

City of Palm Bay

Bayfront Community Redevelopment Agency

2020 Annual Report

I. Introduction, Mission and Overview

The City established the Bayfront Community Redevelopment District as a Community Redevelopment Agency (CRA) in 1999. The Bayfront Community Redevelopment Agency (Bayfront CRA) is due to sunset in 2024. A CRA is defined as a separate public entity created by the local municipality in order to implement redevelopment activities outlined in Chapter 163 of the Florida Statutes. The mission of the Bayfront CRA is to remove and reduce blight in the District, facilitate economic renewal and attract new capital investment.

The goal of the Agency, as stated in the adopted redevelopment plan, is to develop, redevelop, and revitalize the area over a 30-year period. The adopted vision of the Bayfront Redevelopment Plan is to have the District be redeveloped as an attractive, inviting, and economically successful community with residential, commercial, retail, and mixed-use development. This planned regional destination includes an active waterfront village for the enjoyment of all Palm Bay residents.

Fiscal Year 2020 Overview

An annual report of the Bayfront Community Redevelopment Agency (Bayfront CRA) for the fiscal year ending on September 30, 2020 is submitted herewith pursuant to Chapters 163.365(3)(c) and 163.371 of the Florida Statutes.

This report consists of the activities of the Agency and an audited financial statement by MSL of the Agency as reported by the City of Palm Bay's Comprehensive Annual Financial Report, Fiscal Year 2020.

District Year in Review

In Fiscal Year (FY) 2020, the Bayfront CRA did not authorize any new activities committing Agency funds. The Agency did, however, authorize the City Manager to enter into a Letter of Intent (LOI) with a commercial developer interested in purchasing and developing three City and CRA-owned parcels known as Pelican Harbor Marina. City and CRA staff met with the developer but ultimately the LOI was cancelled by the City due to lack of sufficient financial documentation from the developer.

In April 2020, the City and CRA contracted a commercial real estate broker, Redevelopment Management Associates, LLC (RMA) for the sale of CRA-owned parcels. The intent of land disposition of CRA property is to leverage the property for favorable commercial development that would ultimately increase the tax revenue of the CRA, redevelop said properties and serve

as a catalyst for further redevelopment of the Bayfront Community Redevelopment Area. The CRA did not sell any property in FY 2020.

Nearing the end of FY 2020, the CRA was notified that a Temporary Certificate of Occupancy (TCO) was issued to Aqua Palm Bay Apartments, 320-luxury style apartment units located on Robert J. Conlan Boulevard and Dixie Highway/U.S. 1 along the Bayfront. The TCO was issued and pending final CO following the installation of the new traffic signal.

Total Assessed Taxable Value

The Fiscal Year (FY) 2020 Bayfront Community Redevelopment Agency witnessed another year of increased revenue due to steadily increasing property values within the redevelopment district.

As reported by the Brevard County Property Appraisers Office, the 2019 certified taxable property values within the Bayfront redevelopment district was \$223,965,788 up from the 2018 and 2017 certified taxable values totaling \$213,098,886 and \$202,868,778, respectively. The 2019 certified taxable property value represents a net increase of five (5) percent or \$10,866,902 in taxable property value for over the last fiscal year.

Tax Revenues

Redevelopment activity within District provided the Bayfront CRA increased tax revenues to \$1,404,986, a 5.8 percent increase over 2019 (\$1,327,443).

The City portion of the increment equaled \$955,498 (68%) while the Brevard County portion totaled \$448,472 (32%) for FY 2020.

Expenditures

Expenditures for the Fiscal Year 2020 totaled \$ with \$429,474.12 allocated to debt service.

Though the FY 2020 approved budget provided \$341,268.36 in total operational expenses, to include \$270,185 reimbursed to Brevard County for unexpended funds from Fiscal Years 2018 and 2019 per the Interlocal Agreement (ILA) between Brevard County, City of Palm Bay and Bayfront CRA executed on October 8, 2019. The CRA also initiated a transfer of \$566,525 to reimburse the City's General Fund for similar unexpended funds from Fiscal Years 2018 and 2019.

II. Board Members and Staff

In Fiscal Year 2017, Palm Bay City Council revised the composition of the Agency's governing body. Changes included the establishment of each City Councilman as a Bayfront CRA Commissioner to serve congruently with their term of office with the Mayor and Deputy Mayor serving as Chairman and Vice-Chairman respectively. The Board also includes two at-large citizen commissioners that are appointed by City Council. In FY 2020, the Board Commissioners were as follows:

Members

William Capote, Chairperson

Kenny Johnson, Vice-Chairperson

Harry Santiago, Commissioner

Brian Anderson, Commissioner

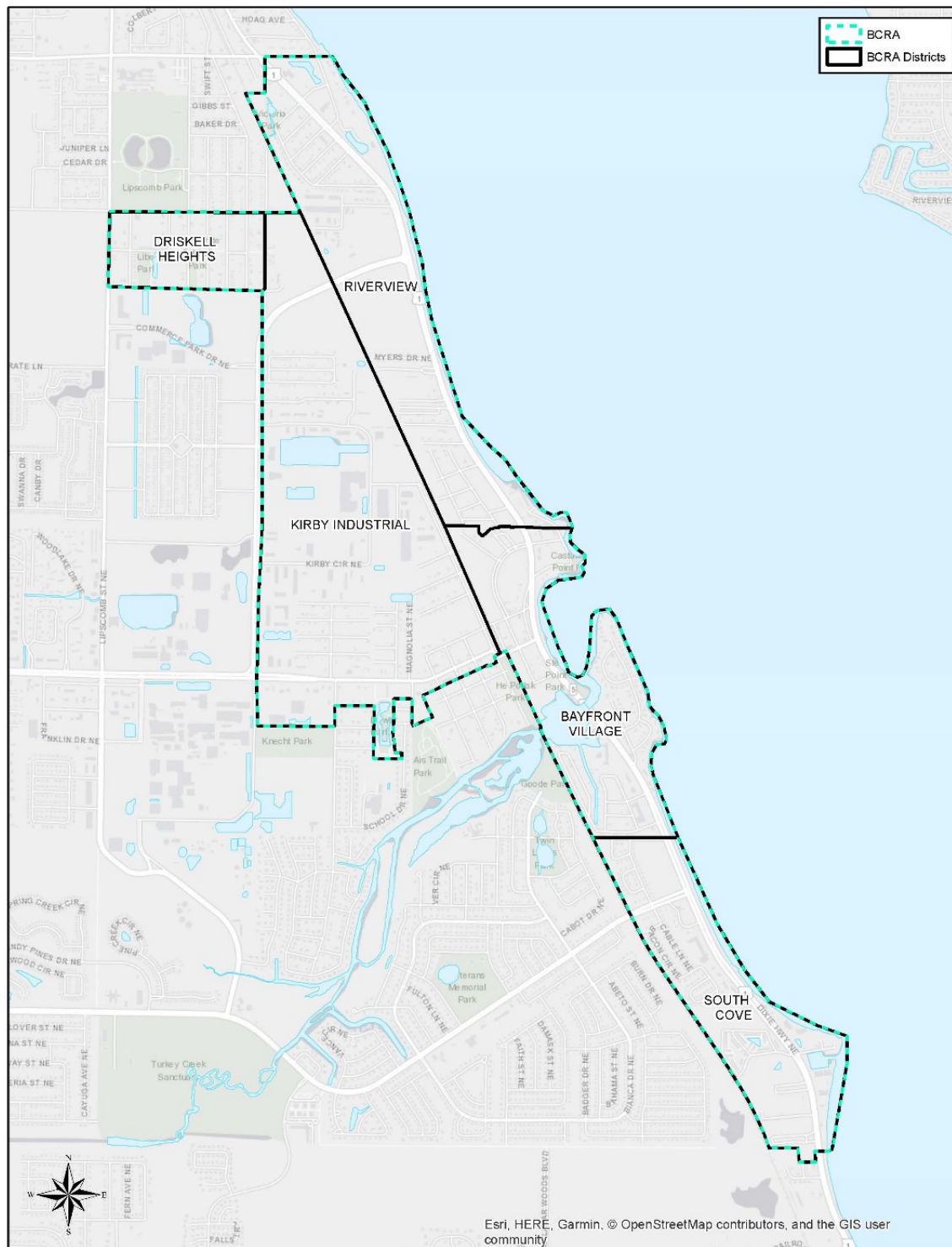
Jeff Bailey, Commissioner

Aaron Parr, Commissioner At-Large

Peter Filiberto, Commissioner At-Large

III. Boundary Lines

The Bayfront Community Redevelopment District is a four-mile section of US Highway 1, bound by the city limits of the City of Melbourne on the north and the Town of Malabar on the south. The Indian River Lagoon makes up the eastern boundary and the western boundary runs south from the US Highway 1 and University Boulevard intersection for approximately 500 feet, then west to the Florida East Coast (FEC) Railroad; south along the railroad about 2,200 feet; west along the city limits at Florida Avenue to Lipscomb St.; south on Lipscomb St. to Doreatha Fields Ave. (also known as Pacific Ave.); east on Doreatha Fields Ave. to Northview St.; south on Northview St. to R. J. Conlan Blvd.; south on R. J. Conlan Blvd. to Palm Bay Road; east on Palm Bay Road including those parcels abutting the south side of Palm Bay Road to the FEC Railroad; and south on the FEC Railroad to the Malabar town limits.



IV. History

a. Creation Date

In 1994, the Bayfront Community Redevelopment District was determined to be an area of slum and blight, and in 1999 the Bayfront Community Redevelopment District 2024

Plan was adopted by the City of Palm Bay. The Bayfront Community Redevelopment Agency will sunset 25 years from the date of establishment on May 4, 2024.

b. Plan Amendment Dates

The Bayfront CRA did not conduct a Plan Amendment; however, in October 2009, the CRA commissioned MSCW, Inc. to observe and document the conditions of slum and blight. These findings have been reported in the Plan under Appendix A Field Inventory and Analysis.

c. Applicable Resolution(s) and Ordinances

The City created the Agency pursuant to City Resolution 99-20 and approved its Community Redevelopment Plan after the County delegated its authority under Chapter 163, Part III, Florida Statutes, as set forth in County Resolution 99-11. The City created a tax increment redevelopment trust fund (Agency tax increment fund) pursuant to section 163.387, Florida Statutes under City Ordinance 99-19.

On October 8, 2019, the Brevard County Board of County Commissioners adopted Resolution 2019-198 modifying the delegation of the powers of the City of Palm Bay, revoking the City's authorization to issue bonds, pledge funds, incur debt, obtain loans, and limiting all other financial activities of the Bayfront CRA.

V. Projects Overview

Northshore Development's Aqua Project

In 2016, the Bayfront CRA launched a small marketing initiative to promote waterfront redevelopment as part of a published "Expression of Interest." This effort included a video and magazine advertisement that was produced internally for use in communicating the big-picture opportunity to a national audience. One of the successes culminating from that campaign was attracting the attention of an investment group, Northshore Development.

The Bayfront CRA succeeding in its efforts to attract the development of a new multi-family development project, to include commercial frontage along Robert J. Conlan Boulevard. At a regularly scheduled meeting of the Bayfront CRA Board held on August 30, 2018, the CRA Board approved a Redevelopment Incentive Agreement for Northshore Development providing for a 90 percent rebate for five years on the assessed value of the new ad valorem tax generated from the project upon completion. The Aqua development project is expected to yield approximately \$52.9 million in private capital investment, which includes a 320-unit luxury apartment complex (Phase I) and over 40,000 square feet in commercial space providing for office, retail, restaurant, bar, and event venue (Phase II).

In November 2020, just after the close of FY 2020, Northshore Development, LLC received their Certificate of Completion for Phase I of the project. Construction of Phase II commercial is anticipated to be complete before the end of the 2021 calendar year.

VI. Financial Reports

a. Balance Sheet

See Attachment A – Financial Section (Audited)

b. Statement of Revenues, Expenditures & Changes in Fund Balances

See Attachment A – Financial Section (Audited)

c. Summary of Projects, Grants & Debt

See Attachment A – Financial Section (Audited)

VII. Performance Information

a. Total Projects started, completed and estimate cost for each project:

Brevard County Resolution 2019-198 prohibits the Bayfront CRA from undertaking any new projects that would commit Agency funds. There were no new projects in FY 2020.

b. Number of jobs created and sector of the economy from which these jobs were created within the CRA

The Aqua Apartments at Palm Bay, Phase I of Northshore Development, LLC's mixed-use development project, generated eight (8) full-time jobs and over 50 part-time indirect jobs, not including jobs related to construction.

c. Number of jobs retained within the CRA

There were no jobs retained as a direct result of the projects and activities of the Bayfront CRA.

d. Assessed Property Values

When the CRA was enacted in 1998, the base property assessed value was \$100,372,760.00. The 2020 assessed property values was \$223,965,788.

e. Affordable Housing

No CRA funds have been expended for affordable housing projects in FY 2020.

ATTACHMENT “A”

Fiscal Year 2020 Financial Reports (*audited*)

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

FINANCIAL STATEMENTS

Year Ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Bayfront Community Redevelopment Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and General Fund of the Bayfront Community Redevelopment Agency (the "CRA"), a component unit of the City of Palm Bay, Florida as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA'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 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 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 CRA'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 CRA'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.

To the Board of Commissioners
Bayfront Community Redevelopment Agency

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the CRA as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in conformity 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 budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2021 on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 11, 2021

As management of the Bayfront Community Redevelopment Agency (the "CRA"), we offer readers of the CRA's financial statements this narrative overview and analysis of the CRA's financial activities for the fiscal year ended September 30, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements. The CRA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

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

The statement of net position presents information on all of the CRA'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 CRA is improving or deteriorating.

The statement of activities presents information showing how the government'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. Also, capital assets are capitalized and depreciated on the statement of net position whereas related purchases are expended on government fund financial statements.

General Fund. The General Fund is 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, the General 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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the General Fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the General Fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the General Fund balance sheet and the General Fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between General Fund and governmental activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are an integral part of the basic financial statements.

Other Information. The CRA adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the CRA, assets exceeded liabilities by \$7,653,431 at the close of the most recent fiscal year. This compares with \$7,447,899 at the close of the previous fiscal year, an increase of \$205,532. Cash and investments increased \$64,652 due to CRA's proportionate share of incremental tax revenue and return of investments. Capital Assets decreased due to depreciation.

	Net Position	
	2020	2019 Unaudited
Assets		
Current and other assets	\$ 905,089	\$ 840,437
Capital assets	7,500,342	7,753,189
Total assets	<u>8,405,431</u>	<u>8,593,626</u>
Liabilities		
Short-term Liabilities	410,000	393,727
Long-term Liabilities	342,000	752,000
Total liabilities	<u>752,000</u>	<u>1,145,727</u>
Net position:		
Net invested in capital assets	7,500,342	7,753,189
Unrestricted	153,089	(305,290)
Total net position	<u>\$ 7,653,431</u>	<u>\$ 7,447,899</u>

Governmental Activities. The components are as follows: Governmental activities increased the CRA's net position by \$205,532 in fiscal year 2020. Higher assessed property values offset with a decrease in the City's operating millage rate provided for a larger revenue source over FY19.

	Changes in Net Position	
	2020	2019 Unaudited
General revenues:		
Intergovernmental	\$ 1,404,986	\$ 2,318,291
Investment Income	8,922	15,667
Miscellaneous Revenues	<u>2,280</u>	<u>570</u>
Total general revenues	<u>1,416,188</u>	<u>2,334,528</u>
Expenditures/Expenses:		
General government	911,130	281,027
Interest on Long-Term Debt	39,474	89,972
Depreciation	<u>260,052</u>	<u>257,245</u>
Total expenses	<u>1,210,656</u>	<u>721,105</u>
Change in net position	205,532	1,613,423
Net position – beginning	<u>7,447,899</u>	<u>5,834,476</u>
Net position – ending	<u>\$ 7,653,431</u>	<u>\$ 7,447,899</u>

Financial Analysis of the General Fund

As noted earlier, the CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The purpose of the CRA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CRA's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

The only difference between General Fund operations and governmental activities is the accounting presentation for capital outlay and long-term debt. Capital outlay is accounted for as an expenditure in the General Fund and, to the extent it relates to capital asset additions, is replaced by depreciation expense on the statement of activities. Principal payments are accounted for as an expenditure in the General Fund and is a reduction of the outstanding liability on the Statement of Net Position.

General Fund Budgetary Highlights

Primary variances between the final budget and actual operating expenditure categories were as follows: There was a decrease in professional services \$44,687 for mowing services and small variances in numerous operating brackets totaling \$8,644. Capital outlay expenditures decreased by \$406,745 due to the postponement of strategic land.

Capital Asset Administration

The CRA's net investment in capital assets as of September 30, 2020, amounts to \$7,500,342, a decrease of \$252,847. Additional information on the CRA's capital assets can be found in Note 4 *Capital Assets* in the footnote section of this report.

	Capital Assets (net of depreciation)	
	2020	2019 Unaudited
CIP	\$ -	\$ -
Land	2,180,783	18,403
Infrastructure	<u>5,319,559</u>	<u>5,554,003</u>
Total	<u>\$ 7,500,342</u>	<u>\$ 7,753,189</u>

Debt Administration

At the end of fiscal year 2020, the CRA had total long-term liabilities of \$752,000. Additional information on the CRA's debt can be found in Note 5 of the financial statements.

Economic Factors and Conditions

Median home prices increased approximately 15% from the previous year, which is in keeping with the local real estate market for Central Florida. The City is comparable to other cities in Brevard County with a taxable property value increase in FY20 of 6.4%, which is expected to continue into 2021. At the same time, COVID-19 impacted the unemployment rate which rose from approximately 3.1% to 5.7% as compared to the state unemployment rate of 7.6% and a national unemployment rate of 7.7%.

Requests for Information

This financial report is designed to provide a general overview of the CRA's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the Finance Director, 120 Malabar Road SE., Palm Bay, FL 32907.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

September 30, 2020

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 62,390	\$ -	\$ 62,390
Investments	842,699	-	842,699
Capital Assets			
Nondepreciable	-	2,180,783	2,180,783
Depreciable, net	<u>-</u>	<u>5,319,559</u>	<u>5,319,559</u>
TOTAL ASSETS	<u>\$ 905,089</u>	7,500,342	8,405,431
LIABILITIES			
Long-Term Liabilities:			
Due Within One Year			
Note Payable	\$ -	410,000	410,000
Due in More Than One Year			
Note Payable	<u>-</u>	<u>342,000</u>	<u>342,000</u>
TOTAL LIABILITIES	<u>-</u>	<u>752,000</u>	<u>752,000</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Restricted	<u>905,089</u>	<u>(905,089)</u>	<u>-</u>
TOTAL FUND BALANCES	<u>905,089</u>	<u>(905,089)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 905,089</u>		
Net position:			
Net investment in capital assets		7,500,342	7,500,342
Unrestricted		<u>153,089</u>	<u>153,089</u>
TOTAL NET POSITION		<u>\$ 7,653,431</u>	<u>\$ 7,653,431</u>

The accompanying notes are an integral part of the financial

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended September 30, 2020

	General Fund	Adjustments (Note 2)	Statement of Activities
REVENUES			
Intergovernmental	\$ 1,404,986	\$ -	\$ 1,404,986
Investment Income	8,923	-	8,923
Miscellaneous Revenues	<u>2,280</u>	<u>-</u>	<u>2,280</u>
TOTAL REVENUES	<u>1,416,189</u>	<u>-</u>	<u>1,416,189</u>
EXPENDITURES/EXPENSES			
Current			
Economic Environment			
Debt Service	911,131	-	911,131
Principal			
Interest			
Capital Improvements	390,000	(390,000)	-
Capital Outlay	39,474	-	39,474
Depreciation	7,205	(7,205)	-
	<u>-</u>	<u>260,052</u>	<u>260,052</u>
TOTAL EXPENDITURES/EXPENSES	<u>1,347,810</u>	<u>(137,153)</u>	<u>1,210,657</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>68,379</u>	<u>(68,379)</u>	<u>-</u>
CHANGE IN NET POSITION	-	205,532	205,532
FUND BALANCES/NET POSITION			
Beginning of the year	<u>836,710</u>	<u>6,611,189</u>	<u>7,447,899</u>
End of the year	<u>\$ 905,089</u>	<u>\$ 6,748,342</u>	<u>\$ 7,653,431</u>

The accompanying notes are an integral part of the financial

Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Community Redevelopment Agency (the “CRA”) is a blended component unit of the City of Palm Bay, Florida (the “City”). The City Council appoints an advisory board to administer the activities. The seven-member governing board of the CRA consists of five members of the City Council and two additional At-Large commissioners appointed by the City Council in accordance with section 52.002, City of Palm Bay Code of Ordinances and section 163.357(1) (c), Florida Statutes.

The CRA was created pursuant to Section 163.356, Florida Statutes, through ordinances passed by the City and the County. It was created by City Resolution 95-72, dated December 12, 1995. Its primary activities include the rehabilitation, conservation, or redevelopment of slum or blighted areas within the City. The City provides accounting and administrative support to the CRA without charge; the CRA does not have personnel or administrative facilities.

Pursuant to Florida Statute 163.387, the CRA is funded primarily by incremental ad valorem tax revenues levied and remitted in amounts proportionate to property tax values for each participating entity. The CRA is economically dependent on such revenue.

The accounting policies of the CRA conform to accounting principles generally accepted in the United States of America.

These financial statements present the financial position and results of operations controlled by or dependent upon the CRA. In evaluating the CRA as a reporting entity, management has addressed all potential component units for which the CRA may or may not be financially accountable and, as such, be includable in the CRA’s financial statements. No component units exist which would require inclusion in the CRA’s financial statements.

Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements

The CRA has only governmental activities and only one function, and, as such, it is eligible for special-purpose financial statement presentation; accordingly, the government-wide financial statements are presented together with the governmental fund financial statements, described below, with an adjustment column presented to reconcile the two sets of statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental Fund Financial Statements - The CRA has one governmental fund type, which is the General Fund. The General Fund is the primary operating fund used to account for all resources and operations. Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position.

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within 65 days of the end of the current period. Expenditures generally are recorded when a liability is incurred.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period and are recognized as revenue when the amount is received with the availability period which is limited to 60 days after the end of the fiscal year.

When both restricted and unrestricted resources are available for use, it is the CRA’s policy to use restricted resources first, then unrestricted resources, as they are needed. When both assigned and unassigned resources are available for use, it is the CRA’s policy to use assigned resources first, then unassigned resources, as they are needed.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2020

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

Budgets and the Budgetary Process

The CRA's Board adopts an annual operating budget, which can be amended by the Board throughout the year.

At the fund level, actual expenditures cannot exceed the budgeted amounts; however, with proper approval by the Board, budgetary transfers between line items can be made.

The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual for the General Fund reflects the original and final budget authorization amounts, which includes all amendments. Appropriations lapse at the close of the fiscal year.

The CRA's management cannot amend or transfer appropriations.

For the year ended September 30, 2020, the CRA's budget was prepared on a modified accrual basis.

Pooled Cash and Equivalents and Investments

Cash reported in the financial statements includes interest-bearing, demand accounts and certificates of deposits stated at fair value.

Capital Assets

Capital assets purchased in the General Fund are recorded as expenditures at the time of purchase. It is the policy of the CRA to capitalize property and equipment over \$5,000 with an estimated useful life in excess of one year. Lesser amounts are expensed. The CRA does not have donated fixed assets.

Depreciation has been recorded over the following estimated useful lives using the straight-line method.

<u>Assets</u>	<u>Years</u>
Infrastructure	15-20

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

The CRA has classified governmental fund balances as follows:

- Restricted Fund Balance – includes items that are restricted by external creditors, grantors or restricted by legal constitutional provisions.

Estimates and Assumptions

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Adjustments were made to include capital assets (net of accumulated depreciation) and long-term liabilities on the statement of net position. This resulted in a net difference between the ending General Fund balances and the total net position of \$6,748,342.

Total fund balance	\$ 905,089
Capital assets, net	7,500,342
Long-Term Liabilities	<u>(752,000)</u>
Total net position	<u>\$ 7,653,431</u>

Adjustments were made to include depreciation expense, eliminate capital outlay expenditures, and repayment of debt principal, on the statement of activities. This resulted in a net difference between “excess revenues over expenditures” and “change in net position” of \$137,153.

Excess of revenues over expenditures	\$ 68,379
Capital outlay	7,205
Debt principal	390,000
Less: Depreciation expense	<u>(260,052)</u>
Change in net position	<u>\$ 205,532</u>

Year Ended September 30, 2020

NOTE 3 - POOLED CASH AND EQUIVALENTS AND INVESTMENTS*Cash and Cash Equivalents*

The CRA's pooled cash and equivalents account is combined with the pooled cash of the City. The City's cash accounts consist of interest-bearing, demand accounts and certificates of deposit, all of which were entirely covered by federal depository insurance or by a multiple financial institution collateral pool pursuant to the Public Depository Security Act of the State of Florida. This Act requires that the City maintain deposits only in "qualified public depositories." All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. In addition, qualified public depositories are required under the Act to assume mutual responsibility against loss caused by the default or insolvency of other qualified public depositories of the same type. Should a default or insolvency occur, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City.

Investments

The CRA participates in the pooled cash and investments of the City of Palm Bay. Investments are carried at fair value as defined in GASB Statement 72 "Fair Value Measurement and Application". Consistent with GASBC Section 150: Investments, the City categorizes its fair value measurements within the fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The fair value amounts, presented in the following tables, are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net position.

Cash and cash equivalents	\$ 62,390
Investments	<u>842,699</u>
	<u>\$ 905,089</u>

The CRA does not manage its own investments. It is a portion of the City's overall pooled investments; refer to Note 3 – Deposits and Investments in the City of Palm Bay Comprehensive Annual Financial report for further information on the City's disclosures for interest rate risk, credit risk, custodial credit risk, and concentration of credit risk.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2020

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in the CRA's capital assets during the fiscal year ended September 30, 2020:

	Balance October 1, 2019	Additions and Transfers	Deletions and Transfers	Balance September 30, 2020
Governmental Activities				
Land	\$ 2,180,783	\$ -	\$ -	\$ 2,180,783
Construction in Progress	18,403	7,205	(25,608)	-
Total capital assets, not being depreciated	2,199,186	7,205	(25,608)	2,180,783
Capital assets being depreciated:				
Infrastructure	6,945,836	25,608	-	6,971,444
Less: Accumulated depreciation	(1,391,833)	(260,052)	-	(1,651,885)
Total capital assets being depreciated	5,554,003	(234,444)	-	5,319,559
Total capital assets	<u>\$ 7,753,189</u>	<u>\$ (227,239)</u>	<u>\$ (25,608)</u>	<u>\$ 7,500,342</u>

Depreciation expense amounted to \$260,052 during fiscal year 2020, which is included on the statement of activities.

NOTE 5 - COMMUNITY REDEVELOPMENT AGENCY NOTES

The Bayfront Community Redevelopment Agency ("BCRA") entered a direct borrowing financial arrangement to facilitate a special, limited obligation note, Series 2006, with a financial institution for \$6,000,000 to fund redevelopment activities of the BCRA. Principal is due annually on August 1st and interest payments are due semi-annually on August 1st and February 1st of each year. The note is collateralized by a lien upon and pledge of ad valorem taxes designated for the BCRA. The principal and interest balance outstanding as of September 30, 2020 is \$781,976. The note contains provisions that in the event of default resulting from: a) failure by the Agency to make any principal or interest payment within 3 days of the applicable date, b) failure by the Agency to perform any other covenant, c) the making of any material false or misleading representation, d) the filing of a bankruptcy petition against the Agency or the City, e) the filing by the Agency or the City of a voluntary petition in bankruptcy, f) the admission by the Agency or the City of its insolvency or bankruptcy. The Registered Owner may sue to protect and enforce any and all rights, including the right to specific performance.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2020

NOTE 5 - COMMUNITY REDEVELOPMENT AGENCY NOTES (Continued)

A. CRA Notes Consist of the Following:

Description	Interest Rates and Dates	Final Maturity	Original Amount Issued	Amount Outstanding at 9/30/20
Series 2006	4.1% 2/1; 2/8	2022	\$6,000,000	\$752,000

B. Future Requirements

Debt service requirements for debt outstanding as of September 30, 2020 are as follows:

<u>Notes from Direct Borrowings</u>	
<u>Community Redevelopment Agency Notes</u>	
	<u>Principal</u>
2021	\$ 410,000
2022	<u>342,000</u>
Totals	\$ 752,000

	<u>Interest</u>
2021	\$ 22,809
2022	<u>7,167</u>
Totals	\$ 29,976

NOTE 6 - CHANGE IN LONG-TERM LIABILITIES

Long-Term liability activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
<u>Notes from direct borrowings:</u>					
CRA Notes	\$ 1,142,000	\$ -	\$ (390,000)	\$ 752,000	\$ 410,000
Governmental Activity Long-term liabilities	\$ 1,142,000	\$ -	\$ (390,000)	\$ 752,000	\$ 410,000

REQUIRED SUPPLEMENTARY INFORMATION

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

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>
GENERAL FUND				
Revenues:				
Intergovernmental	\$ 1,403,970	\$ 1,404,986	\$ 1,404,986	\$ -
Investment Income	6,400	6,400	8,923	2,523
Miscellaneous Revenues	-	-	2,280	2,280
	<u>1,410,370</u>	<u>1,411,386</u>	<u>1,416,189</u>	<u>4,803</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Economic Environment				
Debt Service	471,090	1,037,615	911,131	126,484
Principal				
Interest and Fiscal Charges	393,391	393,391	390,000	3,391
Capital Improvements	39,144	39,144	39,474	(330)
Capital Outlay				
	<u>506,745</u>	<u>413,950</u>	<u>7,205</u>	<u>406,745</u>
TOTAL EXPENDITURES	<u>1,410,370</u>	<u>1,884,100</u>	<u>1,347,810</u>	<u>536,290</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(472,714)	68,379	541,093
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>836,710</u>	<u>(836,710)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905,089</u>	<u>\$ (905,089)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note: This schedule is prepared on the basis of generally accepted accounting principles.

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S 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 Commissioners
Bayfront Community Redevelopment Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bayfront Community Redevelopment Agency (the "CRA") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's financial statements and have issued our report thereon dated June 11, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA'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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Commissioners
Bayfront Community Redevelopment Agency

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements and contracts, 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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the CRA in a separate management letter and Independent Accountant's Report Dated June 11, 2021.

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 CRA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.
Certified Public Accountants

Orlando, Florida
June 11, 2021



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Commissioners
Bayfront Community Redevelopment Agency

We have examined the Bayfront Community Redevelopment Agency's (the "CRA") compliance with the requirements of Sections 163.387(6) and (7) and 218.415, Florida Statutes, during the fiscal year ended September 30, 2020. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA'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 CRA is in accordance with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the CRA's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of 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 the CRA's compliance with specified requirements.

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 11, 2021



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Commissioners
Bayfront Community Redevelopment Agency

Report on the Financial Statements

We have audited the basic financial statements of the Bayfront Community Redevelopment Agency (the "CRA") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 11, 2021.

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 Auditor's 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*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 11, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

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 this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

To the Board of Commissioners
Bayfront Community Redevelopment Agency

Financial Condition

Section 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 CRA 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 CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.38(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

MSL, P.A.

Certified Public
Accountants Orlando,
Florida
June 11, 2021