has operational responsibility for the Alliance.

Although this entity meets the criteria of a blended component unit, there was no financial activity in the current year and no balances are included in these financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Board's basic financial statements include both government-wide (based on the Board as a whole) and fund financial statements.

The government-wide statements report revenues and expenses using the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met, and contribution revenue is recognized when a donor makes an unconditional promise to give. Program revenues are those directly associated with functions, such as charges for services and grants and contributions. The net cost by function is normally covered by general revenue (ad valorem taxes, interest income, etc.). The Board does not allocate indirect costs.

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DOWNTOWN IMPROVEMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF ORGANIZATION – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Governmental fund financial statements report revenues and expenses using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Board considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include ad valorem taxes. In general, other revenues are recognized when cash is received.

Major Fund Types

The Board reports the following major governmental fund:

General Fund: The General Fund is the primary operating fund of the Board. It is used to account for all financial resources except those reported in the Parking Fund. The General Fund includes assessments for downtown development and promotional programs.

The Board also reports the following major proprietary fund:

Parking Fund: The Parking Fund (representing the Downtown Parking Management District) is used to account for public parking facilities operated by the Board on behalf of the City, Escambia County and the State of Florida.

Cash and Cash Equivalents

The Board defines cash and cash equivalents as cash held at depositories and cash on hand for operating purposes and those investments, which are short term and highly liquid. Generally, those investments have original maturities of three months or less. There were no cash equivalents at September 30, 2020.

Accounts Receivable

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The provision for uncollectible accounts recorded in the Parking Fund is based on past history of uncollectible accounts and management's analysis of current accounts. Bad debts in the General Fund are recorded by the direct write-off method.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond September 30, 2020, are recorded as prepaid items in both the government-wide and General Fund financial statements. The Board accounts for insurance premiums using the consumption method resulting in a prepaid insurance asset in the General Fund.

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DOWNTOWN IMPROVEMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF ORGANIZATION – CONTINUED

Interfund Receivables/Payables

Interfund receivables and payables arise from interfund loans, services provided, reimbursements or transfers and are recorded by the funds affected as “due to/from other funds.” The residual balance between the funds is reported in the government-wide financial statements as “internal balances.”

Capital Assets

The Board’s capital assets with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. These assets are capitalized beginning with cost of \$300 or more. Donated assets are stated at estimated acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Improvements	39 years
Equipment	5-10 years
Furniture and fixtures	5 years

Unearned Revenue

Unearned revenue represents amounts collected before revenue recognition criteria have been met.

Compensated absences

Employees may accumulate earned, but unused leave benefits up to 240 hours, which can be paid to employees upon separation from service. Unpaid compensated absences are recorded as a liability, when the benefits are earned, in both the governmental-wide financial statements and proprietary fund financial statements. The General Fund records compensated absences only when payments are made to employees.

Fund Balances

GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes categories for reporting fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Consequently, in the General Fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable amounts consist of prepaid expenses at year end.

Restricted – Amounts that can only be spent for specific purposes because of the City Charter, the City Code, state or federal laws or externally imposed conditions by grantors or creditors

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DOWNTOWN IMPROVEMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF ORGANIZATION – CONTINUED

Fund Balances – Continued

Committed – Amounts that can only be spent for specific purposes determined by a formal action by the Board of Directories.

Assigned – Amounts that are designated by the Board for a particular purpose, but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board of Directors.

Unassigned – All amounts not included in other classifications.

Net Position

The government-wide and business-type fund 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 the net position which is associated with capital assets less outstanding capital assets related debt.

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

Unrestricted Net Position represents all other net position.

Overhead Transfers

Overhead transfers reported in government-wide and fund financial statements in the amount of \$357,185 represent the reimbursement of overhead expenses paid by the General Fund on behalf of the Parking Fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at 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.

2. CASH

At September 30, 2020, the banks reported deposits of approximately \$351,000, all of which were held by financial institutions designated as a “qualified public depository” by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, risk of loss due to bank failure is not significant.

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DOWNTOWN IMPROVEMENT BOARD
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

3. ACCOUNTS RECEIVABLE

Accounts receivable are shown net of an allowance for doubtful accounts for the Parking Fund. At September 30, 2020, the gross accounts receivable for parking fines were \$167,455, and the allowance for doubtful accounts is \$138,096.

4. CAPITAL ASSETS

A schedule of the capital asset activity for the year ended September 30, 2020, is as follows:

	<u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>2020</u>
GOVERNMENTAL ACTIVITIES					
Furniture, fixtures and equipment	\$ 140,258	\$ 7,898	\$ (29,511)	\$ 53,539	\$ 172,184
Leasehold improvements	-	72,745	-	-	72,745
Website	<u>10,850</u>				<u>10,850</u>
Total cost	151,108	80,643	(29,511)	53,539	255,779
Less accumulated depreciation	<u>(131,669)</u>	<u>(18,426)</u>	<u>29,511</u>	<u>2,358</u>	<u>(118,226)</u>
CAPITAL ASSETS, NET	<u>\$ 19,439</u>	<u>\$ 62,217</u>	<u>\$ -</u>	<u>\$ 55,897</u>	<u>\$ 137,553</u>
BUSINESS-TYPE ACTIVITIES					
Improvements	\$ 322,565	\$ 85,948	\$ -	\$ -	\$ 408,513
Equipment	<u>506,199</u>	<u>262,642</u>	<u>(500)</u>	<u>(53,539)</u>	<u>714,802</u>
Total cost	828,764	348,590	(500)	(53,539)	1,123,315
Less accumulated depreciation	<u>(383,198)</u>	<u>(63,660)</u>	<u>-</u>	<u>(2,358)</u>	<u>(449,216)</u>
CAPITAL ASSETS, NET	<u>\$ 445,566</u>	<u>\$ 284,930</u>	<u>\$ (500)</u>	<u>\$ (55,897)</u>	<u>\$ 674,099</u>

During the year ended September 30, 2020, the parking fund transferred the trash compactor and fencing assets to the governmental activities, and governmental activities transferred a golf cart and some computer equipment to the parking fund. Therefore, the parking fund has recorded a loss on disposal. At the government-wide level, transfers were recorded for the net book value of the asset transferred.

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DOWNTOWN IMPROVEMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

5. LONG-TERM LIABILITIES

Changes in long-term liabilities were as follow:

	<u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>2020</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Note payable to financing company in monthly installments of \$300, bearing interest at 5.75% with final payment in November 2020. Debt is collateralized by equipment.	\$ 3,137	\$ -	\$ (3,137)	\$ -	\$ -
Compensated absences	3,144	-	(2,777)	367	-
Total	<u>\$ 6,281</u>	<u>\$ -</u>	<u>\$ (5,914)</u>	<u>\$ 367</u>	<u>\$ -</u>

6. RISK MANAGEMENT PROGRAMS

The Board carries commercial insurance for all risks of loss, including property, general liability and worker's compensation. The Board is self-insured with respect to unemployment compensation claims. There were no claims during the year ended September 30, 2020. Accordingly, no provision has been recorded in the financials. There were no material reductions in insurance coverage from the prior fiscal year, nor did settlements exceed coverage for any of the past three fiscal years.

7. PARKING FINES REVENUE

Parking fines revenue is shown net of bad debt expense of approximately \$15,000. For the year ended September 30, 2020, gross parking fine revenue recorded was approximately \$300,000.

8. DEFINED CONTRIBUTION PLAN

The Board sponsors a defined contribution pension plan organized under Internal Revenue Code Section 403(b). The Plan covers full-time employees who are not of retirement age. Normal retirement under the plan is age 65, and there is not an early retirement option under this plan. Employer contributions for the Plan are based on 7.65% of a participating employee's gross wage. Employees are 100% vested in employer contributions upon entry into the Plan, with no minimum service requirement for entry into the Plan. For the fiscal year ended September 30, 2020, the amount of the employer's pension contribution was \$15,335.

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DOWNTOWN IMPROVEMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

9. SUBSEQUENT EVENT

As disclosed in Note 1, during fiscal year 2008, the City entered into an Interlocal Agreement with the Board, as well as the Community Redevelopment Agency (CRA) for the creation of a comprehensive downtown parking strategy for the centralized and efficient management of downtown parking facilities. As referenced in Section 15. B. of the interlocal agreements, after the fifth annual anniversary of the initial term of the interlocal agreement, the City may upon the affirmative vote of City Council, terminate this Agreement without cause upon one hundred and twenty (120) days prior written notice to the Board.

In May 2020, the City Council approved the termination of the interlocal agreement and effective October 1, 2020, the Parking Fund (assets, liabilities and residual equity) was transferred to the City of Pensacola and will be operated as a fund of the City and managed by the City.

Multiple interlocal agreements were entered into to support the transition of services from the Board to the City.

The City and the Board entered into an interlocal agreement to share contract fees for the daily cleaning services within the District. The City will reimburse the Board half of the monthly contract fees, therefore, \$6,641 will be paid monthly by the City through February 2022.

The City and Board entered into an interlocal agreement to allow the Board to lease space for the storage of the trash compactor and bollards, for annual rent of \$10 for a term of two years with an automatic one-year renewal options.

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REQUIRED SUPPLEMENTARY INFORMATION

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TOWNSHIP OF TOWNTOWN IMPROVEMENT BOARD SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Ad valorem taxes	\$ 540,827	\$ 540,827	\$ 549,920	\$ 9,093
Program	97,854	97,854	49,591	(48,263)
Interlocal agreement	380,551	380,551	380,551	-
Other	<u>8,500</u>	<u>8,500</u>	<u>12,070</u>	<u>3,570</u>
Total revenues	<u>1,027,732</u>	<u>1,027,732</u>	<u>992,132</u>	<u>(35,600)</u>
EXPENDITURES				
General government				
Palafox Market events	97,854	97,854	45,952	51,902
Ambassador Program	159,391	159,391	158,646	745
Arts and culture	50,000	50,000	68,031	(18,031)
Holiday lights	75,000	75,000	75,000	-
Economic development	61,000	61,000	21,122	39,878
Dues and publications	4,500	4,500	3,593	907
Marketing	80,000	80,000	102,268	(22,268)
Office	40,381	40,381	26,625	13,756
Professional services	60,000	60,000	40,373	19,627
Employment costs and insurance	415,289	415,289	290,190	125,099
Telecommunications	13,500	13,500	14,758	(1,258)
Insurance	26,000	26,000	18,318	7,682
Travel, entertainment, and education	5,000	5,000	2,785	2,215
Website	11,500	11,500	5,912	5,588
PPD Security	30,000	30,000	45,000	(15,000)
Intergovernmental fees	380,551	380,551	380,551	-
Debt service	200	200	3,846	(3,646)
Capital outlay	<u>-</u>	<u>-</u>	<u>80,643</u>	<u>(80,643)</u>
Total expenditures	<u>1,510,166</u>	<u>1,510,166</u>	<u>1,383,613</u>	<u>126,553</u>
EXCESS OF EXPENDITURES				
OVER REVENUES	(482,434)	(482,434)	(391,481)	(90,953)
OTHER FINANCING SOURCES (USES)				
Overhead transfers	<u>482,434</u>	<u>482,434</u>	<u>357,185</u>	<u>125,249</u>
Total other financing sources	<u>482,434</u>	<u>482,434</u>	<u>357,185</u>	<u>125,249</u>
NET CHANGES IN FUND BALANCE	-	-	(34,296)	34,296
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>267,599</u>	<u>267,599</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,303</u>	<u>\$ 301,895</u>

See accompanying notes to the required supplementary information.

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DOWNTOWN IMPROVEMENT BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

BUDGETARY INFORMATION

Budget Policy and Practice

The Board proposes and approves an annual budget for the General Fund in a public meeting and then submits the budget to the City of Pensacola for review. The City Council adopts the annual fiscal year budget. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statements for the General Fund, compares the expenditures with the amended budget. The budget is presented on the modified accrual basis of accounting.

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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

To the Board of Directors
Downtown Improvement Board

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business type activities, and each major fund of the Downtown Improvement Board (the "Board"), a component unit of the City of Pensacola, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of 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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pensacola, Florida
November 24, 2020

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

To the Board of Directors
Downtown Improvement Board

We have examined the Downtown Improvement Board's (hereinafter referred to as "the Board"), a component unit of the City of Pensacola, compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2020.

Management is responsible for the Board's compliance with those requirements. Our responsibility is to express an opinion on the Board'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 Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board 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 the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

Pensacola, Florida
November 24, 2020

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MANAGEMENT LETTER

To the Board of Directors
Downtown Improvement Board

Report on the Financial Statements

We have audited the financial statements of the Downtown Improvement Board (the "Board"), a component unit of the city of Pensacola, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated November 24, 2020.

Auditor's 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 Auditor General*.

Other Reporting 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 Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated November 24, 2020, 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 corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit.

2019-001 Budget Over-Expenditure

For the year ended September 30, 2019, General fund expenditures exceeded the legally-adopted budgeted expenditures by approximately \$11,000. General fund expenditures did not exceed the legally-adopted budgeted expenditures in the current year.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The legal authority for the Board is disclosed in Note 1 to the financial statements.

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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 communicate the results of our determination as to whether or not the Board 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 Board did not meet any of the conditions described in 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 Board'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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address 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, which is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not note 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 the 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.

Pensacola, Florida
November 24, 2020

10) We have provided you with:

Warren Averett, LLC
316 S. Baylen Street, Suite 200
Pensacola, FL 32501

This representation letter is provided in connection with your audit of the financial statements of Downtown Improvement Board (a component unit of the City of Pensacola (the Board), which comprise the respective financial position of the governmental activities, the business type activities, and the general fund as of September 30, 2020, and the respective changes in financial position, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 24, 2020, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP, and we have not consulted an attorney.
- 9) There are no guarantees, whether written or oral, under which the Board is contingently liable.

Information Provided

November 30, 2020

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

- b) Additional information that you have requested from us for the purpose of the audit.

- c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- d) Minutes of the meetings of the governing board and summaries of actions of recent meetings for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

- a) Management,

- b) Employees who have significant roles in internal control, or

- c) Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

17) We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.

18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

20) The Board has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

22) There are no violations or possible violations of laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

23) As part of your audit, you assisted with preparation of the financial statements and related notes as well as prepared the depreciation schedule. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and depreciation schedule.

- 20) We have clear title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. The Board has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 25) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 26) The financial statements properly classify all funds and activities.
- 27) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 28) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 29) Capital assets are properly capitalized, reported, and, if applicable, depreciated.
- 30) We have appropriately disclosed the Board's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 31) We acknowledge the Board does not file a separate annual financial audit with the Florida Auditor General or the Florida Department of Financial Services, and that this compliance requirement is met for the Board through the inclusion of the Board as a component unit in the submissions from the City of Pensacola to these agencies.
- 32) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 33) With respect to the Management's Discussion and Analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance and Actual – General Fund, (Supplementary Information)-
- a) We acknowledge our responsibility for presenting the Supplementary Information in accordance with accounting principles generally accepted in the United States of America, and we believe the Supplementary Information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Supplementary Information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the Supplementary Information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Compliance under Florida Statute 218.415 – Investments

- 34) We are responsible for the Board's compliance with Florida Statute 218.415 in regards to investments.
- 35) We are responsible for selecting the criteria and for determining that the criteria are appropriate for our purposes.
- 36) As of and for the year ended September 30, 2020, the Board complied with Florida Statute 218.415.
- 37) We have made available to you all records relevant to the Board's compliance with Florida Statute 218.415 in regards to investments.

Board Chair

Walker Wilson, Executive Director