

**BABCOCK STREET COMMUNITY
REDEVELOPMENT AGENCY**

ANNUAL FINANCIAL REPORT



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2020

FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2020

**Babcock Street Community
Redevelopment Agency**

**Annual
Financial Report**

For The Fiscal Year Ended September 30, 2020

CRA BOARD

Kathleen H. Meehan..... Mayor
Paul S. Alfrey..... Vice Mayor, District 5
Timothy R. Thomas District 1
Mark LaRusso District 2
Yvonne Minus District 3
Deborah Thomas District 4
Julie Sanders District 6

ADVISORY COMMITTEE

Nancy Garmer..... Chairman
Jennifer Cope..... Vice Chairman
Kristin Diederich Member
Karen Harshaw..... Member
Neil Long Member
James Lee Turman, Jr. Member

Prepared by: Financial Services Department



BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2020

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
Babcock Street Community Redevelopment Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Babcock Street Community Redevelopment Agency, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Babcock Street Community Redevelopment Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Honorable Mayor and Members of the City Council
Babcock Street Community Redevelopment Agency
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Babcock Street Community Redevelopment Agency as of September 30, 2020, and the respective changes in financial position 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 information on pages 4-7, and pages 21-23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Babcock Street Community Redevelopment Agency's basic financial statements. The project revenues and expenditures schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The project revenues and expenditures schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

Honorable Mayor and Members of the City Council
Babcock Street Community Redevelopment Agency
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States of America. In our opinion, the project revenues and expenditures schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2021 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 9, 2021

**BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

The Management's Discussion and Analysis section provides a narrative overview of the Babcock Street Community Redevelopment Agency (the "Agency") financial activities for fiscal year ending September 30, 2020. This discussion is broken down into three components:

- An overview of the Agency.
- A brief overview of the financial statements, including how they relate to each other and the significant differences in information they provide.
- A concise, condensed financial report that summarizes the results of operations and a narrative financial analysis of the Agency's overall financial condition and results of operations, supported by additional consolidated information about specific services provided by the Agency.

Overview

The purpose of the Babcock Street Community Redevelopment Agency is to eliminate slum and blighted conditions within the identified redevelopment area pursuant to the redevelopment plans of the Agency.

The Agency's primary source of revenue is tax increment funds. The revenue is computed by applying the operating tax rate for the City of Melbourne (the "City") and Brevard County (the "County"), multiplied by the increased value of the property located within the boundaries of the redevelopment areas of the Agency, over the base property value, minus 5% for early payment. The City and County are required to fund this amount annually without regard to tax collections or other obligations.

Further, the governing body of the Babcock Street Community Redevelopment Agency is the Melbourne City Council who make decisions on which programs and projects to fund, based on the adopted CRA plan. To review projects and programs and make recommendations, the Redevelopment Agency Board has appointed members to the Babcock Community Redevelopment Advisory Committee.

The Agency was established in 1998, by the City of Melbourne, Florida under the provisions of Section 163.333 Florida Statutes.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the Agency's assets and liabilities with the difference 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 Agency is improving or deteriorating.

The *statement of activities* presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., bond principal and interest payments).

The government-wide financial statements can be found on pages 8-9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* 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 Agency's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency adopts an annual appropriated budget. A budgetary comparison statement has been provided as part of Required Supplementary Information, to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10-13 of this report.

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 can be found on pages 14-20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Agency's budget. Required supplementary information (RSI) can be found on pages 21-24 of this report.

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 Agency, liabilities exceeded assets by \$518,606.

The net investment in capital assets is 53% of the net position. These assets are not available for future spending. The unrestricted net position represents the amount the liabilities exceed existing current and other assets.

Statement of Net Position

	Governmental Activities		Increase (Decrease)
	2020	2019	Amount
Assets			
Current and other assets	\$ 366,313	\$ 313,548	\$ 52,765
Capital assets	275,793	275,793	-
Total assets	<u>642,106</u>	<u>589,341</u>	<u>52,765</u>
Liabilities			
Long-term liabilities outstanding	880,678	1,154,611	(273,933)
Other liabilities	280,034	269,442	10,592
Total liabilities	<u>1,160,712</u>	<u>1,424,053</u>	<u>(263,341)</u>
Net position			
Net investment in capital assets	275,793	275,793	-
Unrestricted	<u>(794,399)</u>	<u>(1,110,505)</u>	<u>316,106</u>
Total net position	<u>\$ (518,606)</u>	<u>\$ (834,712)</u>	<u>\$ 316,106</u>

**BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Key elements of the increase in net position are as follows:

	Changes in Net Position			
	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>	
	<u>2020</u>	<u>2019</u>	<u>Amount</u>	<u>Percent</u>
Revenue				
Program revenue:				
Operating grants and contributions	\$ 1,114,055	\$ 918,200	195,855	21.33%
General revenue:				
Investment earnings	38,920	44,013	(5,093)	-11.57%
Total revenues	<u>1,152,975</u>	<u>962,213</u>	<u>190,762</u>	<u>19.83%</u>
 Expenses:				
General government	227,193	221,491	5,702	2.57%
Interest on long-term debt	45,049	56,676	(11,627)	-20.51%
Total expenses	<u>272,242</u>	<u>278,167</u>	<u>(5,925)</u>	<u>-2.13%</u>
Change in net position before transfers	<u>880,733</u>	<u>684,046</u>	<u>196,687</u>	<u>28.75%</u>
Transfers to primary government	<u>(564,627)</u>	<u>(366,694)</u>	<u>(197,933)</u>	<u>53.98%</u>
Change in net position	316,106	317,352	(1,246)	-0.39%
Net position - October 1,	<u>(834,712)</u>	<u>(1,152,064)</u>	<u>317,352</u>	<u>-27.55%</u>
Net position - September 30	<u>(518,606)</u>	<u>(834,712)</u>	<u>316,106</u>	<u>-37.87%</u>

Financial Analysis of the Agency's Funds

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

Governmental fund. The focus of the Agency's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Agency's financing requirements.

As of the end of the fiscal year, the Agency's governmental fund reported an ending fund balance of (\$794,399), an increase of \$316,106 in comparison with the prior year due to higher incremental tax revenues.

Budgetary Highlights

The following is a brief review of the budget changes from the original to the final amended budget, and a review of the final amended budget and actual amounts (presented on a budgetary basis). A detailed budgetary comparison schedule for the Agency is included on page 21 of the RSI section of the CAFR.

The variance between the final budget and the actual results reflects total revenues exceeding budget by \$6,168, and total expenditures and transfers out of \$289,976 less than appropriated. These factors caused the change in fund balance to be \$296,144 higher than budgeted.

Capital Asset and Debt Administration

Capital assets. The Agency's capital assets for governmental activities as of September 30, 2020 total \$275,793 (net of accumulated depreciation). The capital assets include land and machinery and equipment.

**BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Capital Assets

	Governmental Activities	
	2020	2019
Land	\$ 275,793	\$ 275,793
Total capital assets, net of depreciation/amortization	<u>\$ 275,793</u>	<u>\$ 275,793</u>

Additional information on the Agency's capital assets can be found in Note (3) B on pages 19 of this report.

Long-term debt. At the end of the current fiscal year, the Agency had no debt outstanding.

Requests for Information

Questions about this report or requests for additional financial information should be addressed to:

City of Melbourne
Financial Services Department
900 E. Strawbridge Ave.
Melbourne, FL 32901
Telephone: (321) 608-7011

Or visit our website at: www.melbourneflorida.org/departments/community-development/community-redevelopment-areas.

BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

ASSETS	<u>Governmental Activities</u>
Equity in pooled investments	\$ 363,281
Interest receivable	3,032
Capital assets:	
Nondepreciable:	
Land	275,793
Depreciable:	
Machinery and equipment	25,184
Less accumulated depreciation/amortization	(25,184)
Total assets	<u>642,106</u>
 LIABILITIES	
Accounts payable	476
Accrued payroll expenses	5,625
Due to primary government	273,933
Advances from primary government	880,678
Total liabilities	<u>1,160,712</u>
 NET POSITION	
Net investment in capital assets	275,793
Unrestricted	(794,399)
Total net position	<u>\$ (518,606)</u>

The accompanying notes are an integral part of this statement.

**BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net Revenues and Changes in Net Position Governmental Activities
CRA government:			
Governmental activities:			
General government	\$ 227,193	\$ 1,114,055	\$ 886,862
Interest on long-term debt	45,049	-	(45,049)
Total	\$ 272,242	\$ 1,114,055	841,813
General Revenues:			
Interest earnings			38,920
Transfers to primary government			(564,627)
Total general revenues and transfers			(525,707)
			Change in net position 316,106
			Net position, October 1 (834,712)
			Net position, September 30 \$ (518,606)

The accompanying notes are an integral part of this statement.

**BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2020**

ASSETS

Equity in pooled investments	\$	363,281
Interest receivable		3,032
		<hr/>
Total assets	\$	<u>366,313</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$	476
Accrued payroll expenditures		5,625
Due to other governments		273,933
Advances from other funds		880,678
		<hr/>
Total liabilities		<u>1,160,712</u>
Unassigned fund deficit		<u>(794,399)</u>
Total liabilities and fund balance	\$	<u>366,313</u>

The accompanying notes are an integral part of this statement.

**BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Total *fund balance* for governmental fund \$ (794,399)

Total *net position* reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:

	Balance	Accumulated Depreciation/ Amortization	
Land	\$ 275,793	\$ -	
Machinery and equipment	25,184	(25,184)	
Total capital assets	\$ 300,977	\$ (25,184)	275,793

Net position of governmental activities \$ (518,606)

The accompanying notes are an integral part of this statement.

**BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

REVENUES

Intergovernmental	\$	1,114,055
Investment earnings		<u>38,920</u>
Total revenues		<u>1,152,975</u>

EXPENDITURES

Current:		
General government		<u>227,193</u>
Debt service:		
Interest		<u>45,049</u>
Total expenditures		<u>272,242</u>
Excess of revenues over expenditures		<u>880,733</u>

OTHER FINANCING USES

Transfers out		<u>(564,627)</u>
Total other financing uses		<u>(564,627)</u>
Net change in fund balance		316,106
Fund balance, October 1		<u>(1,110,505)</u>
Fund balance, September 30	\$	<u><u>(794,399)</u></u>

The accompanying notes are an integral part of this statement.

**BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net change in *fund balance* - governmental fund \$ 316,106

The change in *net position* reported for governmental activities in the statement of activities is different because:

In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental fund, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold or disposed.

Cost of capital assets sold or disposed		\$	-		
Machinery and equipment	\$ 3,478				
Accumulated depreciation	(3,478)				
			-		-

Change in net position of governmental activities \$ 316,106

The accompanying notes are an integral part of this statement.

**BABCOCK STREET COMMUNITY DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Babcock Street Community Redevelopment Agency's (the "Agency") financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

A. REPORTING ENTITY

The Babcock Street Community Redevelopment Agency was established in 1998 by the City of Melbourne, Florida (the "City") under the provisions of Section 163.333, Florida Statutes.

The governing body of the Babcock Street Community Redevelopment Agency is the Melbourne City Council who make decisions on which programs and projects to fund, based on the adopted CRA plan. To review projects and programs and make recommendations, the Redevelopment Agency Board has appointed members to the Babcock Street CRA Advisory Committee.

For financial reporting purposes, the Agency is a component unit of the City and is thus included in the City's comprehensive annual financial report as a blended component unit. This report is not a complete presentation of the City of Melbourne.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Agency's basic financial statements are presented in two separate and distinct formats. These consist of government-wide financial statements and fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The Agency does not have any business-type activities and has only governmental activities.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Agency.

The statement of net position, reports the assets and liabilities, including capital assets and long-term debt. Within this statement, the net position of the Agency (assets minus liabilities) is reported in two separate components – net investment in capital assets and restricted net position.

The statement of activities demonstrates the degree to which the direct expenses, including depreciation, are offset by program revenues and operating and capital grants. The statement then reports the extent to which the resulting net costs (gross expenses less directly-related program revenues and grants) are financed by general revenues of the Agency (i.e. taxes, interest income, etc.).

Fund financial statements report information at a higher level of detail, focusing on separate reporting of individual major funds, rather than consolidating financial data into the broad category of governmental activities.

The financial transactions of the Agency are reported in an individual fund within the City's accounting system. The fund is accounted for by providing a separate, self-balancing set of accounts comprised of the assets, liabilities, reserves, fund equity, revenues and expenditures of the fund. For purposes of this report, the Agency's fund is classified as a major governmental fund.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Basis of accounting refers to when revenues, expenditures or expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**BABCOCK STREET COMMUNITY DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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 as soon as 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 Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grants, for which the period is 12 months. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS,
AND NET POSITION OR EQUITY**

1. Cash and Cash Equivalents/Investments

Cash and cash equivalents represent all investments which are short term, highly liquid, and readily convertible to a specified cash value. These investments generally have original maturities of three months or less. Cash equivalents consist of equity in pooled investments. Investments are stated at fair value, based on the quoted market price.

2. Pooled Cash

Equity in pooled cash consists primarily of investments in debt instruments of the federal government and corporate holdings. Investment earnings of the pool are allocated to the participating funds at the end of each month based on the ratio of each participant fund's investment to the total pooled investment. As of September 30, 2020, the Agency participated in pooled cash investments with the City of Melbourne.

3. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Long-term advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. All trade receivables are shown net of an allowance for uncollectibles.

4. Capital Assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets, other than equipment, are defined by the government as assets with an initial, individual cost of more than \$25,000 (amount not rounded) and an estimated useful life in excess of two years. Equipment is defined as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost, if purchased or constructed, and at acquisition value of market transaction at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or materially extend the life of the respective assets are charged to expense. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**BABCOCK STREET COMMUNITY DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Capital assets are depreciated or amortized using the straight-line method over the following average useful lives:

Classification	Range of
Buildings	20-40 years
Machinery, equipment and other	2-20 years

E. FUND BALANCE

In the governmental fund, fund balances are reported as nonspendable if they are not in spendable form or are legally or contractually required to be maintained intact. In addition, fund balance is reported as restricted to specific purposes based upon the extent to which the Agency is bound to honor constraints placed on those funds.

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental fund. Encumbered amounts for specific purposes are reported within the applicable restricted, committed or assigned fund balance classifications.

Net position of the government-wide fund is categorized as net investment in capital assets; restricted or unrestricted. Net investment in capital assets consists of capital assets reduced by the outstanding debt issued to acquire, construct or improve those assets, less any unspent debt proceeds. Restricted net position has regulatory or third party limitations on its use.

The Agency applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. REVENUES

Intergovernmental Revenue -The Agency’s primary source of revenue is tax increment funds collected from the City and Brevard County deposited into the Community Redevelopment Trust Fund. These entities levy ad valorem property taxes within the legally defined redevelopment area of the Agency. The tax increment revenue is calculated by applying the adopted millage rate to the increase in current year taxable assessed valuations within the designated CRA districts using the year in which they were established as the “base year”. For example, if an unimproved property was valued at \$10,000 in the base year and a new house is built on the property tomorrow, the new value of the property is \$25,000. The incremental difference in value (new assessed value – base year value) is \$15,000. Taxes collected on the property will be split amongst the City and County. The Agency receives all taxes assessed on the incremental increase of \$15,000. Revenues generated by improvements in the Agency district are to be reinvested in the district to continue to spur redevelopment.

Assessed values are established by the Brevard County Property Appraiser. The assessed property value recognized by the City and Brevard County includes the second homestead exemption. The City and Brevard County are required to pay 95% of these incremental property taxes to the Agency on or before January 1 of each year, otherwise the full amount of the incremental revenue will be due.

Program Revenue - In the Government-wide Statement of Activities, revenue that is derived directly from the program itself or from outside sources, if restricted to a specific program, is called program revenue. Program revenue is classified as either operating grants or capital grants. Operating grant revenues come from other government entities to support the operation costs of particular functions and also from the earnings of permanent funds that are legally restricted to a particular function. Capital grants come from other government entities for the purpose of constructing or purchasing capital assets.

**BABCOCK STREET COMMUNITY DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

G. USE OF ESTIMATES

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

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Agency has elected to report budgetary comparisons as Required Supplementary Information (RSI). Please refer to the accompanying notes to the RSI for the Agency's budgetary information.

As of September 30, 2020, there were no material violations of budgetary requirements.

(3) DETAILED NOTES

A. DEPOSITS AND INVESTMENTS

Deposits –Banks and savings and loans must meet the criteria to be a qualified public depository as described in the Florida Security for Public Deposits Act in accordance with Chapter 280, Florida Statutes before any investment of public funds can be made with them. At September 30, 2020, the carrying amount of the City of Melbourne's deposits with banks was \$11,390,903 and the bank balance was \$11,137,590.

As of September 30, 2020, all of the City's interest bearing bank balances are covered by the Federal Depository Insurance Corporation (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The City maintains a pool of cash and investments in which each fund participates on a daily transaction basis. Investment earnings are distributed monthly based on average daily balances.

City daily deposits are deposited in Earnings Credit Rate (ECR) earning accounts. These accounts are fully collateralized in accordance with Florida state law

City of Melbourne Investment Policy – Pursuant to the requirements of Section 218.415, Florida Statutes, the City of Melbourne adopted Resolution No. 3511 on September 8, 2016, establishing the City's present investment policy. Such investment policy applies to the investment of surplus funds, which include cash and investment balances of the following funds of the City: General, Capital Projects, Special Revenue, Enterprise, Internal Service, Trust and Agency, and Airport. The investment policy does not apply to the investment of principal, interest, reserve, construction, capitalized interest, and redemption or escrow accounts created by ordinance or resolution pursuant to the issuance of bonds where the investments are held by an authorized depository. This policy does not apply to funds not under control of the City; such as, the Police Officers' Retirement System, the Firefighters' Retirement System, and the General Employees' and Special Risk Class Employees' Pension Plan.

All investments are made based on reasonable research as to credit quality, liquidity and interest rate risk prior to the investment being acquired.

The investment policy authorizes the City to invest in U.S. Government securities, agencies, Federal instrumentalities and Supra-nationals, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, interest bearing time deposits or savings accounts, commercial paper, corporate notes, bankers acceptances, and State or local government taxable or tax-exempt debt, and an intergovernmental investment pool. Overnight repurchase agreements restrict investments to obligations of U.S. Government Agencies and Federal instrumentalities.

**BABCOCK STREET COMMUNITY DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

The investment policy provides maturity and liquidity requirements for investments. All investments other than investments in the Local Government Surplus Funds Trust Fund are required to be purchased pursuant to competitive bids. A maximum of 25% of available funds may be invested in the Local Government Surplus Funds Trust Fund. The policy also requires diversification of the investment portfolio to control the risk of loss from overconcentration of assets in a specific maturity, issuer, instrument, dealer, savings and loan, or bank through which investments are purchased. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy restricts portfolio composition for federal instrumentalities to 100% total, 40% individually. Concentration percentages for the Federal instrumentalities are provided in the schedule. Currently, the investment of a significant portion of the City's and Airport's portfolios is being managed by the City's financial advisor, PFM Asset Management LLC.

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City's investment policy states that all securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The third party custodian holds securities in an account separate and apart from the assets of the financial institution, and are either insured or registered in the City's or Airport's name.

The fair values of the City's fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate-sensitive instruments may be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. As a means to limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits its investment portfolio to maturities of less than 5.5 years for corporate notes, two years for time deposits, and 270 days for commercial paper.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As a means to limiting its exposure to credit risk, the City limits investments with credit quality ratings from nationally recognized rating agencies of:

- State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "MIG 1/A3" by Moody's Investors Services and "SP-1/A-" by Standard & Poor's for long-term debt.
- Corporates and/or commercial paper of any United States company that is rated, at the time of purchase, "P-1" by Moody's and "A-1" by Standard & Poor's.
- Money Market Mutual Funds that are rated "AAA" by Standard & Poor's, or the equivalent by another rating agency.
- Local Government Surplus Funds Trust Fund money market funds that are rated "AAA" by Standard & Poor's, or the equivalent by another rating agency.
- The Agency's equity in pooled investments is all held in the money market funds.

**BABCOCK STREET COMMUNITY DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

B. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
Capital assets, not being depreciated/amortized:				
Land	\$ 275,793	\$ -	\$ -	\$ 275,793
Total capital assets, not being depreciated/amortized	<u>275,793</u>	<u>-</u>	<u>-</u>	<u>275,793</u>
Capital assets, being depreciated/amortized:				
Machinery and equipment	28,662	-	3,478	25,184
Total capital assets, being depreciated/amortized	<u>28,662</u>	<u>-</u>	<u>3,478</u>	<u>25,184</u>
Less accumulated depreciation/amortization:				
Machinery and equipment	28,662	-	3,478	25,184
Total accumulated depreciation/amortization	<u>28,662</u>	<u>-</u>	<u>3,478</u>	<u>25,184</u>
Total capital assets, being depreciated/amortized, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 275,793</u>	<u>-</u>	<u>-</u>	<u>\$ 275,793</u>

Depreciation/amortization expense charged to functions/programs of the Agency was \$0.

C. ENCUMBRANCE COMMITMENTS

At September 30, 2020, the Agency had encumbrance commitments in the Governmental fund in the amount of \$19,962.

D. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables of the Agency at September 30, 2020, are summarized below.

	Due From	Due To
Primary Government (General fund)	\$ 273,933	\$ -
Agency	-	273,933
Totals	<u>\$ 273,933</u>	<u>\$ 273,933</u>
	Advance To	Advance From
Primary Government (General fund)	\$ 880,678	\$ -
Agency	-	880,678
Totals	<u>\$ 880,678</u>	<u>\$ 880,678</u>

All interfund receivables and payables with the primary government represent cash transfers for operating purposes and amounts expected to be repaid within one year. Advances represent the non-current portion of interfund loans. In FY 2018, City Council and the CRA Board approved an advance from the City's General Fund of \$1,675,000 to the Agency for the reconstruction of Babcock Street from Hibiscus Boulevard to just north of Apollo Boulevard including crosswalks and drainage improvements. As of September 1, 2020 the remaining balance is \$1,154,611 and is expected to be paid off on September 1, 2024.

**BABCOCK STREET COMMUNITY DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

E. INTERFUND TRANSACTIONS

Interfund transfers at September 30, 2020 are as follows:

	Primary Government (General Construction fund)	Agency	Total
Primary Government (General Construction fund)	\$ 564,627	\$ -	\$ 564,627
Agency	-	(564,627)	(564,627)
Total Transfers out	<u>\$ 564,627</u>	<u>\$ (564,627)</u>	<u>\$ -</u>

Significant transfers included \$540,000 from the Agency to the General Construction fund of the City for a right turn lane at Dr. Martin Luther King, Jr. Boulevard.

(4) OTHER INFORMATION

A. CONTINGENCIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic which is still going on. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Agency. The occurrence and extent of such an impact will depend on future developments, including: (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

B. SUBSEQUENT EVENTS

On February 9, 2021, the Agency approved Resolution 3991 adjusting the appropriation of the fund balance.

**REQUIRED SUPPLEMENTARY INFORMATION
BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,126,807	\$ 1,126,807	\$ 1,114,055	\$ (12,752)
Investment earnings	20,000	20,000	38,920	18,920
Total revenues	<u>1,146,807</u>	<u>1,146,807</u>	<u>1,152,975</u>	<u>6,168</u>
EXPENDITURES				
Current:				
General government	832,462	267,834	247,155	20,679
Debt service:				
Principal	264,670	264,670	-	264,670
Interest	49,675	49,675	45,049	4,626
Total expenditures	<u>1,146,807</u>	<u>582,179</u>	<u>292,204</u>	<u>289,975</u>
Excess of revenues over expenditures	-	564,628	860,771	296,143
OTHER FINANCING USES				
Transfers out	-	(564,628)	(564,627)	1
Net change in fund balance	-	-	296,144	296,144
Fund deficit, October 1	<u>(1,110,505)</u>	<u>(1,110,505)</u>	<u>(1,110,505)</u>	<u>-</u>
Fund deficit, September 30	<u>\$ (1,110,505)</u>	<u>\$ (1,110,505)</u>	<u>\$ (814,361)</u>	<u>\$ 296,144</u>

**BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

BUDGETARY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The City Council typically adopts an annual budget for the Agency. The budget is prepared on a modified accrual basis with encumbrance accounting. Budgetary control is legally maintained at the fund level. Budget transfer authority is provided to the City Manager within a fund as long as the total budget of the fund is not increased. City Council action is required for the approval of a supplemental budget.

Supplemental appropriations were made during the year and all budget amounts presented in the accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance have been adjusted for legally authorized revisions of the annual budget. All appropriations which are not expended, encumbered, or committed lapse at year end. Encumbered appropriations are carried forward to the subsequent year's budget.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year end are carried forward to the next year's budget and are reported as restricted or assigned fund balance in the governmental fund financial statements since they do not constitute actual expenditures or liabilities.

Actual results of operations are presented in accordance with generally accepted accounting principles (GAAP basis) and the City's accounting policies do not recognize encumbrances as expenditures until the period in which the actual goods or services are received and a liability is incurred. It is necessary to include budgetary encumbrances to reflect actual revenues and expenditures on a basis consistent with the City's legally adopted budget.

**BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

A – Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Revenues

Actual amounts (budgetary basis) of total revenues as reported on the statement of revenues, expenditures and changes in fund balances - budget and actual equal total revenues as reported on the statement of revenues, expenditures, and changes in fund balance.

Expenditures

Actual amounts (budgetary basis) "total expenditures" as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual

\$ 292,204

Differences - budget to GAAP:

Encumbrances for professional services, supplies and equipment ordered but not received are reported in the year the order is placed for *budgetary* purposes, but in the year the supplies and services are received for *financial reporting* purposes.

(19,962)

Total expenditures are reported on the statement of revenues, expenditures, and changes in fund balance.

\$ 272,242

B – Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

The budgetary schedules present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences in the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis) as compared to the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis) for the year ended September 30, 2020 is presented in the following table:

Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis)

\$ 296,144

Adjustments:

Encumbrances

19,962

Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis)

\$ 316,106

**SUPPLEMENTARY INFORMATION
BABCOCK STREET COMMUNITY REDEVELOPMENT AGENCY
PROJECT REVENUES AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Project Number	Project name	Expenditures ⁽¹⁾	Committed ⁽²⁾	Total	Transfers in ⁽³⁾
10216	Babcock Street Median Enhancements from Apollo Blvd to Brevard Drive	\$ 1,016,695	\$ 1,401,568	\$ 2,418,263	\$ -
14419	Babcock CRA Martin Luther King Blvd Southbound Right Turn	51,546	28,454	80,000	540,000
18199	Babcock Façade Improvement Program	20,000	19,572	39,572	-
18615	Babcock CRA Nasa Blvd Landscape and Irrigation Installation in the Medians	117,639	97,135	214,774	24,627
14118	Babcock Street Reconstruction	14,568	161,569	176,137	-
		<u>\$ 1,220,448</u>	<u>\$ 1,708,298</u>	<u>\$ 2,928,746</u>	<u>\$ 564,627</u>

⁽¹⁾ Expenditures

These are the amounts of the CRA funds that were spent during the fiscal year in a capital projects fund.

⁽²⁾ Committed

These encumbrances are recorded in the capital projects funds.

⁽³⁾ Transfers in (out)

These are the amounts transferred into and out of the individual projects.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the City Council
Babcock Street Community Redevelopment Agency

We have audited, 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, the financial statements of the Babcock Street Community Redevelopment Agency, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Babcock Street Community Redevelopment Agency's basic financial statements, and have issued our report thereon dated March 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Babcock Street Community Redevelopment Agency'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 Babcock Street Community Redevelopment Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Babcock Street Community Redevelopment Agency'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Babcock Street Community Redevelopment Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

Cam, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 9, 2021



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Mayor and Members of City Council
Babcock Street Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the Babcock Street Community Redevelopment Agency, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 9, 2021.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' 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 March 9, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)4., 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 audit report. However, no recommendations were 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 authorities for the Babcock Street Community Redevelopment Agency are disclosed in the footnotes. The Babcock Street Community Redevelopment Agency has no component units.

Financial Condition and Management

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 Babcock Street Community Redevelopment Agency has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific condition(s) met. In connection with our audit, we determined that Babcock Street Community Redevelopment Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Babcock Street Community Redevelopment Agency. It is management's responsibility to monitor the Babcock Street Community Redevelopment Agency'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.

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, the Council members and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
March 9, 2021



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 163.387 (6) AND SECTION 163.387(7), FLORIDA STATUTES

To the Honorable Mayor and Members of City Council
Babcock Street Community Redevelopment Agency

We have examined the Babcock Street Community Redevelopment Agency's (the "Agency") compliance with the requirements of Section 163.387(6) and Section 163.387(7), Florida Statutes, *Redevelopment Trust Fund*, during the year ended September 30, 2020. Management is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements 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 Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Agency complied, in all material respects, with the requirements of Section 163.387(6) and Section 163.387(7), Florida Statutes, *Redevelopment Trust Fund*, for the year ended September 30, 2020.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 9, 2021



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Honorable Mayor and Members of City Council
City of Melbourne, Florida

We have examined the Babcock Street Community Redevelopment Agency's (the "Agency") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements 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 Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Agency complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 9, 2021



