



**Satellite Beach**  
**Community Redevelopment Agency**  
**FINANCIAL STATEMENTS**  
**For the Fiscal Year**  
**Ended September 30, 2020**

**Satellite Beach Community Redevelopment Agency**  
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**Year Ended September 30, 2020**

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**Satellite Beach Community Redevelopment Agency**  
**Agency Officials**  
**Year Ended September 30, 2020**

CRA Members

Frank Catino, Chairman  
Mindy Gibson, Vice Chair  
Mark Brimer  
Dominick Montanaro  
Jodi Rozycki

CRA Staff

Courtney H. Barker, AICP, Executive Director  
Clifford Shepard, P.A., General Counsel  
Brittany Jumper, Support Services Director  
Gwendolyn Peirce, City Clerk



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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Chairman and Board members  
Satellite Beach Community Redevelopment Agency

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

We have audited the accompanying financial statements of the governmental activities and the major fund of the Satellite Beach Community Redevelopment Agency (the "Agency"), a component unit of the City of Satellite Beach, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the 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.

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 the major fund of the Satellite Beach Community Redevelopment Agency as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 – 12, and the budgetary comparison information on pages 39 – 40 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 February 15, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

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

Melbourne, Florida  
February 15, 2021

## Satellite Beach Community Redevelopment Agency Management's Discussion and Analysis

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

### **Financial Highlights**

- The assets and deferred inflows of resources of the Satellite Beach Community Redevelopment Agency exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,500,047 (net position). Of this amount, (\$16,637) represents the unrestricted net deficit due to recording accrued interest for the Community Redevelopment Agency Variable Rate Tax Increment Revenue Note on September 30, 2020 on the government-wide financial statements.
- The Satellite Beach Community Redevelopment Agency's total net position increased \$130,446 over the course of this year's operations.
- The Satellite Beach Community Redevelopment Agency, Florida's operating fund reported an ending fund balance of \$0, a reduction of \$544,035 from the prior year.

### **Overview of the Financial Statements**

The financial section of this annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Satellite Beach Community Redevelopment Agency's finances, in a manner similar to a private-sector business. All the Satellite Beach Community Redevelopment Agency's activities are reported as governmental activities in the government-wide financial statements.

The statement of net position presents information on all of the Satellite Beach Community Redevelopment Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the elements 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 Satellite Beach Community Redevelopment Agency is improving or deteriorating.

The statement of activities presents information showing how the Satellite Beach Community Redevelopment 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.

The government-wide financial statements can be found on pages 15 – 16 of this report.

## Satellite Beach Community Redevelopment Agency Management's Discussion and Analysis

**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 Satellite Beach Community Redevelopment Agency like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental fund.* The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the 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 the governmental fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The Satellite Beach Community Redevelopment Agency only has one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the Satellite Beach Community Redevelopment Agency.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables but do not include capital assets such as land and buildings. The operating statement for the governmental fund reports only those revenues that were collected during the current period or very shortly after the end of the year. Expenditures are generally recorded when incurred.

The basic governmental fund financial statements can be found on pages 17 – 20 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 21 – 36 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) which is a comparison between the Satellite Beach Community Redevelopment Agency's adopted and final budget and actual financial results for its general fund. The Satellite Beach Community Redevelopment Agency adopts an annual budget for its general fund, and a budgetary comparison schedule has been provided to demonstrate compliance with this budget.

Required supplementary information can be found on pages 39 – 40 of this report.

## Satellite Beach Community Redevelopment Agency Management's Discussion and Analysis

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an Agency's financial position. In the case of the Satellite Beach Community Redevelopment Agency's assets exceeded liabilities by \$4,500,047 at the close of the most recent fiscal year.

The following table reflects the condensed statement of net position:

#### Satellite Beach Community Redevelopment Agency's Net Position

	2020	2019
Current and other assets	\$ 2,075,762	\$ 1,298,925
Capital assets	6,876,584	6,560,210
Total assets	<u>8,952,346</u>	<u>7,859,135</u>
Deferred outflows of resources	-	-
Long-term liabilities outstanding	2,359,900	2,715,500
Other liabilities	1,823,335	498,339
Total liabilities	<u>4,183,235</u>	<u>3,213,839</u>
Deferred inflows of resources	269,064	275,695
Net Position:		
Net investment in capital assets	4,516,684	3,844,710
Restricted	-	524,891
Unrestricted (deficit)	(16,637)	-
Total net position	<u>\$ 4,500,047</u>	<u>\$ 4,369,601</u>

By far the largest portion of the Satellite Beach Community Redevelopment Agency's net position reflects its investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure); less any related debt used to acquire those assets still outstanding.

The Satellite Beach Community Redevelopment Agency uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Satellite Beach Community Redevelopment Agency reports net investment in capital assets, 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.

At the end of the current fiscal year, the Satellite Beach Community Redevelopment Agency is only able to report a positive balance in its net investment in capital assets and restricted net position. The Satellite Beach Community Redevelopment Agency reported an unrestricted net deficit of (\$16,637) primarily due to recording accrued interest for the Community Redevelopment Agency Variable Rate Tax Increment Revenue Note in the government-wide financial statements.

The following table shows condensed revenue and expense data:

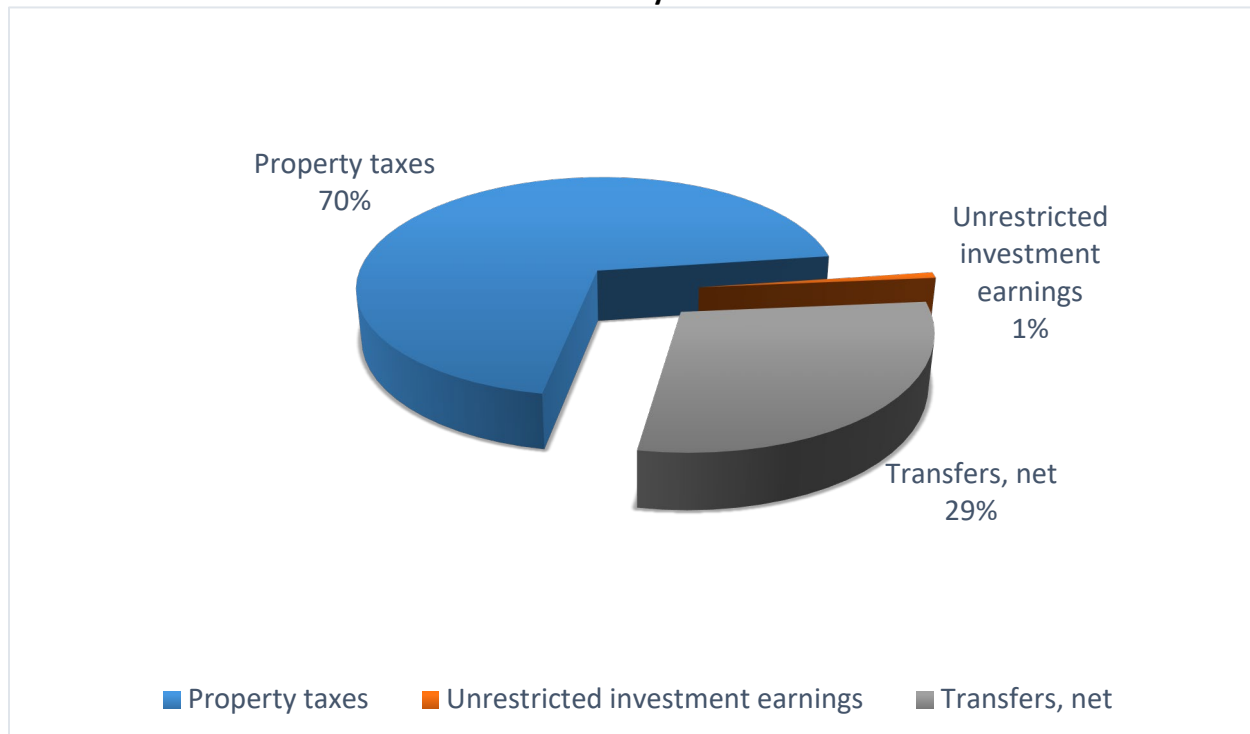
## Satellite Beach Community Redevelopment Agency Management's Discussion and Analysis

### Satellite Beach Community Redevelopment Agency's Changes in Net Position

	2020	2019
General revenues:		
Property taxes	\$ 631,917	\$ 614,035
Unrestricted investment earnings	7,412	10,775
Transfers, net	263,080	358,274
Total revenues	<u>902,409</u>	<u>983,084</u>
Program expenses:		
General government	547,080	904,649
Community development	108,011	1,097,640
Interest and related costs on long-term debt	116,872	136,114
Total expenses	<u>771,963</u>	<u>2,138,403</u>
Change in net position	130,446	(1,155,319)
Net position- beginning	4,369,601	5,524,920
Net position- ending	<u><u>\$ 4,500,047</u></u>	<u><u>\$ 4,369,601</u></u>

The Satellite Beach Community Redevelopment Agency's net position increased by \$130,446 during the current fiscal year.

### Statement of Activities – Government-wide Revenues by Source



## Satellite Beach Community Redevelopment Agency Management's Discussion and Analysis

### Financial Analysis of the Satellite Beach Community Redevelopment Agency

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

**Governmental fund.** The focus of the Satellite Beach Community Redevelopment 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 Satellite Beach Community Redevelopment Agency's financings requirements. In particular, unassigned fund balance may serve as a useful measure of an Agency's net resources available at the end of the fiscal year.

At the end of the current fiscal year, the Satellite Beach Community Redevelopment Agency's governmental fund reported an ending fund balance of \$0, a decrease of \$544,035. Pursuant to Florida State Statute 163.387 section (7), on the last date of the fiscal year of the community redevelopment agency, any money which remains in the trust fund after the payment of expenses pursuant to subsection (6) for such year must be returned to the taxing authorities. In the case of the Satellite Beach Community Redevelopment Agency, that is the City of Satellite Beach, Florida and Brevard County, Florida.

### Capital Asset and Debt Administration

**Capital assets.** The Satellite Beach Community Redevelopment Agency's investment in capital assets as of September 30, 2020, amounts to \$6,876,584 (net of accumulated depreciation). This investment in capital assets includes land, improvements, equipment, infrastructure, and construction in progress.

#### **Satellite Beach Community Redevelopment Agency's Capital Assets** (net of depreciation)

	<b>2020</b>	2019
Land	\$ 2,279,018	\$ 2,279,018
Buildings	-	-
Improvements other than buildings	920,997	947,704
Equipment	22,877	33,044
Infrastructure	2,258,891	2,330,028
Construction in progress	1,394,801	970,416
Total	<u>\$ 6,876,584</u>	<u>\$ 6,560,210</u>

Additional information on the Satellite Beach Community Redevelopment Agency's capital assets can be found in Note 2 on page 32 of this report.

**Notes payable.** At the end of the current fiscal year, the Satellite Beach Community Redevelopment Agency had notes payable outstanding of \$2,359,900.

The Satellite Beach Community Redevelopment Agency's notes payable balances decreased by \$355,600 during the current fiscal year due to current year debt service payments.

## **Satellite Beach Community Redevelopment Agency Management's Discussion and Analysis**

Additional information on the Satellite Beach Community Redevelopment Agency's long-term debt can be found in Note 2 on pages 33 – 35 of this report.

### **Requests for Information**

This financial report is designed to provide a general overview of the Satellite Beach Community Redevelopment Agency's finances for all those with an interest in the Satellite Beach Community Redevelopment Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Support Services Department, City of Satellite Beach, 565 Cassia Blvd., Satellite Beach, Florida, 32937.

## **BASIC FINANCIAL STATEMENTS**



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**Satellite Beach Community Redevelopment Agency  
Statement of Net Position - Government-wide**

<i>September 30, 2020</i>	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,687,213
Investments	119,485
Derivative instrument - interest rate swap	269,064
Capital assets not being depreciated	
Land	2,279,018
Construction in progress	1,394,801
Capital assets, net of accumulated depreciation	
Improvements other than buildings	920,997
Equipment	22,877
Infrastructure	2,258,891
<b>Total assets</b>	<b>8,952,346</b>
<b>LIABILITIES</b>	
Accounts payable	50,468
Due to other governments	544,640
Due to primary government	1,211,590
Accrued interest payable	16,637
Noncurrent liabilities:	
Due within one year	370,700
Due in more than one year	1,989,200
<b>Total liabilities</b>	<b>4,183,235</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Accumulated increase in fair value of derivative instrument - interest rate swap	269,064
<b>Total deferred inflows of resources</b>	<b>269,064</b>
<b>NET POSITION</b>	
Net investment in capital assets	4,516,684
Restricted for:	
Community services	-
Unrestricted (deficit)	(16,637)
<b>Total net position</b>	<b>\$ 4,500,047</b>

*The accompanying notes are an integral part of this financial statement.*

## Satellite Beach Community Redevelopment Agency Statement of Activities - Government-wide

*For the year ended September 30, 2020*

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Change in
			Contributions	Contributions	Net Position
Governmental activities:					
General government	\$ 547,080	\$ -	\$ -	\$ -	\$ (547,080)
Community development	108,011				(108,011)
Interest and related costs on long-term debt	116,872	-	-	-	(116,872)
Total governmental activities	\$ 771,963	\$ -	\$ -	\$ -	(771,963)

General revenues:	
Property taxes	631,917
Unrestricted investment earnings	7,412
Transfers, net	263,080
Total general revenues	902,409
Change in net position	130,446
Net position, beginning of year	4,369,601
Net position, end of year	\$ 4,500,047

*The accompanying notes are an integral part of this financial statement.*

**Satellite Beach Community Redevelopment Agency**  
**Balance Sheet – Governmental Fund**

<i>September 30, 2020</i>	Community Redevelopment Agency
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,687,213
Investments	119,485
Total assets	<u>\$ 1,806,698</u>
<hr/>	
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$ 50,468
Due to primary government	1,211,590
Due to other governments	544,640
Total liabilities	<u>1,806,698</u>
Fund balance:	
Restricted	-
Total fund balance	-
Total liabilities and fund balance	<u>\$ 1,806,698</u>

*The accompanying notes are an integral part of this financial statement.*

**Satellite Beach Community Redevelopment Agency  
Reconciliation of the Balance Sheet of the Governmental Fund  
to the Statement of Net Position**

*As of September 30, 2020*

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Total fund balance for the governmental fund	\$ -
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	<b>6,876,584</b>
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<b>(2,359,900)</b>
Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.	<b>(16,637)</b>
Net position of governmental activities	<b>\$ 4,500,047</b>

*The accompanying notes are an integral part of this financial statement.*

**Satellite Beach Community Redevelopment Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balance –**  
**Governmental Fund**

*For the year ended September 30, 2020*

	Community Redevelopment Agency
<b>Revenues</b>	
Taxes	\$ 631,917
Investment and other income	7,412
Total revenues	639,329
<b>Expenditures</b>	
Current:	
General government	547,080
Capital outlay	424,385
Debt service:	
Principal retired	355,600
Interest and other	119,379
Total expenditures	1,446,444
Deficiency of revenues under expenditures	(807,115)
<b>Other financing sources (uses)</b>	
Transfers in	1,474,670
Transfers out	(1,211,590)
Net other financing sources (uses)	263,080
Net change in fund balance	(544,035)
Fund balance, beginning of year	544,035
Fund balance, end of year	\$ -

*The accompanying notes are an integral part of this financial statement.*

**Satellite Beach Community Redevelopment Agency**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balance of Governmental Fund to the Statement of Activities**

*For the year ended September 30, 2020*

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Net change in fund balance - total governmental fund	\$ (544,035)
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Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.	316,374
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items, such as accrued interest.	358,107
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Change in net position of governmental activities	\$ 130,446
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*The accompanying notes are an integral part of this financial statement.*

## Satellite Beach Community Redevelopment Agency Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Reporting Entity***

The Satellite Beach Community Redevelopment Agency (the “Agency”), a component unit of the City of Satellite Beach, Florida (the “City” and “Primary Government”), was created to promote the rehabilitation, conservation and/or redevelopment of the Community Redevelopment Area (the “Area”). The Agency was established by the City of Satellite Beach, Florida City Council (“City Council”) via Ordinance No. 755 in June 2002. The Agency is a legal entity, separate, distinct, and independent of the City. The Agency is governed by a board comprised of five commissioners who also serve as members of the City Council. The Agency does not exercise control over other governmental agencies or authorities.

Revenue sources for the Agency consist primarily of property taxes. Any bond issue authorizations are approved by the City Council and the legal liability for the general obligation portion of the Agency’s debt remains with the government.

The accompanying financial statements present only the operations of the Agency and are not intended to present the financial position and results of the City of Satellite Beach, Florida. Complete financial statements for the City of Satellite Beach, Florida may be obtained at the City’s administrative offices located at:

565 Cassia Blvd  
Satellite Beach, Florida 32937

#### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. *Governmental activities* are those which normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

## Satellite Beach Community Redevelopment Agency

### Notes to Financial Statements

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within twelve months of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Agency.

##### ***Government-Wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

##### ***Fund Financial Statements***

The fund financial statements provide information about the Agency's fund. The emphasis of fund financial statements is on the major governmental fund.

## Satellite Beach Community Redevelopment Agency Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Fund Financial Statements (Continued)***

The Agency reports the following major governmental fund:

The *Community Redevelopment Agency Fund* is the Agency's operating fund. It accounts for all financial resources of the Agency.

#### ***Budgetary Information***

The Agency has elected, as permitted by Section 2400: *Budgetary Reporting* of the GASB Codification, to disclose all budgetary information in the notes to the required supplementary information.

#### ***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity***

##### ***Cash and cash equivalents***

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

##### ***Investments***

Investments for the Agency are reported at fair value (generally based on quoted market prices) except for the position in the State Board of Administration Local Government Surplus Trust Fund (Florida PRIME). Florida PRIME is a local government investment pool which meets all of the specified criteria in Section In5: *Investment Pools (External)* of the GASB Codification (GASBC) to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the Agency's position in the pool is equal to the value of the pooled shares. The Agency's investment in the Florida Special Purpose Investment Pool (SPIA) is measured at net asset value per share. Investments measured at net asset value are not subject to the fair value hierarchy of GASB Codification Section 3100: *Fair Value Measurements*.

##### ***Receivables and payables***

All trade and property tax receivables are considered to be fully collectible.

##### ***Capital Assets***

Capital assets, which include property, improvements, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of \$2,000 or more and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

## Satellite Beach Community Redevelopment Agency

### Notes to Financial Statements

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)*

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, improvements, and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Building improvements	12-20
Infrastructure	60
Equipment	3-18

##### *Deferred inflows of resources and derivative instrument*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has one item which qualifies for reporting as deferred inflows of resources.

The Agency has engaged in an effective interest rate swap agreement and has recorded the swap agreement at fair value in accordance with Section 150: *Investments* of the GASB Codification.

##### *Long-Term Obligations*

In the government-wide financial statements in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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

## Satellite Beach Community Redevelopment Agency

### Notes to Financial Statements

#### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)*

###### *Categories and Classification of Fund Equity*

*Net position flow assumption* – Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund balance flow assumptions* – Sometimes the Agency will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance.

Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Agency itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

*Nonspendable fund balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

## Satellite Beach Community Redevelopment Agency

### Notes to Financial Statements

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)***

*Committed fund balance* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Agency's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Agency that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned fund balance* – Amounts in the assigned fund balance classification are intended to be used by the Agency for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned fund balance* – Unassigned fund balance is the residual classification for fund balance not meeting criteria to be reported as nonspendable, restricted, committed, or assigned.

##### ***Revenues and Expenditures/Expenses***

*Program revenues* – Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues. The Agency has no program revenues in the fiscal year ended September 30, 2020.

*Property taxes* – Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 30 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

##### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

## Satellite Beach Community Redevelopment Agency

### Notes to Financial Statements

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 15, 2021, and determined there were no events that occurred that required disclosure.

##### ***Recently Issued and Implemented Accounting Pronouncements***

During the year ended September 30, 2020, the Agency adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest costs incurred before the end of a construction period. This statement had no effect on the Agency.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

## Satellite Beach Community Redevelopment Agency

### Notes to Financial Statements

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Recently Issued and Implemented Accounting Pronouncements (Continued)***

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

The Agency is evaluating the requirements of the above statements and the impact on reporting.

#### **Note 2: DETAILED NOTES ON ALL FUNDS**

##### ***Deposits and Investments***

###### ***Deposits***

The Agency pools its deposits with the Primary Government. At September 30, 2020, the Agency's carrying amount of deposits was \$1,687,213. \$250,000 of the Agency's deposits is covered by the Federal Depository Insurance Corporation (FDIC). Monies invested in excess of FDIC 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 Agency pursuant to Section 280.08, Florida Statutes.

## Satellite Beach Community Redevelopment Agency

### Notes to Financial Statements

#### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

##### *Deposits and Investments (Continued)*

###### *Investments*

The Agency has not adopted an investment policy and the Agency's investment policies are governed by state statutes. The Agency pools its investments with the Primary Government. Investment earnings of the pool are allocated to the participating funds at the end of each month based on the ratio of each participant funds' investment to the total pooled investment.

At the close of the fiscal year, the Agency held a portion of its investments in the Local Government Surplus Funds Trust Fund ("Florida PRIME") external investment pool. The Florida PRIME is administered by the Florida State Board of Administration (SBA), who provides regulatory oversight. Florida PRIME currently meets all of the necessary criteria set forth in GASB Codification Section In5: *Investment Pools (External)* to measure its investments at amortized cost; therefore, the Agency's account balance in the SBA is reported at amortized cost.

Under GASB Codification Section I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Agency's access to 100 percent of their account value in the Florida PRIME external investment pool.

During the year ended September 30, 2020, the Agency also participated in a Special Purpose Investment Account (SPIA) of the Florida Treasury Investment Pool, which combines short and intermediate term fixed income investment strategies. The asset structure is designed to provide strong liquidity using short term, high quality investments and additional investment income using intermediate investments as allowed by Section 17.57, Florida Statutes. At September 30, 2020, the fair value of the Agency's investment in the SPIA represents the Agency's ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee as set forth in Section 17.575, Florida Statutes. Participants contribute to the pool on a dollar basis and the fair value of the pool is determined by summing the fair values of the individual securities. A fair value factor is calculated by dividing the pool's total fair value by the pool participants' pool balance. The unaudited fair value factor of the pool at June 30, 2020 was 1.0291.

## Satellite Beach Community Redevelopment Agency

### Notes to Financial Statements

#### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

##### *Deposits and Investments (Continued)*

*Custodial credit risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Agency places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

*Interest rate risk* – The Agency’s investment policy does not address interest rate risk.

*Credit risk* – GASB Codification Section 150: *Investments* requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations.

*Foreign currency risk* – The Agency’s investments are not exposed to foreign currency risk. The Agency’s investment policy does not address foreign currency risk.

*Concentration of credit risk* – GASB Codification Section 150: *Investments* requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The Agency’s investment policy does not address concentration risk.

*Fair Value* – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

- Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.
- Level 2 (L2): Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

## Satellite Beach Community Redevelopment Agency Notes to Financial Statements

### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Investments (Continued)*

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At September 30, 2020, the Agency had the following investments:

Investment type	Fair Value	Weighted Average to Maturity (WAM)	Effective Duration	Rating	Agency
SBA (Florida PRIME)	\$ 87,593	53 days	-	AAAm	S&P
SPIA	31,892	-	0.43 years	A+f	S&P
<b>Total</b>	<b>\$ 119,485</b>				

#### *Interest Rate Swap*

The Agency's investment in the interest rate swap derivative investment of \$269,064 is valued using a market approach that considers benchmark interest rates (Level 2 inputs).

#### *Assets Valued at Net Asset Value*

The Agency's investment in the SPIA is reported at the net asset value (NAV) in accordance with GASB Codification Section 150: *Investments*. The Agency's investment is currently not subject to a redemption notice period, and the investment is able to be redeemed immediately.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## Satellite Beach Community Redevelopment Agency Notes to Financial Statements

### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

#### **Capital Assets**

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

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,279,018	\$ -	\$ -	\$ 2,279,018
Construction in progress	970,416	424,385	-	1,394,801
Total capital assets, not being depreciated	3,249,434	424,385	-	3,673,819
Capital assets, being depreciated:				
Improvements other than buildings	1,172,015	-	-	1,172,015
Equipment	86,055	-	-	86,055
Infrastructure	2,782,076	-	-	2,782,076
Total capital assets being depreciated	4,040,146	-	-	4,040,146
Less accumulated depreciation for:				
Improvements other than buildings	(224,311)	(26,707)	-	(251,018)
Equipment	(53,011)	(10,167)	-	(63,178)
Infrastructure	(452,048)	(71,137)	-	(523,185)
Total accumulated depreciation	(729,370)	(108,011)	-	(837,381)
Total capital assets being depreciated, net	3,310,776	(108,011)	-	3,202,765
Governmental activities capital assets, net	\$ 6,560,210	\$ 316,374	\$ -	\$ 6,876,584

#### **Intragovernmental Receivables, Payables, and Transfers**

The composition of intragovernmental balances as of September 30, 2020, is as follows:

	Due to:	
	Primary Government	Total
Due from:		
Community Redevelopment Agency	1,211,590	1,211,590
Total	\$ 1,211,590	\$ 1,211,590

The balance from the Community Redevelopment Agency due to the Primary Government is for a return of excess unspent tax increment financing (TIF) funds.

## Satellite Beach Community Redevelopment Agency Notes to Financial Statements

### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Intragovernmental Receivables, Payables, and Transfers (Continued)*

Transfers for the year ended September 30, 2020:

	Transfers in:			
	Primary Government	Community Redevelopment Agency		Total
Transfers out:				
Primary Government	\$ -	\$ 1,474,670	\$	1,474,670
Community Redevelopment Agency	1,211,590	-		1,211,590
Total	\$ 1,211,590	\$ 1,474,670	\$	2,686,260

Transfers are used to (1) move revenues from the fund that is required (per statute or budget) to collect them to the fund that is required (per statute or budget) to expend them and (2) return excess revenues not expended during the year back to the general fund at year-end in accordance with state statutes.

#### ***Long-Term Debt and Liabilities***

##### *Notes payable*

**Community Redevelopment Agency Variable Rate Tax Increment Revenue Note:** On May 4, 2006, the Community Redevelopment Agency entered into a loan agreement with a bank in an amount not to exceed \$8,000,000 to purchase real property and various capital improvements. The initial amount drawn on the note was \$6,250,000. Quarterly payments ranging from \$114,291 to \$117,988, including principal and interest, are due through the maturity date of May 1, 2026.

The note is secured by revenues of the Community Redevelopment Agency fund. Principal and interest paid for the current fiscal year was \$474,979. As of September 30, 2020, principal and interest to maturity in 2026 to be paid from pledged future revenues totaled \$2,710,365. At September 30, 2020, accrued interest for the Community Redevelopment Agency Variable Rate Tax Increment Revenue Note is \$16,637.

As a means of lowering its borrowing costs, when compared against fixed rate borrowings at the time of issuance in May 2006, the Agency entered into an interest rate swap agreement with the bank issuing it a \$6,250,000 variable rate note. The intention of the swap was to effectively change the Agency's variable rate note to a synthetic fixed rate of 4.23%. Under the swap agreement, the Agency pays the counterparty interest calculated at a fixed rate of 4.23%. In return, the counterparty owes the Agency interest based on 63.7% of the London Interbank Offering Rate (LIBOR) plus a spread of 0.50%. Only the net difference in the interest payments is actually exchanged with the counterparty. The \$6,250,000 in note principal is not exchanged; it is only the basis on which the interest payments are calculated. The swap agreement has a term of 20 years and a notional amount of \$2,539,900 as of September 30, 2020.

## Satellite Beach Community Redevelopment Agency

### Notes to Financial Statements

#### **Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

##### ***Long-Term Debt and Liabilities (Continued)***

The associated variable-rate note has a \$2,539,900 principal amount as of the same date and has a like term. There are no embedded options on the swap agreements and no cash was paid or received when the swap agreements were entered into.

The debt service requirements of the variable-rate debt and net swap payments are shown below assuming current interest rates remain the same. The current variable rate on the \$6,250,000 note is 0.59% as of September 30, 2020. Therefore, the interest rate related to the \$6,250,000 swap is 3.64% as of the same date, calculated as the difference between the synthetic fixed rate of 4.23% and the 0.59% variable rate.

The interest rate swap agreement has a negative fair value of \$269,064 as of September 30, 2020. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate note payable, creating lower synthetic rates. Because the payments on the Agency's variable-rate notes payable adjust to changing interest rates, the note payable does not have corresponding fair value increases. The fair value of the swap was obtained from the counterparty and is based on the quoted market price using the mark-to-market method. The change in fair value for the year ended September 30, 2020 is a negative of approximately \$6,631.

As of September 30, 2020, the Agency was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Agency would be exposed to credit risk in the amount of the derivatives' fair value. As of September 30, 2020, the swap's counterparty was rated AA- by Fitch. The calculation of variable interest payments is an estimate. It is calculated based upon the total interest to be paid less the calculated amount of swap interest to be paid.

The derivative (interest rate swap) contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Agency or the counterparty may terminate the swap if the other party fails to perform under the terms of the contracts. If the swap was terminated, the variable-rate notes and bonds would no longer carry synthetic interest rates. Also, if at the time of termination a swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value as of that date. As of September 30, 2020, the Agency has no intention of terminating its swap agreement.

## Satellite Beach Community Redevelopment Agency Notes to Financial Statements

### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Long-Term Debt and Liabilities (Continued)*

Pledged revenues and principal and interest payments are as follows:

Pledged Revenue	Amount of issue	Future Principal and Interest	Current Pledged Revenue	Current Principal & Interest	Current Percentage of Revenue
Community Redevelopment Agency Variable Rate Tax Increment Revenue Note	\$6,250,000	\$2,710,365	\$2,106,587	\$ 416,482	20%

Annual debt service requirements to maturity for the Agency's note payable are as follows:

<i>September 30,</i>	Principal	Interest	Interest (swap)	Total
2021	\$ 370,700	\$ 78,150	\$ 45,782	\$ 494,632
2022	386,800	70,697	38,590	496,087
2023	403,300	62,919	31,086	497,305
2024	420,700	54,814	23,262	498,776
2025	438,800	46,352	15,101	500,253
Thereafter	339,600	37,533	6,588	383,721
Totals	\$ 2,359,900	\$ 350,465	\$ 160,409	\$ 2,870,774

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Notes from direct borrowings:					
Note payable – CRA	\$ 2,715,500	\$ -	\$ (355,600)	\$ 2,359,900	\$ 370,700
Total notes from direct borrowings	2,715,500	-	(355,600)	2,359,900	370,700
Total long-term liabilities	\$ 2,715,500	\$ -	\$ (355,600)	\$ 2,359,900	\$ 370,700

The note payable – CRA is liquidated by tax revenues received by the Community Redevelopment Agency fund.

## Satellite Beach Community Redevelopment Agency

### Notes to Financial Statements

#### **Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

##### ***Governmental Fund Balance***

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Agency is bound to observe constraints imposed upon the use of the resources in the governmental funds. The Agency has \$0 in fund balance at September 30, 2020.

#### **Note 3: RISK MANAGEMENT**

##### ***Insurance***

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the primary government carries insurance through Preferred Government Insurance Trust (PGIT). Coverage provided by PGIT includes general liability, auto liability, property and workers' compensation.

##### ***Litigation***

Various suits in the ordinary course of operations are pending against the Agency. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Agency, the liabilities that may arise from such action would not result in losses that would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial position of the Agency or results of operations.

#### **Note 4: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the Agency. The occurrence and extent of such an impact will depend on future developments, including (i) the 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 as of February 15, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**



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**Satellite Beach Community Redevelopment Agency**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual – Community Redevelopment Agency Fund**

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 652,762	\$ 631,917	\$ 631,917	\$ -
Investment and other income	5,000	7,412	7,412	-
Total revenues	657,762	639,329	639,329	-
<b>Expenditures</b>				
Department:				
General government	578,779	547,080	547,080	-
Capital outlay	-	424,385	424,385	-
Debt service:				
Principal retired	340,800	355,600	355,600	-
Interest	137,977	119,379	119,379	-
Total expenditures	1,057,556	1,446,444	1,446,444	-
<b>Deficiency of revenues under expenditures</b>	(399,794)	(807,115)	(807,115)	-
<b>Other financing sources</b>				
Transfers in	1,474,670	1,474,670	1,474,670	-
Transfers out	(1,074,876)	(1,211,590)	(1,211,590)	-
Net other financing sources	399,794	263,080	263,080	-
<b>Net change in fund balances</b>	-	(544,035)	(544,035)	-
<b>Fund balances, beginning of year</b>	544,035	544,035	544,035	-
<b>Fund balances, end of year</b>	\$ 544,035	\$ -	\$ -	\$ -

## **Satellite Beach Community Redevelopment Agency Budgetary Notes to Required Supplementary Information**

### **Note 1. BUDGETARY INFORMATION**

An annual budget is adopted by the Agency's Board on a basis consistent with U.S. generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

The Agency's Executive Director or their designee may make transfers of appropriations within a department as long as the total budget of the department is not increased. Transfers of appropriations between departments require the approval of the Agency's Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Agency's Board made several supplemental budgetary appropriations during the year.

Encumbrance accounting is employed for this governmental fund. Open commitments are recognized as expenditures in the period in which the actual goods or services are received and a liability is incurred. Encumbrances (e.g., contracts) outstanding at year end for unfulfilled obligations are cancelled and reappropriated in the succeeding year's budget. Accordingly, there were no encumbrances outstanding at year end.

**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 Chairman and Board Members  
Satellite 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 Satellite Beach 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 Satellite Beach Redevelopment Agency's basic financial statements, and have issued our report thereon dated February 15, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Satellite Beach 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 Satellite Beach Community Redevelopment Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Satellite Beach 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 Satellite Beach 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.

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

Melbourne, Florida  
February 15, 2021

## **INDEPENDENT AUDITORS' MANAGEMENT LETTER**

The Honorable Chairman and Board Members  
Satellite Beach Community Redevelopment Agency

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

We have audited the financial statements of the Satellite Beach Community Redevelopment Agency (the "Agency") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 15, 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 February 15, 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 financial audit report. There were no findings and recommendations made in the preceding financial 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 of the Satellite Beach Community Redevelopment Agency is disclosed in the footnotes. The Satellite Beach 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 us to apply appropriate procedures and communicate the results of our determination as to whether or not the Satellite Beach Community Redevelopment Agency met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Satellite Beach 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Satellite Beach Community Redevelopment Agency. It is management's responsibility to monitor the Satellite Beach Community Redevelopment Agency'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.

## **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 Agency's Board Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

Melbourne, Florida  
February 15, 2021



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## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

The Honorable Chairman and Board Members  
Satellite Beach Community Redevelopment Agency

We have examined the Satellite Beach 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 of the Agency 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 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 the Agency's board, 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, LLC*

Melbourne, Florida  
February 15, 2021



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## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REDEVELOPMENT TRUST FUND**

The Honorable Chairman and Board Members  
Satellite Beach Community Redevelopment Agency

We have examined the Satellite Beach Community Redevelopment Agency's (the "Agency") compliance with the requirements of Section 136.387(6) and (7), Florida Statutes, Redevelopment Trust Fund Policies, during the year ended September 30, 2020. Management of the Agency 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.

Our examination disclosed the following noncompliance with Section 163.387(6)(b), Florida Statutes, applicable to the Satellite Beach Community Redevelopment Agency during the fiscal year ended September 30, 2020. The Agency did not submit its annual budget for fiscal year 2020 or the subsequent amendment to the budget to the Brevard County Board of County Commissioners within 10 days after the adoption of such budget or within 10 days after the adoption of the amendment to the fiscal year 2020 budget.

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

This report is intended solely for the information and use of the Agency's board, 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  
February 15, 2021