

**COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)**

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE PERIOD OCTOBER 1, 2016 THROUGH MAY 31, 2017

**COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)**

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE PERIOD OCTOBER 1, 2016 THROUGH MAY 31, 2017

TABLE OF CONTENTS

	<u>Page</u>
LETTER OF TRANSMITTAL	i-viii
LIST OF BOARD OF TRUSTEES	ix
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
BASIC FINANCIAL STATEMENTS	
Fund Balance Sheet / Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities	8
Notes to the Financial Statements	9-21



VINCE J. WHIBBS SR. COMMUNITY
MaritimePark[™]
PENSACOLA, FL

September 20, 2017

Mayor and Chief Financial Officer
City of Pensacola
Pensacola, Florida

As required by the Community Maritime Park Associates (CMPA) and the City of Pensacola (City), the audited annual financial statements have been prepared and are submitted herein for the period October 1, 2016 through May 31, 2017.

The financial statements were compiled by the accounting firm of Warren Averett, LLC, and audited by the independent accounting firm of Saltmarsh, Cleaveland & Gund. Staff from the CMPA and the City were instrumental in preparing the financial statements and related Management's Discussion and Analysis (MD&A). CMPA staff believes that the report is a fair representation of the CMPA's financial position and results of operations as measured by the financial activity of the corporation, that presented data is accurate in all material aspects and that all disclosures necessary to enable the reader to gain maximum understanding of the CMPA's financial affairs have been included.

This report has been presented in accordance with Generally Accepted Accounting Principles (GAAP). These principles require that management provide an overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Respectfully submitted,

Mandy Bills, CPA
Executive Assistant

Management's Letter of Transmittal

History and Overview

The Vince Whibbs, Sr. Community Maritime Park is a master planned, public/private, urban renewal project on a former industrial, 32-acre parcel located on Pensacola Bay, in Pensacola, Florida. The property, significant in the city's unequaled 450 years of history, was utilized as the Panton-Leslie trading post as early as 1784. The peninsula saw many expansions and changes in use as the Pensacola waterfront evolved. Last utilized in the 1980's as a petroleum depot and sea-to-rail transfer station, the site sat fallow for over 30 years. The City of Pensacola acquired the property to ensure a public use for the site. The Community Maritime Park project was approved by the Pensacola City Council in 2005 and affirmed, via referendum, in September 2006. Since that time, project professionals have designed, permitted and constructed the elements of the project.



Panton-Leslie Trading Post, located on the Maritime Park property, circa 1850's



Trillium Fuel Depot and Sea/Rail Transfer Station, circa 1960's



Property Pre-Construction

The CMPA, a State of Florida not-for-profit, 501(c)(3) corporation, was created in 2005 to carry out the construction of the public amenities and as the agent to the City for the private improvements. The CMPA, an instrumentality of the City of Pensacola, is governed by a 12 member Board of Trustees, appointed by the Pensacola City Council. CMPA leases an executive assistant and event management staff from the City. The Board meets monthly and holds special meetings as necessary. Currently, the CMPA has three appointed sub-committees to carry out specific aspects of the Maritime Park Project: the Design Development Committee, focusing on project design; the Operations and Audit Committee, focusing on the management and finances of the project; and the Executive Committee focusing on overall issues of the corporation. Development activities are carried out under two contracts between the CMPA and the City of Pensacola, the Master Lease and Master Development Agreement.

The Community Maritime Park Conceptual Design was created by Urban Design Associates, Inc., adopted by the Pensacola City Council and ratified by the citizens of Pensacola via referendum in September 2006. The Design Criteria Package, commissioned in 2007, was created by an exceptional team of architects and engineers, including Caldwell Associates Architects, Urban Design Associates, HKS Architects, Sasaki, Inc., Hatch Mott MacDonald, Qore, Inc., and others. The CMPA entered into a development agreement with Maritime Park Development Partners (MPDP) in 2009 to carry out the development of the public and private improvements and a Design-Build contract with Magi Construction, LLC (Magi), a joint venture of MPDP and HOAR Construction, in May 2010 for the actual construction of the public improvements. Also in 2009, the CMPA entered into an agreement with a team lead by Hatch, Mott, McDonald and Morette Construction, to serve as the Owner's Representative for the project. The Owner's Representative provided independent, third party review and approval of all design, bidding, construction and payment on behalf of the CMPA. The Owner's Representative contract was extended in 2011 through the end of construction in April 2012. Construction of the stadium and related infrastructure was completed in March 2012. Construction of

the amphitheater was concluded in June 2012 and the breakwater construction on the southwest corner of the property was completed in October 2015.



Project Under Construction

The public financing necessary to finance the project was secured through the City issuing \$45.6 million in bonds in December 2009. In addition to the bond funding, the CMPA was awarded a federal New Market Tax Credit (NMTC) allocation by a partnership of three Community Development Entities, headed by the Capital Trust Agency (CTA-CDE), of Gulf Breeze Florida. Under the direction of Mr. Ed Gray, Executive Director of CTA-CDE, the allocation was sold and generated an additional \$12 million for the project. Under the NMTC structure, the City of Pensacola was designated as the Disbursing Agent which monitors expenses to budget and controls the funding requests. The Disbursing Agent provides an additional safeguard for project funds. In fiscal year 2014, the Community Development Entities requested that CTA-CDE assume this responsibility in an effort to reduce the associated bank fees. The request was approved and CTA-CDE became the Disbursing Agent in July 2014.

The CMPA also received private donations going toward the public improvements. The first, \$600,000 from Skip and Martha Ann Hunter was donated for the Amphitheatre project. The second, \$2,250,000 from Quint and Rishy Studer, was donated for the general project. Also, the Community Redevelopment Agency provided a \$500,000 loan to construct the amphitheater back of house addition and a \$210,000 loan to assist in construction of the breakwater and other capital related projects at the Maritime Park. In 2015, the Rotary Club of Pensacola raised over \$600,000 in funds to design and construct the Rotary Centennial Playground at the Maritime Park. The total Maritime Park project budget was approximately \$56 million.

The completed project is an award winning mixed-use development that has re-established a dynamic public waterfront on the western half of Downtown Pensacola. The project features public amenities, including: an expansive public waterfront park; a community multi-use facility suitable for baseball and other athletic events, festivals, and other community activities; a performing arts amphitheater;

promenades; parking and all necessary ancillary uses, including infrastructure and site improvements. Private improvements envisioned for the property include: commercial; office; retail; residential; restaurant; hospitality and entertainment.



Completed Project

Construction Management

The majority of construction and expenditures for the public portion of the Community Maritime Park project took place in 2011 and 2012, The Board, staff, general contractor and Construction Owner's Representative worked diligently to complete the construction on time and within budget despite issues with the Master Developer.

In December 2010 and January 2011, the CMPA voted to terminate the contract with the Master Developer. The CMPA filed suit in Federal Court against MPDP for "fraud in the inducement" and sought repayment of fees and damages. In 2012, the CMPA won Summary Judgment from the U.S. District Courts granting all aspects of the CMPA's complaint against MPDP. Oral arguments were completed in January 2013 to hear evidence and testimony to determine the financial aspects of the case to CMPA. The Court froze disbursement of all profit to MPDP in anticipation of those funds being forfeited to CMPA. Final judgment in CMPA's favor was issued by the Court in February 2014. The funds that were being held by the Court were released to CMPA and returned to the Construction Fund. MPDP appealed the ruling. Hearings on the appeal were held in January, 2015 in Atlanta, Ga and the final judgement in CMPA's favor was upheld.

With the return of the funds to the Construction Fund, CMPA was in a position to re-evaluate the feasibility of completing the last construction element of the Community Maritime Park. In June 2013, the CMPA received a long awaited permit from the United States Army Corps of Engineers to build the breakwater and marina on the southwest corner of the Maritime Park. CMPA had earmarked funds for this project since 2010. Previous bids proved outside of the available budget. In 2014, the CMPA re-bid the project. The bids for the breakwater portion of the project were close enough to the available budget for the CMPA to approach the City's Community Redevelopment Agency (CRA) to provide the gap funding in the form of a loan. The CRA approved a loan of up to \$210,000 in October 2014. The CMPA executed a construction contract for the breakwater in November 2014 and the project was completed in October 2015.

With the completion of the breakwater project in 2015, all NMTC funds have been spent and the public construction aspect of the Maritime Park project is complete with the exception of the public marina. The CMPA Board and City have been actively seeking funding opportunities in order to construct the marina in the future.

Operations and Maintenance

With the conclusion of the construction of the multi-use facility and amphitheater at the Community Maritime Park in 2012, the CMPA transitioned from a construction management project to an operations and management project. The CMPA entered into agreements for the operations and management aspects of the Maritime Park.

The first, a non-exclusive use agreement, is with Northwest Florida Professional Baseball, LLC (NFPB). This agreement allows NFPB to utilize the stadium for its Double-A Minor League Baseball Team, the Pensacola Blue Wahoos. The Blue Wahoos are the Double A affiliate of the Cincinnati Reds Major League Baseball Team. NFPB is also given non-exclusive rights to schedule other events in the stadium through cooperation with the CMPA. The agreement is for 10 years with two 5 year extension options, for a total of 20 years.

The Blue Wahoos held their inaugural season in the Maritime Park Stadium in 2012 and have drawn more than 300,000 fans each season selling out most Friday and Saturday home games. In 2012, the Blue Wahoos were named the Southern League's "Organization of the Year" and then team president Bruce Baldwin was named "Executive of the Year". The Blue Wahoos again were awarded "Organization of the Year" in 2014 and the Stadium was named "Ball Park of the Year" by Baseballparks.com. In 2015 the Blue Wahoos won the second half South Division Title in the Southern League. In 2016 the Blue Wahoos won both the first and second half Division Title in the Southern League and the Stadium was voted the best Double-A ballpark as part of Ballpark Digest's "Best of the Ballparks 2016". In addition, the Blue Wahoos were recognized by Baseball America as the top franchise in Double-A baseball.



Pensacola Blue Wahoos Playing at the Maritime Park Stadium

The second agreement, approved in March 2012 and renewed in March 2015, is with the City of Pensacola to provide park maintenance, landscape services and event and parking management on behalf of the CMPA. Per the agreement, the CMPA reimburses the City for actual costs incurred up to a maximum amount of \$200,000 for the park maintenance and landscape services and a maximum amount of \$200,000 for event and parking management services. There is a provision in the agreement that any revenues earned in excess of costs incurred for the event and parking management portion of the agreement be returned to the CMPA to fund capital repairs and maintenance. This arrangement has proved to be beneficial to the CMPA through the return of net profits from event management exceeding \$192,000 over the six year term.

In September 2014, the CMPA entered into a multi-year agreement with the University of West Florida to play a minimum of two years of NCAA Division II football at the Maritime Park Stadium. UWF fielded a football team for the first time in school history in 2016. All home games will be played at the stadium from September through December annually. Additional years are included, until such time as UWF builds an on-campus stadium. UWF's first home game was played in August

2016 with the remainder of the inaugural season home games played in October and November. For the period ending May 31, 2017 the CMPA received approximately \$28,000 in concession revenue and \$14,000 in Variable Ticket Surcharges.

Private Development

In August 2012, the first land lease for construction of private development was approved by the CMPA and City of Pensacola. Construction of the private development, Maritime Place, LLC, a 77,000 square foot, \$16,000,000 office building, was completed on time in October 2014. Maritime Place, LLC is owned by Quint and Rishy Studer and is the new home of the Studer Group consulting firm, EmCare, Inc. and a local law firm.

In June, 2013, the second lease for private development was executed. Construction of Maritime One, a 27,000 square foot, \$4,000,000 mixed use building, was completed in October 2015. Maritime One is significant in that it includes a residential component.

Responses to a Request for Proposals to develop the remaining private parcels were received throughout fiscal year 2015 and additional inquiries continue to be received. Although the inquiries have not culminated into executed lease agreements, it is anticipated that additional proposals to develop the private parcels will continue to be received.

Conclusion

In October 2016, the Community Maritime Park was awarded the North Florida Urban Land Institute (ULI) Award of Excellence for Open Spaces. The annual Awards for Excellence program is the centerpiece of ULI's efforts in North Florida to identify and promote best practices in all types of real estate development. The Community Maritime Park is the first-ever finalist and award winner from Pensacola and Northwest Florida.

The CMPA's Board of Trustees and staff have worked diligently to complete the Community Maritime Park construction project on time and on budget. The Maritime Park stadium, amphitheatre and surrounding grounds were a major success during the inaugural fiscal year 2012 and have continued to be a popular destination since. The stadium, parks and amphitheatre are now a focal point of community activities.

On May 31, 2017, the unwind of the NMTC Financing structure that funded the public improvements at the Community Maritime Park was completed. Subsequently the loans associated with the NMTC Financing of approximately \$54 million made to the CMPA were forgiven by the City. Upon the unwind of the financing transaction and the forgiveness of the loans, the CMPA's assets were transferred to the City and the CMPA was dissolved in June 2017. In association with the dissolution, the Management Services Agreement and the Employee Leasing Agreement between the City and CMPA was terminated and the operation and maintenance of the Community Maritime Park was assumed by the City. Therefore, the accompanying financial statements are presented for a partial year reflecting the time period from October 1, 2016 through May 31, 2017.



VINCE J. WHIBBS SR. COMMUNITY
MaritimePark[™]
PENSACOLA, FL

Community Maritime Park Associates, Inc.

2016-2017 Board of Trustees

Mr. James J. Reeves, Chair
Dr. Jimmy Jones, Vice Chair
Ms. Ann Hill, Secretary
Mr. Fred Gunther, Treasurer
Mrs. Alexis Bolin, Trustee
Ms. Amy Klotz, Trustee
Mr. Buddy McCormick, Trustee
Mr. John Merting, Trustee
Col. James E. Smith, USMC (Ret.), Trustee
Mr. Mark Taylor, Trustee
Mrs. Kelly Wieczorek, Trustee

Staff

Mandy Bills, CPA, Executive Assistant

Legal Counsel

Lisa Minsheu, Esquire

INDEPENDENT AUDITOR'S REPORT

Mayor and Chief Financial Officer
City of Pensacola, Florida
Pensacola, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Community Maritime Park Associates, Inc. ("CMPA"), (a component unit of the City of Pensacola, Florida), as of and for the eight months ended May 31, 2017, and the related notes to the financial statements, which collectively comprise CMPA'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.

Auditor's 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. 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 auditor's 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.

Mayor and Chief Financial Officer
City of Pensacola, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of CMPA, as of May 31, 2017, and the respective changes in financial position thereof for the eight months 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 on pages 3 through 6 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CMPA's financial statements as a whole. Management's letter of transmittal is presented for purposes of additional analysis and is not a required part of the financial statements. Management's letter of transmittal has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Pensacola, Florida
September 20, 2017

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

This Section contains the following subsections:

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2017

Our discussion and analysis of the Community Maritime Park Associates, Inc.'s (CMPA) financial performance provides an overview of the CMPA's financial activities for the period October 1, 2016 through May 31, 2017. Please read it in conjunction with the CMPA's financial statements which immediately follow this discussion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the CMPA's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

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

The *statement of net position* presents the CMPA's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CMPA is improving or deteriorating.

The *statement of activities* presents the change in the CMPA's net position during the period. 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 flows in future fiscal periods.

Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The CMPA only has one category of funds - governmental funds - and maintains three funds, the General Fund, the Capital Maintenance Special Revenue Fund, and the Construction Capital Project Fund.

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

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2017

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed Government-wide Statement of Net Position. A comparative analysis of government-wide data is presented as follows:

Community Maritime Park Associates, Inc.'s Net Position

	<u>5/31/2017</u>	<u>9/30/2016</u>
Current and Other Assets	\$ 737,742	\$ 1,146,613
Capital Assets	<u>45,645,476</u>	<u>46,864,374</u>
Total Assets	<u>46,383,218</u>	<u>48,010,987</u>
Current Liabilities	1,551,386	1,018,881
Long-term Liabilities	<u>53,515,393</u>	<u>54,369,407</u>
Total Liabilities	<u>55,066,779</u>	<u>55,388,288</u>
Net investment in capital assets	(9,233,009)	(7,864,232)
Restricted	525,011	612,727
Unrestricted	<u>24,437</u>	<u>(125,341)</u>
Net Position	<u>\$ (8,683,561)</u>	<u>\$ (7,377,301)</u>

During 2010, the CMPA received proceeds from six notes payable, which were used to finance the construction of the Vince Whibbs, Sr. Community Maritime Park ("Park"). Generally accepted accounting principles applicable to governments requires the government's capital asset activity to be presented as a component of net position, net of related debt. At May 31, 2017, the CMPA's investment in capital assets totals approximately \$45.6 million, and was financed primarily by the proceeds of debt.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2017

Community Maritime Park Associates, Inc.'s Changes in Net Position

	<u>5/31/2017</u>	<u>9/30/2016</u>
Revenues:		
Community Redevelopment Agency funding	\$ 1,421,059	\$ 1,894,745
Private donations	144,034	142,996
Intergovernmental	113,501	123,558
User and other fee based income	356,456	822,633
Settlement proceeds	20,000	-
Miscellaneous	<u>627</u>	<u>1,374</u>
	2,055,677	2,985,306
Expenses	<u>3,361,937</u>	<u>5,139,825</u>
Change in Net Position	(1,306,260)	(2,154,519)
Net Position, beginning of period	<u>(7,377,301)</u>	<u>(5,222,782)</u>
Net Position, end of period	<u>\$ (8,683,561)</u>	<u>\$ (7,377,301)</u>

Total revenues decreased approximately \$930,000 over fiscal year 2016 due to the current period of operations reported representing eight months versus twelve months. The majority of the decrease is the result of the user and fee based income, as the current period closed in the beginning of baseball season.

The decrease in expenses of approximately 35% is consistent with the current period of operations reported representing eight months versus twelve months.

FINANCIAL ANALYSIS OF THE CMPA'S GOVERNMENTAL FUNDS

As of the end of the period, the CMPA's governmental funds reported an ending fund balance of approximately \$472,000, a decrease of approximately \$194,000. A primary cause of decrease is the variable user fees which are earned through the baseball season as the period of operations ended one month into the season.

GENERAL FUND BUDGET

The CMPA adopts a budget which is used for internal monitoring purposes; however, it is not considered a "legal budget" for Florida compliance purposes.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

The CMPA's investment in capital assets as of May 31, 2017, amounts to \$45,645,476, which consists entirely of the Park including buildings, improvements, equipment, and a statue donated in fiscal year 2016 classified as a work of art.

During the period ended May 31, 2017, the CMPA made interest only payments related to the debt used to finance the project. The debt requires payments of interest only (at rates ranging from .50160% to 4.641%) through May 2017. Beginning July 1, 2017, principal and interest are payable monthly through maturity in May 2040. See Notes 4 and 16 for discussion on changes with the debt structure during and subsequent to the period.

ECONOMIC FACTORS

On June 1, 2017, CMPA's Articles of Dissolution were filed with the State of Florida. As provided for in CMPA's Articles of Incorporation and Bylaws, all assets and liabilities were transferred to the City of Pensacola upon dissolution. In addition, the operations and management of the Park was assumed by the City.

REQUESTS FOR INFORMATION

This financial report is designed to present users with a general overview of the CMPA's finances and to demonstrate the CMPA's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the City of Pensacola, 222 W. Main Street Pensacola Florida 32502; 850-435-1821. This report is also available at the following web address: www.cityofpensacola.com/260/Community-Maritime-Park-Associates.

BASIC FINANCIAL STATEMENTS

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
FUND BALANCE SHEET / STATEMENT OF NET POSITION
MAY 31, 2017

	General Fund	Capital Maintenance Special Revenue Fund	Construction Capital Project Fund	Total	Adjustments (Note 15)	Statement of Net Position
Assets						
Cash - restricted	\$ -	\$ 455,053	\$ -	\$ 455,053	\$ -	\$ 455,053
Accounts receivable	113,571	54,624	-	168,195	-	168,195
Due from other funds	-	90,058	-	90,058	(90,058)	-
Due from City of Pensacola	110,000	4,494	-	114,494	-	114,494
Capital assets:						
Works of art	-	-	-	-	77,500	77,500
Depreciable, net	-	-	-	-	45,567,976	45,567,976
Total assets	\$ 223,571	\$ 604,229	\$ -	\$ 827,800	\$ 45,555,418	\$ 46,383,218
Liabilities						
Accounts payable	\$ 22,670	\$ -	\$ -	\$ 22,670	\$ -	\$ 22,670
Unearned revenues	46,763	-	-	46,763	-	46,763
Due to other funds	90,058	-	-	90,058	(90,058)	-
Due to City of Pensacola	108,663	87,698	-	196,361	-	196,361
Non-current liabilities:						
Due within one year	-	-	-	-	1,285,592	1,285,592
Due in more than one year	-	-	-	-	53,515,393	53,515,393
Total liabilities	268,154	87,698	-	355,852	54,710,927	55,066,779
Fund Balance / Net Position						
Fund balance - unassigned	(53,063)	-	-	(53,063)		
Fund balance - restricted	8,480	516,531	-	525,011		
Total fund balance	(44,583)	516,531	-	471,948		
Total liabilities and fund balance	\$ 223,571	\$ 604,229	\$ -	\$ 827,800		
Net position						
Net investment in capital assets					(9,233,009)	(9,233,009)
Restricted for capital improvements					525,011	525,011
Unrestricted					24,437	24,437
Total net position					\$ (8,683,561)	\$ (8,683,561)

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

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE / STATEMENT OF ACTIVITIES
FOR THE EIGHT-MONTH PERIOD ENDED MAY 31, 2017

	General Fund	Capital Maintenance Special Revenue Fund	Construction Capital Project Fund	Total	Adjustments (Note 15)	Statement of Activities
Revenues						
Community Redevelopment Agency funding	\$ -	\$ -	\$ 1,421,059	\$ 1,421,059	\$ -	\$ 1,421,059
Private donations	-	-	-	-	144,034	144,034
Intergovernmental	113,501	-	-	113,501	-	113,501
User and other fee based income	282,851	73,605	-	356,456	-	356,456
Settlement proceeds	-	20,000	-	20,000	-	20,000
Miscellaneous	263	364	-	627	-	627
Total	<u>396,615</u>	<u>93,969</u>	<u>1,421,059</u>	<u>1,911,643</u>	<u>144,034</u>	<u>2,055,677</u>
Expenditures / Expenses						
General government:						
Bank fees	-	-	8,554	8,554	-	8,554
Depreciation	-	-	-	-	1,462,932	1,462,932
Insurance	79,805	-	-	79,805	-	79,805
Ad valorem tax	104,318	-	-	104,318	-	104,318
Miscellaneous	1,104	-	-	1,104	-	1,104
Payroll	9,627	-	-	9,627	-	9,627
Other contractual services	65,853	-	-	65,853	-	65,853
Professional fees	33,389	-	-	33,389	-	33,389
Repairs and maintenance	32,523	87,698	-	120,221	-	120,221
Utilities	127,703	-	-	127,703	-	127,703
Capital outlay	100,000	-	-	100,000	(100,000)	-
Debt service-						
Principal	27,621	-	-	27,621	(27,621)	-
Interest	21,824	-	1,506,037	1,527,861	(179,430)	1,348,431
Total	<u>603,767</u>	<u>87,698</u>	<u>1,514,591</u>	<u>2,206,056</u>	<u>1,155,881</u>	<u>3,361,937</u>
Excess (deficiency) of revenues over expenditures	<u>(207,152)</u>	<u>6,271</u>	<u>(93,532)</u>	<u>(294,413)</u>		
Other Financing Sources						
Transfers in (out)	8,480	-	(8,480)	-	-	-
Debt proceeds	100,000	-	-	100,000	(100,000)	-
Total	<u>108,480</u>	<u>-</u>	<u>(8,480)</u>	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	(98,672)	6,271	(102,012)	(194,413)		
Changes in net position						<u>(1,306,260)</u>
Fund balance / net position						
Beginning of period	54,089	510,260	102,012	666,361		(7,377,301)
End of period	<u>\$ (44,583)</u>	<u>\$ 516,531</u>	<u>\$ -</u>	<u>\$ 471,948</u>		<u>\$ (8,683,561)</u>

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

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Community Maritime Park Associates, Inc. (the “CMPA”), a non-profit corporation under the provisions of Chapter 617, Florida Statutes, was created in 2005 for the purpose of developing the public and private aspects of the Vince Whibbs, Sr. Community Maritime Park (“Park”). The CMPA is an agency of the City of Pensacola (the “City”), and the City appoints the members of the CMPA’s Board of Trustees. The CMPA meets the criteria of a component unit, and accordingly, will be included in the financial statements of the City.

The CMPA has a Master Lease Agreement (“Master Lease”) and Master Development Agreement (“MDA”) with the City for the CMPA’s lease and development of the City-owned waterfront property located at the 300 block of Main Street.

Basis of Presentation - Basis of Accounting

These financial statements are presented for the period October 1, 2016 through May 31, 2017. As disclosed in Note 16, CMPA’s Articles of Dissolution were filed with the State of Florida in June 2017.

Because of the CMPA’s relationship with the City, its financial statements are prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, which requires the CMPA to present *basic financial statements* which are defined as follows:

The Statement of Net Position and the Statement of Activities report information using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. These statements focus on the CMPA’s activities, as a whole, and report all of the assets, liabilities, revenues, expenses, and gains and losses of the entity.

The Fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance report information using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or within sixty days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

GASB Statement No. 34 requires disclosure of the reconciliation adjustments which convert the *fund financial statements* into *government-wide financial statements*. The CMPA has elected to present the respective *fund financial statements* and the *government-wide financial statements* in a combined format containing the reconciliation adjustments.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Governmental Funds

The CMPA has three governmental funds.

General Fund: Used to account for all financial resources, except those required by law or administrative action to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

Special Revenue Fund (Capital Maintenance Fund): Used to account for the proceeds of the variable ticket surcharge and proceeds from the event and parking management contract with the City that are restricted for specific purposes of capital maintenance of the Park.

Construction Capital Projects Fund: Used to account for financial resources earmarked or segregated for the acquisition and construction of the Park and other project-oriented activities and the debt service payments during the construction phase.

Restricted Cash

Unspent proceeds of long-term debt (Note 4), project support payments (Note 6), and monies held for capital maintenance and repairs are restricted as their use is limited for development of the Park, debt service, and capital maintenance needs.

Accounts Receivable

Receivables consist of amounts due under the multi-use facility agreement as disclosed in Note 9. Currently, management deems all amounts to be fully collectible and no allowance for doubtful collections is necessary.

Capital Assets

Purchases of capital assets (consisting of the Park project, buildings, improvements, and equipment), are capitalized at cost in the Statement of Net Position but are recorded as capital outlay expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance. Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Contributed assets are recorded at their estimated fair value at the time of donation. Straight-line depreciation is used based on estimated useful lives of 50 years for buildings, 5-50 years for improvements, and 5-20 years for equipment. Works of art with an inexhaustible useful life are not depreciated.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unearned Revenues

Unearned revenues arise when resources have been received but not yet earned. In subsequent periods, when the revenue is earned the liability for deferred revenue is removed and revenue is recognized.

Long-Term Debt

All long-term debt is recorded as liabilities in the government-wide financial statements when incurred. Principal and interest payments are recorded as expenditures in the General Fund or the Construction Capital Projects Fund in the fund financial statements, with a corresponding reduction in the liability in the government-wide financial statements for the amount of the principal payment.

Fund Balance

Fund balances are classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of the fund balances. These classifications are restricted, committed, assigned, and unassigned.

Restricted and Unrestricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the CMPA's policy to use resources restricted under the Construction Fund first, then unrestricted resources as they are needed. Resources restricted for Capital Maintenance are only used with Board approval. Within the unrestricted category, committed resources are used first, then assigned resources, if any, followed by unassigned resources as needed.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding related debt. The restricted portion of net position is restricted for Park development and for future debt service payments.

Revenues

The CMPA's revenues consist primarily of intergovernmental project support payments and miscellaneous appropriations and user fees.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Budgets

The CMPA adopts a budget which is used for internal monitoring purposes but is not considered a “legal budget” for Florida compliance purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Internal Revenue Service has determined the CMPA to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been recorded.

Events Occurring After Reporting Date

The CMPA has evaluated events and transactions that occurred between May 31, 2017 and September 20, 2017, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - CASH DEPOSITS

The CMPA manages its custodial credit risk by maintaining its deposits in financial institutions designated as “Qualified Public Depositories” by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institutions in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes (the Florida Security for Public Deposits Act). Accordingly, risk of loss due to bank failure is not considered significant.

At May 31, 2017, the reported amount of the CMPA’s deposits was approximately \$455,000 and the entire balance consisted of deposits with financial institutions.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 3 - CAPITAL ASSETS

Changes in capital assets for the period ended May 31, 2017, were as follows:

	Balance October 1, 2016	Increases	Decreases/ Transfers	Balance May 31, 2017
<i>Capital assets not depreciated:</i>				
Works of art	\$ 77,500	-	-	\$ 77,500
<i>Capital assets depreciated:</i>				
Buildings	26,500,299	-	-	26,500,299
Improvements	26,488,047	-	-	26,488,047
Equipment	3,578,606	244,034	-	3,822,640
Total capital assets depreciated	56,566,952	244,034	-	56,810,986
<i>Less accumulated depreciation:</i>				
Buildings	2,371,345	353,337	-	2,724,682
Improvements	5,211,499	793,670	-	6,005,169
Equipment	2,197,234	315,925	-	2,513,159
Total accumulated depreciation	9,780,078	1,462,932	-	11,243,010
Capital assets depreciated, net	46,786,874	(1,218,898)	-	45,567,976
Total capital assets, net	\$ 46,864,374	\$ (2,218,898)	\$ -	\$ 45,645,476

For the period ended May 31, 2017, CMPA recorded \$1,462,932 in depreciation expense.

During 2017, the CMPA recorded donated equipment of approximately \$144,000 for costs associated with the videoboard contributed by NFPB. The contributed equipment was recorded at fair value based on actual expenses incurred by NFPB.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 4 - LONG-TERM DEBT

In order to finance the development and construction of the public improvements of the Park, in December 2009 the City issued \$6,715,000 of Redevelopment Revenue Bonds, Series 2009A and \$38,925,000 of Redevelopment Revenue Bonds, Series 2009B. Approximately \$39.8 million of such proceeds were loaned by the City to CTA Investment Fund, LLC (the "Investment Fund") and combined with other funds to make equity investments in three separate community development entities ("CDEs") and take advantage of New Market Tax Credits under Section 45D of the Internal Revenue Code of 1986 ("Code") and Section 288 of the Florida Statutes.

The CDEs made loans to the CMPA on May 27, 2010 totaling approximately \$54 million to finance the public use portion of the Park. In connection with this transaction, the City entered into a "put and call" agreement with U.S. Bancorp Community Development Corporation ("USBCDC"), the owner of 100% of the CTA Investment Fund. In September 2014, USBCDC made a permitted assignment of its interest in the CTA Investment Fund to a USBCDC managed affiliate, Community Maritime, LLC (the "USB Flip Fund").

On May 31, 2017, the CDEs assigned all note agreements to the Investment Fund and the USB Flip Fund excised the option to "put" its interest in the Investment Fund to the City of Pensacola for \$1,000. Therefore, as of May 31, 2017, the City of Pensacola is the sole manager and member of the Fund which holds the note receivable agreements for the \$54 million owed by the CMPA. See Note 16 for discussion of the forgiveness of this debt in June 2017.

In March 2012, the CMPA entered into a promissory note with the Community Redevelopment Agency ("CRA") of the City of Pensacola to borrow up to \$500,000 to fund additional costs of the Park. The note was modified on September 15, 2013 to combine the total borrowed amount of \$471,931 and accrued unpaid interest of \$14,708, into one note totaling \$486,639 bearing interest fixed at 3% for 20 years. Annual debt service payments are \$33,321 and the loan matures on April 1, 2033.

In October 2014, the CMPA entered into a separate promissory note with the CRA to borrow up to \$210,000 to fund additional costs incurred related to the breakwater project and fence relocation, which was completed in 2016. The note bears interest at 3% for 17 years. Annual debt service payments are \$16,124 and the loan matures on April 1, 2033.

In February 2017, the CMPA agreed to pay NFPB \$100,000 under a non-interest bearing promissory note to share costs associated with a new video scoreboard. Annual debt service payments are \$20,000 and the loan matures on October 1, 2021.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 5 - CHANGES IN LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

The following is a summary of changes in long-term debt for the period ended May 31, 2017:

	Balance October 1, 2016	Additions	Retirements	Balance May 31, 2017
USB Note A	\$ 54,079,902	\$ -	\$ -	\$ 54,079,902
CRA Note - 2012	438,704	-	(20,159)	418,545
CRA Note - 2016	210,000	-	(7,462)	202,538
CRA Note - 2016	-	100,000	-	100,000
Totals	<u>\$ 54,728,606</u>	<u>\$ 100,000</u>	<u>\$ (27,621)</u>	<u>\$ 54,800,985</u>

The annual debt service requirements to maturity for long-term debt are as follows:

Period Ending September 30,	Principal	Interest	Total
2017	\$ 331,577	\$ 1,044,816	\$ 1,376,393
2018	1,416,189	1,991,343	3,407,532
2019	1,481,861	1,947,615	3,429,476
2020	1,550,602	1,883,418	3,434,020
2021	1,622,614	1,825,619	3,448,233
2022	1,698,002	1,765,100	3,463,102
2023 - 2027	9,651,451	7,812,783	17,464,234
2028 - 2032	12,148,588	5,808,910	17,957,498
2033 - 2037	15,083,333	3,297,888	18,381,221
2038 - 2041	9,816,768	523,837	10,340,605
Totals	<u>\$ 54,800,985</u>	<u>\$27,901,329</u>	<u>\$ 82,702,314</u>

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 6 - PROJECT SUPPORT PAYMENTS

The CMPA, along with the City and the CRA, entered into an Interlocal Agreement whereby the CRA agreed to remit CRA tax increment financing (project support payments) to the CMPA to be used for debt service payments. For the period ended May 31, 2017, the CMPA recognized revenue of \$1,421,059 from the CRA. Pursuant to the Supplement to Interlocal Agreement dated June 1, 2010, the Interlocal Agreement between the City, CRA, and CMPA was terminated as of May 31, 2017, therefore, no additional funding will be provided by the CRA.

NOTE 7 - GOVERNMENTAL FUND BALANCES

Fund balance at period end consists of the following:

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. There were no non-spendable fund balances as of May 31, 2017.

Remaining fund balances are classified as follows depending on the CMPA's ability to control the spending of these fund balances:

Restricted fund balances can only be used for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or are imposed by law through constitutional provisions or enabling legislation. As of May 31, 2017, the CMPA had restricted fund balances of \$516,531 in the Special Revenue Fund for capital maintenance of the Park and \$8,480 in the General Fund for public improvements of the park.

Committed fund balances can only be used for specific purposes imposed internally by the CMPA's formal action of highest level of decision making authority. As of May 31, 2017, there were no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which do not meet the more formal criterion to be considered either restricted or committed. As of May 31, 2017, the CMPA had no assigned fund balances.

Unassigned fund balances represent the residual fund balance within the General Fund, which has not been restricted, committed, or assigned. As of May 31, 2017, the CMPA had a deficit unassigned fund balance in its General Fund, totaling \$53,063.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 8 - MASTER LEASE AND SUBLEASES

The City has leased property to the CMPA on which to construct, develop, operate and maintain public and private improvements (the Park), including a Community Multi-Use Facility. The term of the lease is for a period of sixty (60) years for \$1 per year. The master lease allows the CMPA to enter into agreements for use and lease of the public improvements. The CMPA also has the right to enter into sub-leases for any components of the private improvements portion of the Park, subject to approval by the City. Sub-leases must be at fair value, and the sub-lease revenues must be paid to the City.

The CMPA has entered into two ground sub-lease agreements for office buildings which provide for annual common area maintenance (CAM) charges relating to the Private Improvements. The combined revenue for the CAM charges for these leases is approximately \$9,500.

NOTE 9 - MULTI-USE FACILITY AGREEMENT

On July 20, 2011, CMPA and Northwest Florida Professional Baseball, LLC (“NFPB”), the owner of the Blue Wahoos “AA” minor league baseball franchise, entered into an agreement for NFPB’s use of the baseball stadium at the Park. The term of the agreement is for 10 years, with two optional 5-year renewal periods, and requires NFPB to pay an annual use fee of \$175,000 to CMPA. For the period ended May 31, 2017, CMPA recognized \$116,667 of revenue from the user fee.

NFPB pays the CMPA a variable ticket sales surcharge and a variable attendance surcharge, based on the number and types of tickets sold. The annual minimum variable attendance surcharge is \$125,000 during the first 10 years of the agreement. The CMPA is required to maintain a capital maintenance fund from the proceeds of the variable ticket sales surcharge for future repairs and maintenance. For the period ended May 31, 2017, the CMPA recognized approximately \$50,000 for the variable attendance surcharge, and \$53,000 for the variable ticket sales surcharge.

The agreement defines rights and obligations between NFPB and the CMPA depending upon the nature of events held at the facility. In general, NFPB is entitled to revenue streams related to baseball home games and other NFPB events (excluding parking revenues). Revenues from community events (events promoted and/or staged by the CMPA) accrue to the CMPA.

In 2014, long-term and short-term indebtedness totaling approximately \$105,000 owed by the CMPA to NFPB was cancelled in exchange for the CMPA providing additional office space to NFPB for the time period July 2011 through July 2021. As a result, unearned rent revenues of \$72,562 were recorded on the fund balance sheet/statement of net position for the value of rents to be earned in future periods. The balance of unearned rental revenue as of May 31, 2017 is \$46,763.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 9 - MULTI-USE FACILITY AGREEMENT (Continued)

In April 2015, NFPB exercised the option to purchase the naming rights to the multi-use facility for a period of 7 years. After payment of costs and expenses associated with the sale of the naming rights, CMPA was entitled to 50% of the revenue generated from the sale which totaled \$787,500. CMPA will receive these funds over the course of 7 years in annual payments of \$112,500. For the period ended May 31, 2017, CMPA recognized \$75,000 within user fee revenues.

NOTE 10 - PARK MANAGEMENT SERVICES AGREEMENT

On March 27, 2012, CMPA and the City entered into an agreement for the City to provide park maintenance and landscaping services. Annually, CMPA pays the City actual costs incurred up to a maximum amount of \$200,000. As of May 31, 2017, CMPA owes the City approximately \$108,000 for these services.

In addition, under this contract, the City is responsible for event scheduling and planning, management of outside kiosk sales, rentals, food service and other vendor services, and parking management. The fees charged by the City for these services are reduced by revenues earned by the City. If revenues earned by the City are not sufficient to cover its costs, the maximum amount payable by the CMPA is \$200,000. Furthermore, any revenues earned by the City in excess of its costs are payable to the CMPA for deposit in the capital repair and maintenance fund. For period ended May 31, 2017, CMPA recognized revenue of approximately \$4,400 under this contract.

NOTE 11 - UWF PARK USE AGREEMENT

In 2014, CMPA entered into a use agreement with the University of West Florida (UWF) for use of the Park and stadium for football games through August 2018. Under the agreement, UWF will pay CMPA a use fee of \$5,000 per home game and remit a variable ticket surcharge of \$1 per home game ticket sold which shall fund the capital maintenance fund. Per terms of the use agreement, UWF shall require NFPB to pay directly to CMPA 20% of gross concession sales earned during UWF's use of stadium. For the period ended May 31, 2017, CMPA recognized revenue of approximately \$45,300 under this agreement.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 12 - INTERFUND ACTIVITY

As of May 31, 2017, the Construction Capital Project Fund was closed and the balance of \$8,480 was transferred to the General Fund and presented as restricted. In addition, the General Fund owed \$90,058 to the Capital Maintenance Special Revenue fund for certain expenses paid on behalf of the General Fund during the period.

NOTE 13 - INTERGOVERNMENTAL APPROPRIATIONS

City Appropriations

The City and the CMPA entered into an agreement in August 2012 for the City to pay \$75,000 to CMPA per fiscal year for the operation of public amenities and public spaces at the Park. The appropriation will end on termination of the Master Lease. For the period ended May 31, 2017, CMPA recognized revenue of \$75,000 under this agreement.

The City and the CMPA entered into another agreement in September 2013 for the City to pay \$35,000 to CMPA per fiscal year for the operation of public amenities and public spaces at the Park. The appropriation commenced with the adoption of the fiscal year 2015 budget and ends on termination of the Master Lease. For the period ended May 31, 2017, CMPA recognized revenue of \$35,000 under this agreement.

NOTE 14 - RISK MANAGEMENT

The CMPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All necessary insurance policies, including property and general liability insurance, are secured for the CMPA by the City on a reimbursable basis. During the period, the CMPA had no significant reductions in insurance coverage from the prior year. In addition, there have been no settlements that exceeded the CMPA's insurance coverage in any of the past three fiscal years.

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 15 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the balance sheet and the statement of net position:

Fund balance, May 31, 2017	\$ 471,948
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund balance sheet	45,645,476
Long-term debt and accrued interest are not due and payable in the current period and, therefore, are not reported in the fund balance sheet	
Notes payable	<u>(54,800,985)</u>
Net position, May 31, 2017	<u>\$ (8,683,561)</u>

Explanation of certain differences between the statement of revenues, expenditures, and changes in fund balance and the statement of activities:

Net change in fund balance	\$ (194,413)
Issuance of debt is recorded as an other financing source at the fund level; however, in the statement of activities, it is not reported as revenue as it increases liabilities on the statement of net position	(100,000)
Governmental funds report capital outlays as expenditures. However, in the statement of net position the costs of these assets are capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financials but is capitalized in the government-wide statements	100,000
Depreciation is reported in the government-wide statements	(1,462,932)
Capital contributions reported in government-wide statements	144,034
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	
Change in accrued interest	179,430
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Current period debt payments	<u>27,621</u>
Change in net position	<u>\$ (1,306,260)</u>

COMMUNITY MARITIME PARK ASSOCIATES, INC.
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017

NOTE 16 - SUBSEQUENT EVENTS

On June 1, 2017, CMPA's Articles of Dissolution were filed with the Florida Division of Corporations. As provided for in CMPA's Articles of Incorporation and Bylaws, all assets and liabilities were transferred to the City upon dissolution. In addition, CMPA's contracts and leases were assigned to the City and the operation and management of the Park was assumed by the City.

As of June 28, 2017, the City as the sole member and manager of the Investment Fund which holds the NMTC loan agreements with CMPA cancelled the debt for each of the notes, totaling approximately \$54 million. In August 2017, the Investment Fund was dissolved.