

CITY OF BRADENTON BEACH, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

**CITY OF BRADENTON BEACH, FLORIDA
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commission
City of Bradenton Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Bradenton Beach, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City'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 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 City'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 each major fund of the City of Bradenton Beach, Florida, 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 and budgetary comparison information on pages 3-7 and 25-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

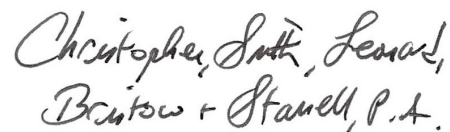
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information on page 28 as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2021, on our consideration of the City of Bradenton Beach, Florida'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 City'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 City of Bradenton Beach, Florida's internal control over financial reporting and compliance.



**CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P. A.**

May 7, 2021
Bradenton, Florida

City of BRADENTON BEACH

State of Florida

107 Gulf Drive North – Bradenton Beach, Florida 34217 – Phone (941) 778-1005 / FAX: 778-7585

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of City of Bradenton Beach, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. Readers should consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$10,276,125 (*net position*). Of this amount, \$1,107,607 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fiscal policies.
- The City's total net position increased by \$213,648 from 2019.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$2,927,387, a decrease of \$514,025 in comparison with the prior year. Of this total amount, \$678,679, is available for spending at the City's discretion (*unassigned fund balance*).

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them 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 City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by Ad Valorem taxes, and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City is engaged in only governmental activities.

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City utilizes governmental funds.

Governmental funds. Governmental funds 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. These funds are reported using the modified accrual method of accounting and the current financial resources focus. As a result, long-term assets and liabilities are not included.

A reconciliation to facilitate the comparison between the governmental fund financial statements and the government-wide financial statements is presented on pages 11 and 13.

The governmental funds used by the City are the General Fund and two Special Revenue Funds. Information is presented separately for each fund in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The General Fund is the City's general operating fund. All general tax revenues are accounted for in this fund. From this fund, all general operating expenditures and capital expenditures are paid. Special Revenue Funds are used to account for redevelopment revenues and expenditures as well as revenues and expenditures of the Library Fund.

The City adopts an annual budget for each of its governmental funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with these budgets.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the amounts provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 14.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bradenton Beach, Florida, assets exceeded liabilities by \$10,276,125 at the close of the most recent fiscal year.

A large portion of the City's net position, \$7,346,392, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens within the boundaries of the City; consequently, these assets are *not* available for future spending. The City also had significant assets in cash and investments at September 30, 2020. Investments are in certificates of deposits and are all held in Qualified Public Depositories, or the State Local Government Surplus Trust Fund as allowed by Florida Statutes.

A condensed statement of net position as of September 30, 2020 with comparative balances as of September 30, 2019 follows:

Net Position

	Governmental Activities	
	2020	2019
Current and other assets	\$ 3,329,891	\$ 3,712,291
Capital assets (net of depreciation)	<u>7,459,690</u>	<u>6,779,512</u>
Total assets	10,789,581	10,491,803
Long-term liabilities	204,832	158,447
Other liabilities	<u>308,624</u>	<u>270,879</u>
Total liabilities	513,456	429,326
Net Position:		
Net Investment in capital assets	7,346,392	6,779,512
Restricted	1,822,126	2,487,202
Unrestricted	<u>1,107,607</u>	<u>795,763</u>
Total Net Position	<u>\$ 10,276,125</u>	<u>\$ 10,062,477</u>

\$401,533 of the City's net position is restricted for library purposes, \$1,267,606 is restricted for redevelopment, and \$152,987 is restricted for storm water and other uses. The remaining balance of *unrestricted net position* of \$1,107,607 may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased by \$213,648 during the current fiscal year. The following is a summary of the information presented in the statement of activities for the fiscal year ended September 30, 2020 with comparative totals for the fiscal year ended September 30, 2019:

Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 589,393	\$ 795,924
Operating grants	112,130	35,113
Capital grants	<u>215,499</u>	<u>77,965</u>
	<u>917,022</u>	<u>909,002</u>
General revenues:		
Taxes	2,577,367	2,497,546
Other	<u>921,140</u>	<u>561,294</u>
Total revenues	<u>4,415,529</u>	<u>3,967,842</u>
Expenses:		
General government	972,194	1,127,990
Public safety	1,415,407	1,245,461
Planning	546,906	443,718
Public works	860,192	682,916
Culture and recreation	<u>407,182</u>	<u>414,855</u>
Total expenses	<u>4,201,881</u>	<u>3,914,940</u>
Change in Net Position	<u>213,648</u>	<u>52,902</u>
Net Position – Beginning of year	<u>10,062,477</u>	<u>10,009,575</u>
Net Position – End of year	<u>\$ 10,276,125</u>	<u>\$ 10,062,477</u>

Revenues were \$4,415,529 compared to expenses of \$4,201,881. Revenues increased \$447,687 due to an increase in Ad Valorem taxes of \$79,821 and a legal settlement of \$350,000. Expenses increased by \$286,941 due largely to professional fees paid in relation to stormwater maintenance and improvements, as well as increased attorney fees.

Financial Analysis of the City's Funds

The City utilizes governmental funds that include the General Fund, the CRA Fund and the Library Fund.

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

As of the end of the current fiscal year, the City's general fund reported an ending fund balance of \$1,258,248, an increase of \$186,430 in comparison with the prior year. Of this total \$678,679 is *unassigned fund balance*, which is available for spending at the City's discretion. \$112,298 of fund balance is non-spendable due to prepaid items, \$314,284 is committed for equipment replacement and cell tower proceeds expenditures, and \$152,987 is restricted for storm water and other uses.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balances represents approximately 18.84% of total general fund expenditures, while total fund balance approximates 34.93%.

The fund balance of the City's general fund increased by \$186,430 during the current fiscal year. Revenues were \$3,791,632, expenditures were \$3,602,304, and net other financing sources were (\$2,898). The general fund increase in fund balance is largely due to increased revenues and decreased expenditures. Revenues increased \$292,838 due to a legal settlement of \$350,000 offset by a reduction in licenses and permits of \$157,941 due to the pandemic. Expenditures decreased \$208,176 due largely to capital outlay which decreased by \$332,612 from the prior year. This was offset by increases in other expenditures as discussed above.

The fund balance of the City's special revenue fund for redevelopment decreased by \$660,010. Revenues were \$529,184, expenditures were \$1,278,412 and transfers in were \$89,218. The decrease was due to capital improvements done in the redevelopment district, which included enhancements to Bridge Street.

The Library Fund operations are restricted to use for the Bradenton Beach Public Library. Fund balance for the year decreased by \$40,445. Revenues were \$883, and expenses were \$41,278.

General Fund Budgetary Highlights

During the year, the General Fund budget was not amended. The original and final budgeted revenues were \$5,262,261 and the original and final budgeted expenditures were \$5,414,456. For the current fiscal year, actual revenues were less than budgeted revenues by \$1,470,629, due largely to anticipated grant revenues that were not utilized during the year. Similarly, actual expenditures were less than budgeted expenditures by \$1,812,152 related to capital outlay anticipated under these grant agreements.

The General Fund budget is presented as required supplementary information on page 25.

Capital Assets

The City's investment in capital assets amounts to \$7,459,690 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and machinery and equipment. The City's investment in capital assets for the current fiscal year increased \$680,178. This was comprised of \$1,174,988 of capital additions and \$494,810 of depreciation expense.

The following is a condensed schedule of capital assets as of September 30, 2020 with comparative totals for September 30, 2019:

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 800,453	\$ 800,453
Construction in progress	355,757	246,754
Infrastructure	5,328,875	4,696,358
Building and Improvements	757,453	826,513
Machinery and equipment	<u>217,152</u>	<u>209,434</u>
Total	<u>\$ 7,459,690</u>	<u>\$ 6,779,512</u>

See note 3 of this report for additional information on the City's capital assets.

Economic Factors and Next Year's Budgets and Rates

The millage rate in the fiscal 2021 budget is 2.3329, which is the same rate as the 2020 budget.

The City's budgeted revenues in the general fund for fiscal year 2021 are \$8,392,828. Budgeted expenditures amount to \$8,326,959, including transfers. Budgeted revenues in fiscal year 2021 in the CRA fund are \$1,255,959. Budgeted expenditures for the CRA are \$2,535,197.

The 2021 budget anticipates grant proceeds for stormwater capital asset improvements.

Requests for Information

This financial report is designed to provide a general overview of the City of Bradenton Beach, Florida's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Director at City of Bradenton Beach, Florida, 107 Gulf Drive North, Bradenton Beach, Florida 34217.

CITY OF BRADENTON BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities
ASSETS	
Cash-unrestricted	\$ 388,215
Cash-restricted	810,426
Investments-unrestricted	338,164
Investments-restricted	1,072,716
Accounts receivable	404,701
Due from other governmental units	201,046
Prepaid expenses	114,623
Capital assets	
Land	800,453
Construction in progress	355,757
Infrastructure	5,328,875
Buildings and improvements	757,453
Equipment	217,152
Total Assets	10,789,581
LIABILITIES	
Accounts payable	218,076
Accrued expenses	52,754
Unearned revenue	37,794
Non current liabilities	
Due within one year	51,317
Due in more than one year	153,515
Total Liabilities	513,456
NET POSITION	
Net investment in capital assets	7,346,392
Restricted for:	
Redevelopment	1,267,606
Library	401,533
Stormwater and other	152,987
Unrestricted	1,107,607
TOTAL NET POSITION	\$ 10,276,125

The accompanying notes are an integral part of these financial statements

CITY OF BRADENTON BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>Functions/Programs</u>	Program Revenues				Net (Expenses) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 972,194	\$ 147,524	\$ 62,130	\$ -	\$ (762,540)
Public safety	1,415,407	142,674	-	-	(1,272,733)
Planning	546,906	203,695	-	-	(343,211)
Public works	860,192	500	-	149,382	(710,310)
Culture and recreation	407,182	95,000	50,000	66,117	(196,065)
Total Governmental Activities	4,201,881	589,393	112,130	215,499	(3,284,859)
Total Government	\$ 4,201,881	\$ 589,393	\$ 112,130	\$ 215,499	(3,284,859)
Ad Valorem taxes					1,906,652
Sales tax					209,801
Service tax					391,354
Other taxes					69,560
State revenue sharing					46,184
Franchise fees					224,126
Storm water fees					269,892
Interest					19,208
Legal settlement					350,500
Other					11,230
Total general revenues					3,498,507
Change in Net Position					213,648
Net Position - Beginning					10,062,477
Net Position - Ending					\$ 10,276,125

The accompanying notes are an integral part of these financial statements

CITY OF BRADENTON BEACH, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General	CRA	Library	Total Governmental Funds
ASSETS				
Cash–unrestricted	\$ 388,215	\$ -	\$ -	\$ 388,215
Cash–restricted	152,987	385,177	272,262	810,426
Investments – unrestricted	338,164	-	-	338,164
Investments – restricted	-	945,109	127,607	1,072,716
Accounts receivable	404,701	-	-	404,701
Due from other governmental units	122,929	78,117	-	201,046
Prepaid items	112,298	531	1,794	114,623
TOTAL ASSETS	<u>\$ 1,519,294</u>	<u>\$ 1,408,934</u>	<u>\$ 401,663</u>	<u>\$ 3,329,891</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 104,735	\$ 113,211	\$ 130	\$ 218,076
Accrued expense	52,754	-	-	52,754
Unearned revenue	37,794	-	-	37,794
Total Liabilities	<u>195,283</u>	<u>113,211</u>	<u>130</u>	<u>308,624</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	65,763	28,117	-	93,880
Fund balance:				
Nonspendable:				
Spendable:				
Restricted	112,298	531	1,794	114,623
Committed	152,987	1,267,075	399,739	1,819,801
Assigned	314,284	-	-	314,284
Unassigned	-	-	-	-
Total Fund Balances	678,679	-	-	678,679
Total Fund Balances	<u>1,258,248</u>	<u>1,267,606</u>	<u>401,533</u>	<u>2,927,387</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,519,294</u>	<u>\$ 1,408,934</u>	<u>\$ 401,663</u>	<u>\$ 3,329,891</u>

The accompanying notes are an integral part of these financial statements

**CITY OF BRADENTON BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Amounts reported for governmental activities in the statement of net position are different because:

Fund Balance – Governmental Funds	\$	2,927,387
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		7,459,690
Long-term liabilities, including compensated absences, are not due in the current period and therefore are not reported in the funds		
Capital leases		(113,298)
Compensated absences		(91,534)
Transactions recorded as revenues in the statement of activities, but did not meet the availability criteria under the modified accrual basis of accounting, and therefore are considered to be unavailable revenue until available in the fund statements		93,880
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 10,276,125</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF BRADENTON BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General	CRA	Library	Total Governmental Funds
REVENUES				
Ad Valorem taxes	\$ 1,449,275	\$ 457,377	\$ -	\$ 1,906,652
State shared revenue	325,545	-	-	325,545
Franchise fees	224,126	-	-	224,126
Service tax	391,354	-	-	391,354
Storm water fees	269,892	-	-	269,892
Licenses and permits	351,571	-	-	351,571
Court/local fines	42,890	-	-	42,890
Interest	6,568	11,807	833	19,208
Interlocal agreements	94,236	50,000	-	144,236
Grants	173,749	10,000	-	183,749
Legal settlement	350,500	-	-	350,500
Other	111,926	-	-	111,926
Total Revenues	3,791,632	529,184	833	4,321,649
EXPENDITURES				
Administration department	785,198	-	-	785,198
Public safety	1,278,747	76,634	-	1,355,381
Planning department	392,738	153,511	-	546,249
Public works	836,717	490	-	837,207
Culture and recreation	60,448	92,464	41,278	194,190
Debt service	28,781	-	-	28,781
Capital outlay	219,675	955,313	-	1,174,988
Total Expenditures	3,602,304	1,278,412	41,278	4,921,994
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	189,328	(749,228)	(40,445)	(600,345)
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	86,320	-	-	86,320
Transfers in	-	89,218	-	89,218
Transfers out	(89,218)	-	-	(89,218)
Total other financing sources (uses)	(2,898)	89,218	-	86,320
NET CHANGE IN FUND BALANCES	186,430	(660,010)	(40,445)	(514,025)
FUND BALANCES – October 1, 2019	1,071,818	1,927,616	441,978	3,441,412
FUND BALANCES – September 30, 2020	\$ 1,258,248	\$ 1,267,606	\$ 401,533	\$ 2,927,387

The accompanying notes are an integral part of these financial statements

**CITY OF BRADENTON BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balance – total governmental funds	\$ (514,025)
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 and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	680,178
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount is the change in compensated absences.	14,350
The issuance of long-term debt, including capital leases, 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. These amounts do not effect net position in the government wide financial statements.	
Proceeds from capital lease	(86,320)
Principal payments on capital lease	25,585
Revenues in the statement of activities that do not provide current financial resources as they do not meet the availability criteria and are not reported as revenues in the funds. This amount represents the change in unavailable revenue.	<u>93,880</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 213,648</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Bradenton Beach, (the "City"), was incorporated under the laws of Florida Chapter 5864 on December 28, 1952, succeeding the Town of Bradenton Beach. The present charter provides for a Mayor and a four member Commission. Under the present charter, the City has the power to impose license taxes on occupations, to levy taxes on City property and to levy charges for services as required for the improvement and government of the City. Services authorized to be provided under the present charter are as follows: public safety, streets and roads, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

During the 1991 fiscal year, the City established the Community Redevelopment Agency (CRA), which was comprised of a five member Board of Commissioners. The original CRA was dissolved in July of 1994 and the City Commission was appointed as the board of the replacement CRA. As such, the CRA is considered part of the primary government. It is included in these financial statements as a special revenue fund. The CRA is responsible for carrying out the rehabilitation, conservation and redevelopment of the Community Redevelopment Program. The related tax increment revenue is included in this Special Revenue Fund.

B. BASIS OF PRESENTATION

BASIS OF ACCOUNTING: BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS – The City's basic financial statements include Government-wide (which report on the City as a whole) and Fund financial statements (which report on the General, CRA and Library funds). The basic financial statements present only governmental activities, as the City conducts no business-type activities. The Government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. For the most part, interfund activity has been removed from these statements. Government-wide financial statements include a Statement of Net Position and a Statement of Activities. The Statement of Net Position reports all financial and capital resources of the City's governmental activities. It is presented in a net position format (assets plus deferred outflows less liabilities plus deferred inflows equal net position) and shown with three components: net investment in capital assets, restricted net position and unrestricted net position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues.

**CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. BASIS OF PRESENTATION – CONTINUED

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges for services including licenses and permits, fines and other related revenues and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS – The City's accounts are organized on the basis of funds, which are self-balancing set of accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, reserves, fund balance, revenues and expenditures. The City utilizes governmental funds, which follow the modified accrual basis of accounting. Under this method, revenues are recorded when they become 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. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a fund liability is incurred. The City reports the following governmental funds, which are major funds:

GOVERNMENTAL FUNDS

GENERAL FUND – The General Fund is the general operating fund of the City. All general tax revenues are accounted for in this fund. General operating expenditures and capital expenditures of the City are paid from this fund.

SPECIAL REVENUE FUNDS

The City has two special revenue funds both of which are considered to be major funds. The Community Redevelopment Agency (CRA) fund accounts for the related tax increment revenue. The Library fund accounts for the expenditures and revenues relating to the Bradenton Beach City Library. Under the terms of a last will and testament, the City was granted a bequest in 1989 which must be used for the expansion and operations of the Bradenton Beach City Library, Inc., a/k/a the Bradenton Beach Library Board. The monies spent are subject to the review and approval of the Library Board.

C. CAPITAL ASSETS

Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 and an estimated useful life of longer than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal repair and maintenance that do not add to the value of the asset or extend the useful life of the asset are expensed as incurred. The City has elected to report general infrastructure assets on a prospective basis only.

**CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. CAPITAL ASSETS – CONTINUED

Property, plant and equipment of the City are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	30 – 40
Improvements and infrastructure	10 – 20
Vehicles	5
Furniture, fixtures and equipment	3 – 12

D. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term obligations are reported as liabilities. In the fund financial statements, no long-term obligations are reported as they are not due to be paid from current financial resources.

E. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all of the governmental funds. Expenditures should not exceed total appropriations. All annual appropriations lapse at fiscal year end. Budget amendments are approved by the City Commission.

- F. PROPERTY TAXES** – Property taxes become due and payable on November 1st of each year. The County Tax Collector remits the City's portion as such revenues are received. The City collects nearly all of its tax revenue during the period November 1 through April 1, at which time the property taxes become delinquent. The key dates in the property tax cycle are as follows:

Assessment roll validated	July 1
Millage resolution approved	September 30
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Property taxes payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31

Property taxes are recognized as revenue in the fiscal year for which the taxes have been levied to the extent they result in current receivables. Under the system outlined above, no material amount of taxes is receivable at the end of the fiscal year.

CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. CASH AND CASH EQUIVALENTS

All checking, savings, money market investments and cash with fiscal agents are considered to be cash and cash equivalents. The City's policy is to consider all certificates of deposit to be investments.

H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position/balance sheet may include a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Similarly, in addition to liabilities, the City may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2020, the City had one item that qualified as a deferred inflow on the balance sheet – governmental funds which represented revenue that did not meet the availability criteria under the modified accrual basis of accounting.

I. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. NET POSITION

Net position is reported in three parts as applicable: net investment in capital assets; restricted and unrestricted. When both restricted and unrestricted resources are available, restricted resources are used first, and then unrestricted resources, as they are needed.

K. FUND BALANCE

Government Accounting Standards Board Statement (GASB) 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are nonspendable and spendable. Spendable is then further classified as restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

In accordance with GASB Statement 54, the City classified governmental fund balances as follows:

**CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. FUND BALANCE – CONTINUED

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

- Restricted – includes amounts that can be spent only for specific purposes because of State or Federal laws or enabling legislation, or which are externally restricted by providers, such as creditors or grantors.
- Committed – includes amounts that can be spent only for specific purposes that are approved by a formal action of the City Commissioners through a resolution or the budget process.
- Assigned – includes amounts designated for a specific purpose by the City Commissioners through a resolution or the budget process, which are neither restricted nor committed.
- Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City does not have a formal minimum fund balance policy.

<u>NonSpendable:</u>	<u>General Fund</u>	<u>CRA</u>	<u>Library Fund</u>
Prepaid items	\$ 112,298	\$ 531	\$ 1,794
 <u>Spendable:</u>			
Restricted to:			
Stormwater	151,984	-0-	-0-
CRA	-0-	1,267,075	-0-
Library	-0-	-0-	399,739
Chappie Park	1,003	-0-	-0-
Committed to:			
Equipment replacement	48,950	-0-	-0-
Cell Tower proceeds	265,334	-0-	-0-
 <u>Unassigned:</u>			
Unassigned	678,679	-0-	-0-
Total Fund Balances	<u>\$ 1,258,248</u>	<u>\$ 1,267,606</u>	<u>\$ 401,533</u>

**CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. FUND BALANCE – CONTINUED

Total CRA fund balance of \$1,267,606 is restricted for redevelopment and \$401,533 of the library fund balance is restricted for library purposes. These include nonspendable amounts which were spent for these purposes.

L. INTERFUND RECEIVABLES/PAYABLES – Interfund receivables/payables arise from temporary interfund transfers. When a fund has an interfund receivable and an interfund payable to the same fund, the amounts are recorded in separate accounts. Internal activity and balances between governmental funds have been eliminated in the government-wide statement of net position. There were no interfund receivables/payables at September 30, 2020.

M. INTERFUND ADVANCES – Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. There were no interfund advances at September 30, 2020.

N. ACCOUNTS RECEIVABLE – All trade receivables are shown net of allowance for doubtful accounts. At September 30, 2020, there was no allowance for doubtful accounts as all receivables are considered to be fully collectible. Net trade receivables are \$404,701 as of September 30, 2020.

NOTE 2 – CASH AND INVESTMENTS

The City's investment policies are governed by State Statutes in addition to its own investment policies. City monies are authorized to be invested in the following:

- (a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest bearing time deposits or savings accounts in state-certified Qualified Public Depositories as defined in Section 280.02, Florida Statutes.
- (d) Direct obligations of the U.S. Treasury.
- (e) Obligations of Federal agencies and instrumentalities.
- (f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. §80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

The City's bank accounts and certificates of deposit are with banking institutions that post collateral as required by state statutes (Qualified Public Depositories). All investments are held in the City's name by the financial institution.

The City's investments are either certificates of deposit or investments with Florida PRIME Fund (Florida PRIME), which is a Local Government Surplus Trust Fund Investment Pool (LGIP) administered by the Florida State Board of Administration (SBA). The City's investments in the pool are through shares owned in the fund and not the underlying investments. The Florida PRIME is considered a 2a-7 like pool. The account balance in the Florida PRIME approximates its fair value and is recognized at amortized cost. The Florida PRIME investments are subject to overnight withdrawal. There is a risk of loss of interest on the investments if there are changes in the underlying indexed base.

Credit Quality

Florida PRIME is rated by Standard and Poor's. The rating as of September 30, 2020 is AAAM.

Interest Rate Risk

The City's policy is to minimize risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The Florida PRIME has a dollar weighted average days to maturity of 48 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of Florida PRIME at September 30, 2020 is 63 days.

Foreign Currency Risk

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2019 through September 30, 2020.

Other GASB No. 79 Disclosures

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee and the Investment Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days.

**CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

Other GASB No. 79 Disclosures – Continued

The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. From October 1, 2019 through September 30, 2020, no such disclosure has been made. Additionally, as of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

At September 30, 2020, the City had investments in the LGIP in the amount of \$1,283,273. For further information regarding the LGIP, readers should refer to the financial statements and disclosures of the Florida State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool.

In addition to the investments in the LGIP, at September 30, 2020, the City’s carrying amount of cash and cash equivalents was \$1,198,641 and the bank balance was \$1,310,458. The City had certificates of deposit classified as investments in the amount of \$127,607. Restricted cash and investments in the special revenue funds represents funds for redevelopment and library purposes.

NOTE 3 – CAPITAL ASSETS

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

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>End of Year</u>
<u>Governmental Activities</u>					
Assets not being depreciated:					
Land	\$ 800,453	\$ -0-	\$ -0-	\$ -0-	\$ 800,453
Construction in progress	<u>246,754</u>	<u>198,747</u>	<u>-0-</u>	<u>(89,744)</u>	<u>355,757</u>
Total capital assets, not being fully depreciated	1,047,207	198,747	-0-	(89,744)	1,156,210
Capital assets being depreciated:					
Building and improvements	2,002,842	-0-	-0-	-0-	2,002,842
Infrastructure	6,416,987	874,854	-0-	89,744	7,381,585
Furniture and equipment	<u>1,307,091</u>	<u>101,387</u>	<u>(6,740)</u>	<u>-0-</u>	<u>1,401,738</u>
Total capital assets being depreciated	9,726,920	976,241	(6,740)	89,744	10,786,165
Less accumulated depreciation for:					
Buildings and improvements	1,176,329	69,060	-0-	-0-	1,245,389
Infrastructure	1,720,629	332,081	-0-	-0-	2,052,710
Furniture and equipment	<u>1,097,657</u>	<u>93,669</u>	<u>(6,740)</u>	<u>-0-</u>	<u>1,184,586</u>
Total accumulated depreciation	3,994,615	494,810	(6,740)	-0-	4,482,685
Total capital assets, being depreciated, net	<u>5,732,305</u>	<u>481,431</u>	<u>-0-</u>	<u>89,744</u>	<u>6,303,480</u>
Governmental activities capital assets, net	<u>\$ 6,779,512</u>	<u>\$ 680,178</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 7,459,690</u>

**CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – CAPITAL ASSETS – CONTINUED

Depreciation expense in the governmental activities was allocated as follows: General Government \$189,898, Public Safety \$64,152, Planning \$1,412, Public Works \$26,187, and Culture and Recreation \$213,161.

NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statements of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The reconciliation between the net changes in fund balances – total governmental funds as reported in the statement of revenues, expenditures and changes in fund balances, and the changes in net position as reported in the statement of activities is included on page 13 of the basic financial statements. One line in that reconciliation explains that “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 and reported as depreciation expense.” The detail of the difference is shown below:

Capital additions reported as expenditures in the General Fund and CRA Fund	\$ 1,174,988
Depreciation expense	<u>(494,810)</u>
	<u>\$ 680,178</u>

NOTE 5 – RETIREMENT PLAN

Effective January 1, 1988, the City offers its employees a defined contribution pension plan. The plan is a Simplified Employee Pension Plan administered by Prudential Securities. The funds are held under the name of each participant with the insurance company, credit union, or a bank of the participant’s choice.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the City Commission. For each employee in the pension plan, the City is required to contribute 13.5 percent of annual regular salary. Employees are not eligible to contribute to the plan through payroll deductions. For the year ended September 30, 2020, the City recognized pension expense of \$158,130.

Employees are eligible to participate in the plan after one year of service and participation in the Plan is elective. Employees are vested 100% immediately provided they earned greater than \$300 in the year prior to the beginning of the current year. There were no forfeitures available or used in the current year.

NOTE 6 – LONG-TERM LIABILITIES

The City provides vacation pay and sick leave to its employees. Accrued vacation pay of \$80,333 and accrued sick leave of \$11,201 is included as a liability in the government-wide financial statements. Upon retirement from the City, after 20 years of service, or reaching age 62, the employee is entitled to one-half of their accumulated sick time. The City has estimated the accrued sick time based on this policy. Accrued compensated absences are typically liquidated from the General Fund.

**CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – LONG-TERM LIABILITIES – CONTINUED

The City entered into a lease agreement in 2018 for financing the acquisition of police vehicles. The lease agreement qualifies as a capital lease and has been recorded at the present value of the future minimum lease payments as of the inception date. Interest is charged at 5.45%. The police vehicles were recognized as a capital asset addition in the amount of \$104,730 and accumulated depreciation was \$52,366 as of September 30, 2020.

The City entered into a lease agreement in 2020 for financing the acquisition of police vehicles. The lease agreement qualifies as a capital lease and has been recorded at the present value of the future minimum lease payments as of the inception date. Interest is charged at 2.38%. The police vehicles were recognized as a capital asset addition in the amount of \$85,320 and accumulated depreciation was \$14,220 as of September 30, 2020. Future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2020 were as follows:

Year Ending September 30	Amount
2021	\$ 51,317
2022	22,869
2023	22,869
2024	<u>22,869</u>
Total	119,924
Less interest	<u>(6,626)</u>
Total principal payments	113,298
Current portion	<u>(51,317)</u>
Long-term portion	<u>\$ 61,981</u>

The following is a summary of changes in the City's long-term liabilities:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>	<u>Due Within One Year</u>
Compensated absences	\$ 105,884	\$ 65,212	\$ (79,562)	\$ 91,534	\$ -0-
Capital lease	<u>52,563</u>	<u>86,320</u>	<u>(25,585)</u>	<u>113,298</u>	<u>51,317</u>
	<u>\$ 158,447</u>	<u>\$ 151,532</u>	<u>\$ (105,147)</u>	<u>\$ 204,832</u>	<u>\$ 51,317</u>

NOTE 7 – INTERFUND BALANCES

Interfund balances arise from the general fund cash account being the primary disbursement account for the City. As of September 30, 2020, there were no interfund balances.

NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – CONTINGENCIES

The City is a defendant in various lawsuits which are in different stages in the legal process. The City does not believe the outcome of these cases will have a material effect on its financial position.

Management of the City is evaluating the risks associated with the COVID-19 pandemic. Management of the City is in the process of implementing risk mitigation as to the risk of impact, if any, of COVID-19 related to all aspects of the City's business transactions and human interaction within and outside of the City. However, the City cannot, at this time, make a determination on the ultimate impacts of the COVID-19 pandemic.

NOTE 10 – OPERATING LEASES

The City of Bradenton Beach (Lessor) leases space on the Bradenton Beach Pier. The Pier facility and its related assets are recognized at a cost of \$4,123,048 and is recorded in the government-wide financial statements, net of accumulated depreciation of \$1,612,180. In September of 2015, the City entered into a lease agreement, which expires on December 31, 2020. The lease has three additional five year renewal terms. A lease year is based on a calendar year basis. The first year's base rent is \$32,000, and years two-five is \$42,000 per year. Commencing on the sixth anniversary date and the anniversary of such date throughout any renewal period, the base rent will increase by 3% per lease year. Current year rental income was \$42,000. In addition to the base rent, the tenant shall make a monthly payment to the City equal to 2% of gross revenue which for the year ended September 30, 2020 was \$52,999. Future minimum rental payments to be received were as follows:

<u>September 30,</u>	
2021	<u>\$ 10,500</u>
	<u>\$ 10,500</u>

Subsequent to December 31, 2020, the City began negotiations with the lessee on the lease renewal. As of May 7, 2021, the negotiations continue and the lessee is leasing the space on a month-to-month basis.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**CITY OF BRADENTON BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Ad Valorem taxes	\$ 1,507,745	\$ 1,507,745	\$ 1,449,275	\$ (58,470)
State shared revenue	411,990	411,990	325,545	(86,445)
Franchise fees	221,915	221,915	224,126	2,211
Service tax	401,012	401,012	391,354	(9,658)
Storm water fees	292,000	292,000	269,892	(22,108)
Licenses and permits	419,450	419,450	351,571	(67,879)
Court/local fines	41,623	41,623	42,890	1,267
Interest	11,600	11,600	6,568	(5,032)
Interlocal agreements	98,948	98,948	94,236	(4,712)
Grants	1,762,928	1,762,928	173,749	(1,589,179)
Legal settlement	-	-	350,500	350,500
Other	93,050	93,050	111,926	18,876
Total Revenues	5,262,261	5,262,261	3,791,632	(1,470,629)
EXPENDITURES				
Administration department	787,621	787,621	785,198	2,423
Public safety	1,272,127	1,272,127	1,278,747	(6,620)
Planning department	435,884	435,884	392,738	43,146
Public works	967,055	967,055	836,717	130,338
Culture and recreation	333,712	333,712	60,448	273,264
Debt service	-	-	28,781	(28,781)
Capital outlay	1,618,057	1,618,057	219,675	1,398,382
Total Expenditures	5,414,456	5,414,456	3,602,304	1,812,152
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(152,195)	(152,195)	189,328	341,523
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	-	86,320	86,320
Transfers out	(101,603)	(101,603)	(89,218)	12,385
Total other financing sources (uses)	(101,603)	(101,603)	(2,898)	98,705
NET CHANGE IN FUND BALANCES	(253,798)	(253,798)	186,430	440,228
FUND BALANCE – October 1, 2019	1,071,818	1,071,818	1,071,818	-
FUND BALANCE – September 30, 2020	\$ 818,020	\$ 818,020	\$ 1,258,248	\$ 440,228

Note 1 – Summary of Significant Accounting Policies

The City is required to establish a budgetary system and an approved annual budget for the General Fund. The City's budgeting process is based on estimates of cash receipts and cash expenditures that are approved by the City Commission. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

**CITY OF BRADENTON BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL—CRA FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Ad Valorem taxes	\$ 399,752	\$ 399,752	\$ 457,377	\$ 57,625
Interest	5,500	5,500	11,807	6,307
Interlocal agreements	98,145	98,145	50,000	(48,145)
Grants	500,000	500,000	10,000	(490,000)
Total Revenues	<u>1,003,397</u>	<u>1,003,397</u>	<u>529,184</u>	<u>(474,213)</u>
EXPENDITURES				
Operating	312,397	312,397	323,099	(10,702)
Capital outlay	2,353,622	2,353,622	955,313	1,398,309
Total Expenditures	<u>2,666,019</u>	<u>2,666,019</u>	<u>1,278,412</u>	<u>1,387,607</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,662,622)	(1,662,622)	(749,228)	913,394
OTHER FINANCING SOURCES (USES)				
Transfers in	101,603	101,603	89,218	(12,385)
Total other financing sources (uses)	<u>101,603</u>	<u>101,603</u>	<u>89,218</u>	<u>(12,385)</u>
NET CHANGE IN FUND BALANCES	(1,561,019)	(1,561,019)	(660,010)	901,009
FUND BALANCE – October 1, 2019	<u>1,927,616</u>	<u>1,927,616</u>	<u>1,927,616</u>	<u>-</u>
FUND BALANCE – September 30, 2020	<u>\$ 366,597</u>	<u>\$ 366,597</u>	<u>\$ 1,267,606</u>	<u>\$ 901,009</u>

Note 1 – Summary of Significant Accounting Policies

The City is required to establish a budgetary system and an approved annual budget for the CRA Fund. The City's budgeting process is based on estimates of cash receipts and cash expenditures that are approved by the City Commission. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

**CITY OF BRADENTON BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL—LIBRARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL FAVORABLE (UNFAVORABLE)
REVENUES				
Interest	\$ 1,000	\$ 1,000	\$ 833	\$ (167)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>833</u>	<u>(167)</u>
EXPENDITURES				
Personal services	23,276	23,276	24,997	(1,721)
Operating	19,675	19,675	16,281	3,394
Capital outlay	2,100	2,100	-	2,100
Total Expenditures	<u>45,051</u>	<u>45,051</u>	<u>41,278</u>	<u>3,773</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(44,051)	(44,051)	(40,445)	3,606
FUND BALANCE – October 1, 2019	<u>441,978</u>	<u>441,978</u>	<u>441,978</u>	<u>-</u>
FUND BALANCE – September 30, 2020	<u>\$ 397,927</u>	<u>\$ 397,927</u>	<u>\$ 401,533</u>	<u>\$ 3,606</u>

Note 1 – Summary of Significant Accounting Policies

The City is required to establish a budgetary system and an approved annual budget for the Library Fund. The City's budgeting process is based on estimates of cash receipts and cash expenditures that are approved by the City Commission. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

OTHER SUPPLEMENTAL INFORMATION

CITY OF BRADENTON BEACH, FLORIDA
 DETAIL SCHEDULE OF EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	GENERAL FUND			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
EXPENDITURES				
Administration department				
Personal services	\$ 462,121	\$ 462,121	\$ 431,619	\$ 30,502
Operating	325,500	325,500	353,579	(28,079)
Capital outlay	-	-	-	-
Police department				
Personal services	1,135,327	1,135,327	1,089,050	46,277
Operating	136,800	136,800	189,697	(52,897)
Debt service	-	-	28,781	(28,781)
Capital outlay	59,008	59,008	96,186	(37,178)
Planning department				
Personal services	112,434	112,434	112,362	72
Operating	323,450	323,450	280,376	43,074
Capital outlay	6,000	6,000	5,202	798
Maintenance/streets and roads				
Personal services	369,123	369,123	302,559	66,564
Operating	94,150	94,150	119,685	(25,535)
Capital outlay	1,458,729	1,458,729	89,048	1,369,681
Facilities management				
Personal services	54,205	54,205	51,528	2,677
Operating	36,500	36,500	74,860	(38,360)
Capital outlay	7,000	7,000	-	7,000
Stormwater				
Personal services	122,793	122,793	122,166	627
Operating	288,784	288,784	164,151	124,633
Capital outlay	87,320	87,320	29,239	58,081
Sanitation				
Operating	1,500	1,500	1,768	(268)
Culture and recreation				
Operating	333,712	333,712	60,448	273,264
Capital outlay	-	-	-	-
Total Expenditures	\$ 5,414,456	\$ 5,414,456	\$ 3,602,304	\$ 1,812,152

OTHER AUDITOR'S REPORTS

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

**To the Honorable Mayor and City Commission
City of Bradenton Beach, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Bradenton Beach, Florida (City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bradenton Beach, Florida's financial statements are free of 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Christopher Smith, Leonard,
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

May 7, 2021
Bradenton, Florida

MANAGEMENT LETTER

To the Honorable Mayor and City Commission
City of Bradenton Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Bradenton Beach, Florida as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated May 7, 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and our 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 7, 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 findings and recommendations made in the preceding annual 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. This information is disclosed in the notes to the financial statements.

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 City of Bradenton Beach, Florida 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 City of Bradenton Beach, Florida was not in a state of financial emergency as it 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 City. It is management's responsibility to monitor the City of Bradenton Beach, Florida'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.

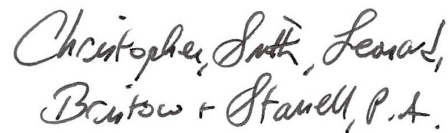
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 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 City Commission and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



**CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.**

May 7, 2021
Bradenton, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

To the Honorable Mayor and City Commission
City of Bradenton Beach, Florida

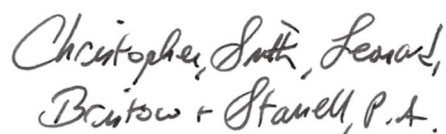
We have examined the City of Bradenton Beach, Florida's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City'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 City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City 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 we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

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

A handwritten signature in black ink that reads "Christopher Smith, Leonard, Bristow & Stanell, P.A.".

CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

May 7, 2021
Bradenton, Florida