

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Pam Bay, Florida)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Pam Bay, Florida)

FINANCIAL STATEMENTS

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ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Bayfront Community Redevelopment Agency
Palm Bay, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bayfront Community Redevelopment Agency's ("the CRA"), a component unit of the City of Palm Bay, Florida ("the City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CRA as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 and budgetary comparison information on page 17 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 19, 2023, 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 grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the CRA's 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 CRA's internal control over financial reporting and compliance.



Miramar, Florida
June 19, 2023

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Pam Bay, Florida)

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022

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, 2022.

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.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Pam Bay, Florida)

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022

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.

Government-wide Financial Analysis 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 \$7,314,502 at the close of the most recent fiscal year. This compares with \$8,063,826 at the close of the previous fiscal year, a decrease of \$(749,324). Cash and investments decreased \$498,753 due to CRA's proportionate share of incremental tax revenue and return of investments. Capital Assets decreased due to depreciation.

	Net Position	
	<u>2022</u>	<u>2021</u>
Assets		
Current and other assets	\$ 1,472,738	\$ 1,971,491
Capital assets	<u>5,841,815</u>	<u>6,434,353</u>
Total assets	<u>7,314,553</u>	<u>8,405,844</u>
Liabilities		
Short-term liabilities	51	342,018
Long-term liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>51</u>	<u>342,018</u>
Net position:		
Net invested in capital assets	5,841,815	6,434,353
Restricted	<u>1,472,687</u>	<u>1,629,473</u>
Total net position	<u>\$ 7,314,502</u>	<u>\$ 8,063,826</u>

Governmental Activities. The components are as follows: Governmental activities decreased the CRA's net position by \$(749,324) in fiscal year 2022. Higher assessed property values offset with a decrease in the City's operating millage rate provided for a larger revenue source over FY21. CRA's revenues reflect the sale of property located at 1582 Water Drive, NE Palm Bay, to Palm Bay Landing, LLC. The property sits along Palm Bay waterfront and was purchased as part of a land assemblage for a large-scale mixed-use future development project to include multi-family and commercial endeavors. Conversely, based on an October 2019 interlocal agreement with the City of Palm Bay, CRA returned \$631,462 of unexpended funds to Brevard County Board of County Commissioners. The CRA also initiated a transfer of \$1,340,011 to reimburse the City's General Fund for similar unexpended funds from fiscal year 2022.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Pam Bay, Florida)

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022

	Changes in Net Position	
	<u>2022</u>	<u>2021</u>
General revenues:		
Intergovernmental	\$ 1,637,391	\$ 1,462,000
Investment income	14,057	2,277
Miscellaneous revenues	-	5,301
Proceeds from sale of capital assets	-	139,098
Total general revenues	<u>1,651,448</u>	<u>1,608,676</u>
Expenditures/Expenses:		
General government	1,978,673	914,139
Interest on long-term debt	7,167	22,809
Loss from sale of capital	195,183	-
Depreciation	<u>219,749</u>	<u>261,333</u>
Total expenses	<u>2,400,772</u>	<u>1,198,281</u>
Change in net position	(749,324)	410,395
Net position – beginning	<u>8,063,826</u>	<u>7,653,431</u>
Net position – ending	<u>\$ 7,314,502</u>	<u>\$ 8,063,826</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

The variance between the final budget and actual operating expenditure was due to unfulfilled developer contractual agreements that will be appropriated in FY22.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Palm Bay, Florida)

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022

Capital Asset Administration

The CRA's net investment in capital assets as of September 30, 2022, amounts to \$5,841,815 a decrease of \$592,538. Additional information on the CRA's capital assets can be found in Note 4 *Capital Assets* in the footnote section of this report.

	<u>Capital Assets (net of depreciation)</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 1,003,338	\$ 1,376,127
Infrastructure	<u>4,838,477</u>	<u>5,058,226</u>
Total	<u>\$ 5,841,815</u>	<u>\$ 6,434,353</u>

DEBT ADMINISTRATION

At the end of fiscal year 2022, the CRA had total short-term liabilities of \$51. 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 29.4% 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 FY22 of 12.9%, which is expected to continue into 2023. At the same time, the impact of COVID-19 seems to have tapered allowing for a decrease in the unemployment rate which decreased from approximately 3.9% to 2.6% as compared to the state unemployment rate of 2.2% and a national unemployment rate of 3.6%.

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

(A Component Unit of the City of Pam Bay, Florida)

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 751,391	\$ -	\$ 751,391
Investments	721,347	-	721,347
Capital assets:			
Non-depreciable	-	1,003,338	1,003,338
Depreciable, net	<u>-</u>	<u>4,838,477</u>	<u>4,838,477</u>
Total assets	<u>1,472,738</u>	<u>5,841,815</u>	<u>7,314,553</u>
LIABILITIES			
Accounts payable	51	-	51
Long-term liabilities:			
Due within one year	-	-	-
Note payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>51</u>	<u>-</u>	<u>51</u>
FUND BALANCES/NET POSITION			
Fund balances:			
Restricted	<u>1,472,687</u>	<u>(1,472,687)</u>	<u>-</u>
Total fund balances	<u>1,472,687</u>	<u>(1,472,687)</u>	<u>-</u>
 Total liabilities and fund balances	 <u>1,472,738</u>	 <u>-</u>	 <u>-</u>
Net position:			
Net investment in capital assets	-	5,841,815	5,841,815
Restricted	<u>-</u>	<u>1,472,687</u>	<u>1,472,687</u>
Total net position	<u>\$ -</u>	<u>\$ 7,314,502</u>	<u>\$ 7,314,502</u>

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

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Palm Bay, Florida)

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
REVENUES			
Intergovernmental	\$ 1,637,391	\$ -	\$ 1,637,391
Investment income	14,057	-	14,057
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,651,448</u>	<u>-</u>	<u>1,651,448</u>
EXPENDITURES/EXPENSES			
Current			
Economic environment	1,978,673	-	1,978,673
Debt service			
Principal	342,000	(342,000)	-
Interest	7,167	-	7,167
Capital improvements:			
Depreciation	<u>-</u>	<u>219,749</u>	<u>219,749</u>
Total expenditures/expenses	<u>2,327,840</u>	<u>(122,251)</u>	<u>2,205,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(676,392)</u>	<u>676,392</u>	<u>-</u>
OTHER FINANCING SOURCES AND (USES)			
Proceeds/gain from sale of capital assets	<u>177,606</u>	<u>(372,789)</u>	<u>(195,183)</u>
Total other financing sources and (uses)	<u>177,606</u>	<u>(372,789)</u>	<u>(195,183)</u>
Change in fund balance/net position	(498,786)	(250,538)	(749,324)
FUND BALANCES/NET POSITION			
Beginning of the year	<u>1,971,473</u>	<u>6,092,352</u>	<u>8,063,826</u>
End of the year	<u>\$ 1,472,687</u>	<u>\$ 5,841,815</u>	<u>\$ 7,314,502</u>

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

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Palm Bay, Florida)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 Brevard 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.

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.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Palm Bay, Florida)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

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.

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, 2022, 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.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Palm Bay, Florida)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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

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

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). This resulted in a net difference between the ending General Fund balances and the total net position of \$5,841,815.

Total fund balance	\$ 1,472,687
Capital assets, net	<u>5,841,815</u>
Total net position	<u>\$ 7,314,502</u>

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Palm Bay, Florida)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS *(Continued)*

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 “change in fund balance” and “change in net position” of (\$250,538).

Change in fund balance	\$ (498,786)
Debt principal	342,000
Less: cost basis of capital assets sold	(372,789)
Less: depreciation expense	<u>(219,749)</u>
Change in net position	<u>\$ (749,324)</u>

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. 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.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Palm Bay, Florida)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 3 - POOLED CASH AND EQUIVALENTS AND INVESTMENTS *(continued)*

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	\$	751,391
Investments		<u>721,347</u>
		<u>\$ 1,472,738</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 Annual Comprehensive Financial Report for further information on the City's disclosures for interest rate risk, credit risk, custodial credit risk, and concentration of credit risk.

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in the CRA's capital assets during the fiscal year ended September 30, 2022:

	<u>Balance October 1, 2021</u>	<u>Additions and Transfers</u>	<u>Deletions and Transfers</u>	<u>Balance September 30, 2022</u>
Governmental Activities				
Land	\$ 1,376,127	\$ -	\$ (372,789)	\$ 1,003,338
Total capital assets, not being depreciated	<u>1,376,127</u>	<u>-</u>	<u>(372,789)</u>	<u>1,003,338</u>
Capital assets being depreciated:				
Infrastructure	6,971,444	-	-	6,971,444
Less: Accumulated depreciation	<u>(1,913,218)</u>	<u>(219,749)</u>	<u>-</u>	<u>(2,132,967)</u>
Total capital assets being depreciated	<u>5,058,226</u>	<u>(219,749)</u>	<u>-</u>	<u>4,838,477</u>
Total capital assets	<u>\$ 6,434,353</u>	<u>\$ (219,749)</u>	<u>\$ (372,789)</u>	<u>\$ 5,841,815</u>

Depreciation expense amounted to \$219,749 during fiscal year 2022, which is included on the statement of activities.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Palm Bay, Florida)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 5 - COMMUNITY REDEVELOPMENT AGENCY NOTES

The Bayfront Community Redevelopment Agency (“the CRA” or “Agency”) 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 CRA. 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 CRA. 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. The note was paid off in full during the year, and there was no principal or interest balance outstanding as of September 30, 2022.

CRA Notes Consist of the Following:

Description	Interest Rates and Dates	Final Maturity	Original Amount Issued	Amount Outstanding at 9/30/22
Series 2006	4.1% 2/1	2022	\$6,000,000	\$ ___ - ___

NOTE 6 - CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2022 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:					
Notes from direct borrowings:					
CRA Note	\$ 342,000	\$ -	\$ (342,000)	\$ -	\$ -
Governmental Activity Long-Term Liabilities	<u>\$ 342,000</u>	<u>\$ -</u>	<u>\$ (342,000)</u>	<u>\$ -</u>	<u>\$ -</u>

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Palm Bay, Florida)

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 7 – TAX INCREMENT REVENUE

The primary source of revenues is tax increment funds received through the City and the County. This revenue is computed by multiplying the operating tax rate for the City and the County by the increased value of property located within the boundaries of the redevelopment area of the Agency, over the base property value, less five percent (administrative fee). Both the City and the County are required to annually fund this amount without regard to tax collections or other obligations.

NOTE 8 – INTERFUND TRANSFERS

Interfund transfers during the fiscal year 2021 were comprised of General Fund transfers of \$1,340,011 to the Road Maintenance CIP Fund to cover costs of community redevelopment and other ongoing capital projects.

NOTE 9 – SUBSEQUENT EVENTS

The City evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 19, 2023, which is the date the accompanying financial statements were available to be issued.

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Palm Bay, Florida)

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Palm Bay, Florida)

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

SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
GENERAL FUND				
Revenues:				
Intergovernmental	\$ 1,462,000	\$ 1,637,391	\$ 1,637,391	\$ -
Investment income	6,400	6,400	14,057	7,657
Total revenues	1,468,400	1,643,791	1,651,448	7,657
 EXPENDITURES/ EXPENSES				
Current:				
Economic environment	1,585,760	2,485,106	1,978,673	506,433
Debt service:				
Principal	342,000	342,000	342,000	-
Interest and fiscal charges	7,167	7,167	7,167	-
Total expenditures/expenses	1,934,927	2,834,273	2,327,840	506,433
Excess (deficiency) of revenues over (under) expenditures	(466,527)	(1,190,482)	(676,392)	514,090
 OTHER FINANCING SOURCES (USES)				
Proceeds/ gains from sales of capital assets	214,830	214,830	177,606	(37,224)
Total other financing sources (uses)	214,830	214,830	177,606	(37,224)
Net change in fund balance	\$ (251,697)	\$ (975,652)	(498,786)	\$ 476,866
Fund balance - beginning			1,971,473	
Fund balance - ending			\$ 1,472,687	

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

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the City of Palm Bay, Florida)

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

SEPTEMBER 30, 2022

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

Budgets for the CRA fund are adopted on a basis consistent with generally accepted account principles (“GAAP”). Pursuant to the By-Laws of Bayfront Community Redevelopment Agency, as adopted on December 12, 1995, the Executive Director must prepare an annual budget and work program for approval by the Board for each fiscal year, and such other budgets as the Board may determine. The CRA is not authorized to expend any monies other than those authorized in the budget.

The CRA budget is adopted by the Bayfront Community Redevelopment Agency Board. The Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Executive Director submits to the Board a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. The level of control at which expenditures may not exceed budget is at the fund level. The Board approves these levels by annual resolution. The Executive Director is authorized to transfer budgeted amounts within the fund; any revisions that alter the total expenditures of the fund must be approved by the Board.
5. The Board, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated. During fiscal year ended September 30, 2022 no supplemental appropriation was required for Board approval.
6. The Executive Director is authorized to revise the adopted budget when new debt is issued, or grants received that were not included in the originally adopted budget.
7. Formal budgetary integration is employed as a management control device for the general fund.
8. The budget for the CRA fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
9. Unencumbered appropriations lapse at fiscal year-end. Unencumbered amounts are re-appropriated in the following year’s budget as allowed in the Florida Statute 163.387 (7).

BAYFRONT COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Palm Bay, Florida)

COMPLIANCE SECTION

SEPTEMBER 30, 2022



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

**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 of
The Bayfront Community Redevelopment Agency
Palm Bay, Florida

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”), a component unit of the City of Palm Bay, Florida (“the City”), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CRA’s financial statements and have issued our report thereon dated June 19, 2023.

Report on 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 opinion 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.

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Miramar Office

3350 SW 148th Ave. | Suite 110
Miramar, FL 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

7300 Biscayne Blvd. | Suite 200
Miami, FL 33138
(786) 888-4534

Report on 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*.

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.



Miramar, Florida
June 19, 2023



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTIONS 163.387(6) AND (7), AND SECTION 218.415 FLORIDA STATUTES

To the Board of Commissioners of
The Bayfront Community Redevelopment Agency
Palm Bay, Florida

We have examined the Bayfront Community Redevelopment Agency's ("the CRA"), a component unit of the City of Palm Bay, Florida ("the City") compliance with the requirements of Sections 163.387(6) and (7) and Section 218.415 Florida Statutes, during the fiscal year ended September 30, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the CRA complied, in all material respects, Sections 163.387(6) and (7) and Section 218.415 Florida Statutes compliance requirements; during the period October 1, 2021, to September 30, 2022.

This report is intended solely for the information and use of Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Honorable Mayor, Members of the City Council and officials of the CRA and is not intended to be and should not be used by anyone other than these specified parties.

Miramar, Florida
June 19, 2023





ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Commissioners of
The Bayfront Community Redevelopment Agency
Palm Bay, Florida

Report on the Financial Statements

We have audited the financial statements of the Bayfront Community Redevelopment Agency (“the CRA”) a component unit of the City of Palm Bay, Florida (“the City”), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 19, 2023.

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 the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated June 19, 2023, 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 financial audit report. There were no such findings identified.

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 pertinent details of the CRA are disclosed in the notes to the financial statements.



Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the *Agency has* met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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 Agency. 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 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 218.39(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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, pass-through entities, the City, members of the City Council and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Miramar, Florida
June 19, 2023