

*Downtown Cocoa Beach  
Community Redevelopment Agency*

**Annual Financial Report**

Fiscal Year Ended  
September 30, 2020





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# Financial Section

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Commission  
Downtown Cocoa Beach Community Redevelopment Agency

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and General Fund of the Downtown Cocoa Beach Community Redevelopment Agency (the "CRA"), a component unit of the City of Cocoa Beach, Florida as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the CRA as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2021 on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.

***MSL, P.A.***

Certified Public Accountants

Orlando, Florida  
May 12, 2021

## Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) of the Downtown Cocoa Beach Community Redevelopment Agency (the "CRA") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the CRA's financial activity, (c) identify changes in the CRA's financial position, (d) identify any material deviations from the financial plan, and (e) identify its ability to address the net year's challenges. Lastly, the MD&A will recognize any material deviations from the approved budget.

The Downtown Cocoa Beach Community Redevelopment Agency was established in 2009 by the City of Cocoa Beach Commission under Chapter 163, Part III, Florida Statutes. The CRA is a dependent taxing district and a component unit of the City of Cocoa Beach, Florida (the "City"). The CRA is responsible for promoting economic redevelopment activities that include reducing or eliminating blight, improving the tax base, and encouraging public and private investments in the redevelopment area. In Cocoa Beach, the CRA Board is made up of the City Commission. No other governance structure, such as an Advisory Board, has been created.

The CRA has presented its financial statements in accordance with the reporting model required by Governmental Accounting Standards Board Statement No 34, *Basic Financial Statements and Managements' Discussion and Analysis for State and Local Governments*.

### FINANCIAL HIGHLIGHTS

- The assets of the CRA's exceeded its liabilities and deferred inflows of resources as of September 30, 2020, by \$866,771 (net position). Of this amount, \$255,359 (restricted net position) may be used to meet the CRA's ongoing obligations to citizens and creditors.
- The CRA's total net position was increased by \$444,192 which was attributable to an increase in general revenues in the governmental activities.
- The CRA's tax increment revenues increased by \$97,900 or approximately 15%. This resulted from increase property values by 6.4% with the CRA district from Fiscal Year 2019 to Fiscal Year 2020.
- Total external debt decreased by \$230,000 (5.7%) in Fiscal Year 2020. The decrease is attributed to the principal payment on debt.

### FINANCIAL STATEMENTS

#### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Cocoa Beach's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. This supplementary information should be considered an integral part of the financial statements.



## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City'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. Additionally, 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, 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 the General Fund 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 government'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.

## **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

The government-wide financial report represents the approach mandated by the Governmental Accounting Standards Board (GASB). GASB sets the uniform standards for presenting government financial reports.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The CRA's net position was \$866,771 at the close of the Fiscal Year 2020. This is a \$444,192 increase in net position over the \$422,579 reported in the prior fiscal year.

The increase is attributed generally to the rise in current assets, and reduction in liabilities specifically in governmental activities. Detailed information can be found in the Notes to the Financial Statements.

The following schedule is a summary of the Fiscal Year 2020 Statement of Net Position with comparative information for Fiscal Year 2019.

	Schedule of Net Position	
	2020	2019 Unaudited
Current and other assets	\$ 506,072	\$ 357,845
Capital assets	4,749,846	4,875,337
Total assets	5,255,918	5,233,182
Long-term liabilities outstanding	3,869,815	4,025,000
Other liabilities	519,332	413,550
Total liabilities	4,389,147	4,438,550
Net investment in capital assets	611,412	478,284
Unrestricted	255,359	(55,705)
Total net position	\$ 866,771	\$ 422,579

As stated above, the CRA's net position totaled \$866,771 at the end of Fiscal Year 2020. The largest portion of net position reflects the investment in capital assets (e.g. buildings, and improvements). Although the CRA's investment in its capital assets (\$611,412) (71% of total net position) is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The CRA uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The change in net position balance from fiscal year 2019 to fiscal year 2020 is \$311,064 as shown in the Schedule of Changes in Net Position below. This change includes increased tax revenue partially because of a 6.4% increase in property values located within the CRA. Some revenues and other financing sources had comparatively modest increases over the prior fiscal year, while the expenditures associated with maintenance of the parking garage increased somewhat over the former fiscal period.

The following schedule of Changes in Net Position shows activities for Fiscal Year 2020 with comparative information for Fiscal Year 2019.

	<b>Changes in Net Position</b>	
	2020	2019 Unaudited
Revenues:		
Taxes	\$ 259,230	\$ 227,138
Intergovernment	395,632	419,850
Charges for Services	154,897	73,492
Investment income	2,219	3,266
Total Revenues	<u>811,978</u>	<u>723,746</u>
Expenses:		
General government	27,315	37,527
Capital Outlay	-	4,860,779
Depreciation	192,523	-
Interest and other	147,948	161,610
Total Expenses	<u>367,786</u>	<u>5,059,916</u>
Change in Net Position	444,192	(4,336,170)
Net Position - Beginning	<u>422,579</u>	<u>4,758,749</u>
Net Position - Ending	<u>\$ 866,771</u>	<u>\$ 422,579</u>

### **General Fund Budgetary Highlights**

A budget to actual statement is provided for the General Fund. A budget column for both the original budget adopted for Fiscal Year 2020 as well as the final budget is presented. A comparison of the final budget to the actual amounts for current expenditures shows a final difference of \$209,783. This is because operating expenditure actuals were overall below budgeted amounts and transfers for repayments of advances are excluded.

### **CRA Tax Increment Financing (TIF)**

Monies from the incremental increase in property tax revenue (TIF) collected within the designated redevelopment area is recorded in the CRA. Consistent with State law, revenues are utilized and expended in accordance with the Community Redevelopment Plan. The TIF has continued to increase in subsequent years as taxable values have risen. The increase from 2019 to 2020 is \$97,900 (15%).

**Community Redevelopment Agency Fund  
(CRA)  
Tax Increment Values and Payments**

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Taxable value	\$ 190,527,340	\$ 179,684,240	\$ 10,843,100
Less: Base year value	<u>(119,086,930)</u>	<u>(119,086,930)</u>	<u>-</u>
Net taxable value	<u>\$ 71,440,410</u>	<u>\$ 60,597,310</u>	<u>\$ 10,843,100</u>
County tax rate per \$1,000 of value	3.8200	3.9500	(0.1300)
City tax rate per \$1,000 of value	5.8294	5.7298	0.0996
Tax increment payments:			
County	\$ 259,257	\$ 227,138	\$ 32,119
City	<u>395,632</u>	<u>329,850</u>	<u>65,782</u>
Total tax increment payments	<u>\$ 654,888</u>	<u>\$ 556,988</u>	<u>\$ 97,900</u>

**CAPITAL ASSET ADMINISTRATION**

**Capital Assets.** The CRA's investment in capital assets as of September 30, 2020 is \$4,749,846 (net of accumulated depreciation). This investment in capital assets includes the parking garage facility and improvements to the facility. Governmental activities net investment in capital assets decreased by \$125,491 for depreciation. The schedule of changes in capital assets from the current fiscal year to the prior fiscal year is included in the following:

	<u>Capital Assets (net of depreciation)</u>	
	<u>2020</u>	<u>2019</u>
		Unaudited
Buildings	\$ 4,707,012	\$ 4,829,081
Improvements	<u>42,834</u>	<u>46,256</u>
Total	<u>\$ 4,749,846</u>	<u>\$ 4,875,337</u>

## DEBT ADMINISTRATION

### Long-Term Debt

At the end of the current fiscal year, the CRA had total long-term debt in the amount of \$3,795,000.

In Fiscal Year 2017 debt was issued with Florida Municipal Loan Council (FMLC) Revenue Bond 2017B to fund the design and construction of the new parking garage in the Community Redevelopment Agency (CRA). The first payment on the principal of Revenue Bond 2017B was not made until FY 2019 and the outstanding balance is \$3,795,000. See Note H to the financial statements for additional information.

### Schedule of Outstanding Debt:

	<b>Governmental Activities</b>	
	<u>2020</u>	<u>2019</u>
CRA Improvement Revenue Bonds, Series 2017B	3,795,000	4,025,000
Total	<u>\$ 3,795,000</u>	<u>\$ 4,025,000</u>

Total external debt decreased by \$230,000 (5.7%) in Fiscal Year 2020. The decrease is attributed to the principal payment on debt.

## ECONOMIC FACTORS AND CHALLENGES

Due to COVID-19 the main activity of the CRA for FY 2020 was to promote and encourage businesses within the boundaries of the CRA to apply for CARES Act grants, provide Personal Protective Equipment (PPE) sourcing information, assist businesses in applying for loans and to promote local CRA businesses to locals and visitors.

The CRA also consistently provided up to date COVID-19 information to assist businesses. Although property values in the CRA have continued to rise the affect the pandemic will have on sales and taxes will not be felt until 2021 or 2022. The uncertainty of the economy for the next few years and the knowledge that the parking garage will need specialized maintenance in the future (painting the parking space numbers, possible grouting of seams throughout, elevator repairs, and other unforeseen issues) the CRA Board is focusing on making bond payments and maintenance funding.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the CRA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Eileen A. Clark, CGFO, Assistant City Manager/Chief Financial Officer, 2 South Orlando Avenue, Cocoa Beach, Florida, 32931 or [eclark@cityofcocoabeach.com](mailto:eclark@cityofcocoabeach.com). The financial statements are posted on the City's web site at [www.cityofcocoabeach.com](http://www.cityofcocoabeach.com).



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**DOWNTOWN COCOA BEACH  
COMMUNITY REDEVELOPMENT AGENCY**

**STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET**

**September 30, 2020**

	General Fund	Adjustments (Note 2)	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 459,874	\$ -	\$ 459,874
Investments	26,765	-	26,765
Accounts receivable	3,136	-	3,136
Prepayments	16,297	-	16,297
Capital assets net of accumulated depreciation:			
Buildings		4,707,012	4,707,012
Improvements other than buildings	-	42,834	42,834
<b>TOTAL ASSETS</b>	<b>\$ 506,072</b>	<b>4,749,846</b>	<b>5,255,918</b>
<b>LIABILITIES</b>			
Accounts and contracts payable	\$ 1,975	-	\$ 1,975
Due to other governments	248,738	-	248,738
Noncurrent liabilities:			
Due within one year	-	268,619	268,619
Due in more than one year	-	3,869,815	3,869,815
<b>TOTAL LIABILITIES</b>	<b>250,713</b>	<b>4,138,434</b>	<b>4,389,147</b>
<b>FUND BALANCES/NET POSITION</b>			
Fund balances:			
Nonspendable	16,297	(16,297)	-
Restricted	239,062	(239,062)	-
<b>TOTAL FUND BALANCES</b>	<b>255,359</b>	<b>(255,359)</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 506,072</b>		
Net position:			
Net investment in capital assets		611,412	611,412
Unrestricted		255,359	255,359
<b>TOTAL NET POSITION</b>		<b>\$ 866,771</b>	<b>\$ 866,771</b>

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

**DOWNTOWN COCOA BEACH  
COMMUNITY REDEVELOPMENT AGENCY**

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

**Year Ended September 30, 2020**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
REVENUES			
Taxes	\$ 259,230	\$ -	\$ 259,230
Intergovernmental	395,632	-	395,632
Charges for services	154,897	-	154,897
Investment earnings	2,219	-	2,219
TOTAL REVENUES	811,978	-	811,978
EXPENDITURES/EXPENSES			
Current:			
General government	27,315	-	27,315
Planning and development	67,032	125,491	192,523
Debt Service:			
Principal	230,000	(230,000)	-
Interest and other	176,567	(28,619)	147,948
TOTAL EXPENDITURES/EXPENSES	500,914	(133,128)	367,786
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	311,064	(311,064)	-
CHANGE IN NET POSITION	-	444,192	444,192
FUND BALANCES/NET POSITION			
Beginning of the year	(55,705)	478,284	422,579
End of the year	\$ 255,359	\$ 611,412	\$ 866,771

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



## **DOWNTOWN COCOA BEACH COMMUNITY REDEVELOPMENT AGENCY**

Notes to the Financial Statements  
For the Fiscal Year Ending September 30, 2020

### **NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Reporting Entity

The City of Cocoa Beach, Florida Downtown Community Redevelopment Agency (the "CRA") is a blended component unit of the City of Cocoa Beach, Florida (the "City"). It is a public entity established under the guidelines for the Community Redevelopment Act (Chapter 163, Part III, Florida Statutes (F.S.)) to implement community redevelopment activities. The five-member governing board (the "Board") has been determined to be the City Commission. No other governance structure, such as an Advisory Board, has been created.

On January 29, 2008, the electorate of the City voted to authorize establishment of a Downtown Community Redevelopment Agency (CRA). Accordingly, the City Commission adopted Resolution 2008-13 requesting Brevard County to delegate to the City Commission the powers to create a Downtown CRA. In turn, Brevard County adopted Resolution 08-128 authorizing the creation of the City's CRA for a period of 25 years from its creation. The CRA shall expire on December 31, 2033.

To implement the purposes of the CRA, the Board and the City have entered into an interlocal agreement authorizing the use of City staff and City resources for the creation of the required Redevelopment Plan for the downtown area.

Pursuant to F.S. 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.

In 2018 the Brevard County Commission and CRA Board executed an Interlocal Agreement to continue with the Downtown CRA tax increments and the building of a parking garage within the CRA.

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.

**DOWNTOWN COCOA BEACH COMMUNITY REDEVELOPMENT AGENCY**

Notes to the Financial Statements

For the Fiscal Year Ending September 30, 2020

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CRA considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred.

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.

Property and equipment

Capital assets, which include land, buildings, infrastructure, improvements, and equipment, are reported in the governmental columns in the government-wide financial statements. Capital assets are defined by the CRA as assets with an initial, individual cost of more than \$1,000 and an estimated useful life exceeding one year. The cost of improvements and replacements, which extend the useful lives of assets or increase their capacity, are capitalized. Repairs and maintenance costs, which do not improve or extend the useful life of the respective assets, are charged to expense.

Property and equipment purchased by the CRA is recorded at cost or, if contributed, acquisition value at the date of donation.

**DOWNTOWN COCOA BEACH COMMUNITY REDEVELOPMENT AGENCY**

Notes to the Financial Statements  
For the Fiscal Year Ending September 30, 2020

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

Capital assets use straight-line depreciation over the following estimated service lives:

Classification	Service Life Ranges
Infrastructure	30 - 50 years
Buildings and building improvements	40 years
Improvements other than buildings	10 - 15 years
Machinery, furniture, and equipment	3 - 5 years

Long-term liabilities

Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements for governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and systematically amortized over the term of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the fiscal year incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an “other financing” source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Balance

The CRA has classified governmental fund balances as follows for the year ending September 30, 2020:

- Non-spendable fund balance  
Represents components not in spendable form and legally or contractually required to be maintained intact. Examples are inventories, prepaid expenditures, long-term portion of notes receivable, property acquired for resale and unrealized gains.
- Restricted fund balance  
These amounts represent spending constraints externally imposed by law through constitutional provisions or enabling legislation or by agreements with creditors, grantors, or other governments. Funds to construct the downtown parking garage were secured with CRA Improvement Revenue Bonds, Series 2017B and the debt service is in this classification.

FUND BALANCE - GOVERNMENTAL FUND	
<b>Fund balances:</b>	
Non-spendable:	
Prepaid items	\$ 16,297
Inventory	-
Restricted:	
CRA Obligations	239,062
<b>Total Fund Balance</b>	<b>\$ 255,359</b>

**DOWNTOWN COCOA BEACH COMMUNITY REDEVELOPMENT AGENCY**

Notes to the Financial Statements

For the Fiscal Year Ending September 30, 2020

Budget Policy

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, 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.

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

Pooled Cash and Equivalents

Pooled cash and equivalents are stated at fair value.

**NOTE 2 – RECONCILIATION OF GOVERNMENT\_WIDE AND FUND FINANCIAL STATEMENTS**

Adjustments were made to include capital assets (net of accumulated depreciation) on the statement of net position. This resulted in a net difference between the ending General Fund balances and the total net position of \$866,771.

Total Fund Balance	\$ 255,359
Capital Assets, Net	<u>611,412</u>
Total Net Position	<u>\$ 866,771</u>

Adjustments were made to include depreciation expense and eliminate debt service on the statement of activities. This resulted in a net difference between “excess revenues over expenditures” and “change in net position” of \$444,192.

Excess of Revenues over Expenditures	\$ 311,064
Debt Service	258,619
Less: Depreciation Expense	<u>(125,491)</u>
Change in Net Position	<u>\$ 444,192</u>

**DOWNTOWN COCOA BEACH COMMUNITY REDEVELOPMENT AGENCY**

Notes to the Financial Statements  
For the Fiscal Year Ending September 30, 2020

**NOTE 3 – POOLED CASH AND EQUIVALENTS**

The CRA’s cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit. The City maintains a centralized interest-bearing checking account for all operating funds, including the CRA.

The CRA has complied with the requirements of the Florida Security for Public Deposits Act (the Act) by maintaining its accounts at a qualified public depository as provided by Chapter 280 of the Florida Statutes. Under the Act, qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. Therefore, all cash deposits and certificates of deposit held by banks are classified as fully insured.

Earnings from the pooled funds and investments are allocated to the CRA based on the CRA’s proportionate share of the pool.

**NOTE 4 - CAPITAL ASSETS**

The following is a summary of changes in the CRA’s capital assets for fiscal year ending September 30, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Construction in progress (CIP)	\$ -	\$ -	\$ -	\$ -
Land	-	-	-	-
Total capital assets, not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings	5,407,545	-	-	5,407,545
Improvements	53,100	-	-	53,100
Total capital assets being depreciated	5,460,645	-	-	5,460,645
Less: Accumulated depreciation				
Buildings	(578,464)	(122,069)	-	(700,533)
Improvements	(6,844)	(3,422)	-	(10,266)
Total accumulated depreciation	(585,308)	(125,491)	-	(710,799)
Total capital assets being depreciated	4,875,337	(125,491)	-	4,749,846
Total capital assets	<u>\$ 4,875,337</u>	<u>\$ (125,491)</u>	<u>\$ -</u>	<u>\$ 4,749,846</u>

Depreciation expense amounted to \$125,491 during fiscal year 2020, which is included on the statement of activities.

**DOWNTOWN COCOA BEACH COMMUNITY REDEVELOPMENT AGENCY**

Notes to the Financial Statements

For the Fiscal Year Ending September 30, 2020

**NOTE 5 - LONG-TERM EXTERNAL DEBT**

Revenue bonds and other debt instruments

	<u>Outstanding Principal</u>
CRA Improvement Revenue Bonds, Series 2017B, payable in semi-annual installments beginning April 2018 through October 2031; interest from 2.86% plus service charges. Issued to finance construction of a public parking garage in the Downtown Community Redevelopment Area consisting of 241 parking spaces, bathrooms, showers and an elevator.	3,795,000
<b>Total</b>	<u><b>\$ 3,795,000</b></u>

Changes in long-term liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
CRA Improvement Revenue					
Bonds, Series 2017B	\$ 4,025,000	\$ -	\$ (230,000)	\$ 3,795,000	\$ 240,000
Plus bond premiums	<u>372,053</u>	<u>-</u>	<u>(28,619)</u>	<u>343,434</u>	<u>28,619</u>
Total Governmental Activities					
long-term liabilities	<u>\$ 4,397,053</u>	<u>\$ -</u>	<u>\$ (258,619)</u>	<u>\$ 4,138,434</u>	<u>\$ 268,619</u>

Bond and note debt service requirements to maturity for governmental activities

<u>Governmental Activities</u>		
<u>Florida Municipal Loan Council CRA Revenue Bonds, Series 2017B</u>		
<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	240,000	160,750
2022	250,000	148,500
2023	265,000	135,625
2024	280,000	122,000
2025	290,000	107,750
2026	305,000	92,875
2027	320,000	77,250
2028	340,000	60,750
2029	355,000	43,375
2030	370,000	28,950
2031	385,000	17,625
2032	395,000	5,925
<b>Total</b>	<u><b>\$ 3,795,000</b></u>	<u><b>\$ 1,001,375</b></u>

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## Required Supplementary Information (RSI)

**DOWNTOWN COCOA BEACH  
COMMUNITY REDEVELOPMENT AGENCY**

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

**Year Ended September 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>GENERAL FUND</b>				
Revenues:				
Taxes	\$ 259,257	\$ 259,257	\$ 259,230	\$ (27)
Intergovernmental	395,632	395,632	395,632	-
Charges for services	169,120	169,120	154,897	(14,223)
Investment earnings	900	900	2,219	1,319
TOTAL REVENUES	<u>824,909</u>	<u>824,909</u>	<u>811,978</u>	<u>(12,931)</u>
<b>EXPENDITURES</b>				
Current:				
General government	107,315	107,315	27,315	80,000
Planning and development	115,448	115,448	67,032	48,416
Debt Service:				
Principal	311,261	311,261	230,000	81,261
Interest and other	176,673	176,673	176,567	106
TOTAL EXPENDITURES	<u>710,697</u>	<u>710,697</u>	<u>500,914</u>	<u>209,783</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	114,212	114,212	311,064	196,852
FUND BALANCE - BEGINNING	<u>(114,212)</u>	<u>(114,212)</u>	<u>(55,705)</u>	<u>58,507</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,359</u>	<u>\$ 255,359</u>

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



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# Compliance Section

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Certified Public Accountants

**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***

The Honorable Mayor and Members of the City Commission  
Downtown Cocoa Beach Community Redevelopment Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Downtown Cocoa Beach Community Redevelopment Agency (the "CRA") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the CRA's financial statements and have issued our report thereon dated May 12, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the CRA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the CRA in a separate management letter and Independent Accountant's Report dated May 12, 2021.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
May 12, 2021



## INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and Members of the City Commission  
Downtown Cocoa Beach Community Redevelopment Agency

We have examined the Downtown Cocoa Beach Community Redevelopment Agency's (the "CRA") compliance with the requirements of Sections 163.387(6) and (7) and 218.415, Florida Statutes, during the fiscal year ended September 30, 2020. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA is in accordance with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the CRA's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the CRA's compliance with specified requirements.

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

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
May 12, 2021



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and Members of the City Commission  
Downtown Cocoa Beach Community Redevelopment Agency

### **Report on the Financial Statements**

We have audited the basic financial statements of the Downtown Cocoa Beach Community Redevelopment Agency (the "CRA") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated May 12, 2021.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 12, 2021, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title and Legal Authority**

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

### **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

### **Special District Component Units**

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

### **Additional Matters**

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

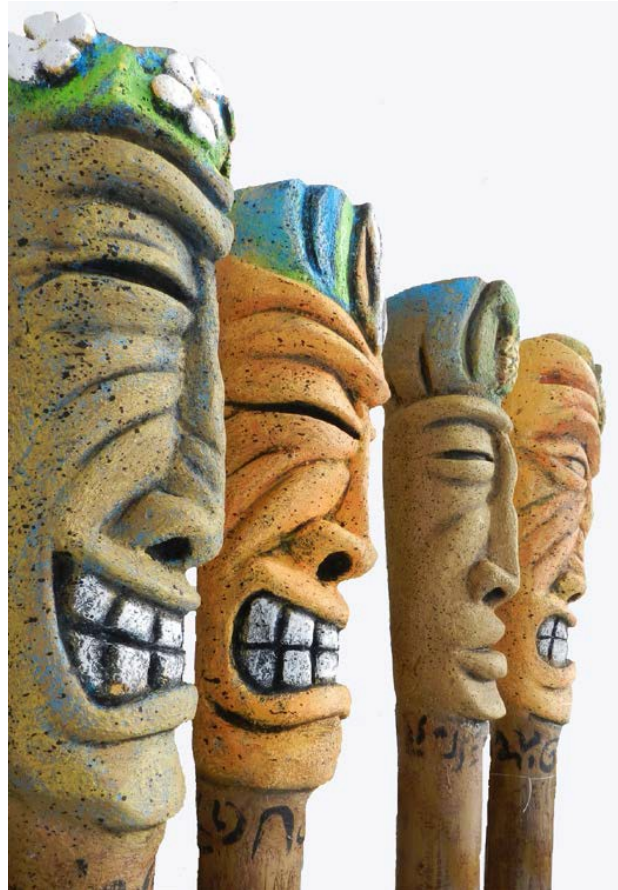
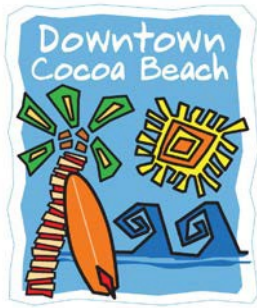
### **Purpose of this Letter**

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

**MSL, P.A.**

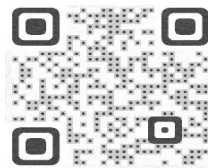
Certified Public Accountants

Orlando, Florida  
May 12, 2021



## City of Cocoa Beach, Florida

*Excellent Recreation and Quality Living*



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