

TOWN OF BEVERLY BEACH, FLORIDA

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2021**

REDDISH AND WHITE
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF BEVERLY BEACH, FLORIDA

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REDDISH & WHITE

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the Town Council
Town of Beverly Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Beverly Beach, Florida as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town'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 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 each major fund of the Town of Beverly Beach, Florida as of September 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 on pages 3-7 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 December 7, 2021, on our consideration of the Town of Beverly 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Beverly Beach, Florida's internal control over financial reporting and compliance.

Deborah J. White, CPA

Starke, Florida
December 7, 2021

TOWN OF BEVERLY BEACH, FLORIDA
Management's Discussion and Analysis
For the Year Ended September 30, 2021

Within this section of the Town of Beverly Beach's (the Town) annual financial report, the Town's management provides narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2021. Our discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the Town's financial statements which begin on page 8.

Financial Highlights

- As of September 30, 2021, the assets of the Town exceeded its liabilities by \$1,753,188 (net position). The Town's net position increased by \$63,723 (or 4%) as a result of this year's operations.
- During the year, the Town was awarded \$215,367 in American Rescue Act grant funds to assist the Town in its corona virus relief efforts.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town

would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, and culture and recreation. The Town does not have any business-type activities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds (and/or separate bank accounts) to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are required to be separately reported while all others are combined into a single, aggregated presentation. Presently, the Town has only one fund that encompasses the entire operations of the Town's operations.

Governmental funds

All of the Town's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Since the government-wide focus includes the long-term view, comparisons between the two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund

balances provide reconciliations to the government-wide statements to assist in understanding the differences between these two perspectives.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Financial Analysis of the Town as a Whole

The Town's net position increased by \$63,723 (or 4%) from the prior year. The capital assets are shown net of depreciation. The following table provides the details for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Current assets	\$816,325	\$623,006
Capital assets	<u>1,053,242</u>	<u>1,076,083</u>
Total assets	<u>1,869,567</u>	<u>1,699,089</u>
Long-term debt	(0)	(0)
Current liabilities	<u>(116,379)</u>	<u>(9,624)</u>
Total liabilities	<u>(116,379)</u>	<u>(9,624)</u>
Net position:		
Net Investment in capital assets	1,053,242	1,076,083
Restricted	120,822	101,689
Unrestricted	<u>579,124</u>	<u>511,693</u>
Total net position	<u>\$1,753,188</u>	<u>\$1,689,465</u>

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. Note that 60% of the Town's net position is classified as investment in capital assets. The Town uses these capital assets to provide services to its citizens.

The following is a summary of the Town's increase in net position for the years ended September 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Revenues		
Taxes	\$224,262	\$228,687
Licenses, Permits, and Fees	36,339	32,397
Intergovernmental	28,043	20,463
Private Contribution	1,070	100,000
Miscellaneous	<u>1,126</u>	<u>2,287</u>
Total	<u>290,840</u>	<u>383,834</u>
Expenditures		
Current:		
General Government	122,763	117,214
Public Safety	3,323	3,530
Physical Environment	76,511	78,234
Transportation	<u>24,520</u>	<u>27,688</u>
Total	<u>227,117</u>	<u>226,666</u>
Change in net position	<u>\$ 63,723</u>	<u>\$ 157,168</u>

Financial Analysis of the Town's General Fund

The general fund is reported in the fund financial statements with a short-term, inflow and outflow of spendable resource focus. This information may be useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. For the year ended September 30, 2021, the general fund reported an excess of revenues over expenditures of \$86,564. The Town also received \$107,684 in grant funds that are classified as advance collections until the Town expends the grant funds for their intended purpose which is to assist in the corona virus relief efforts.

General Fund Budgetary Highlights

The Town's budget was not amended during the year.

The Town realized 105% of the total final budgeted revenues but the Town expended only 74% of its budgeted expenditures.

As a result, the Town reported a favorable variance of over \$86,500 from the final budget.

Capital Asset and Debt Administration

The Town incurred approximately \$15,500 in improvements to the Town's memorial during the year. This amount was for a turtle sculpture, two benches, and for pavers. The Town does not have any long-term debt for the 4th consecutive year.

Economic Environment and Next Year's Budgets and Rates

Local governments primarily rely on taxes and state shared revenues received from the State of Florida and a limited array of other taxes and fees to finance the governmental activities. The Town anticipates that these amounts will not increase or decrease significantly.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Town clerk's office at (386) 439-6888.

TOWN OF BEVERLY BEACH

STATEMENT OF NET POSITION SEPTEMBER 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$387,164
Cash and cash equivalents - Restricted	118,750
Investments in TCD	303,428
Prepaid Expenses	3,605
Due from other Governments	1,306
Due from other Governments - Restricted	2,072

Total Current Assets 816,325

Non-current Assets

Capital Assets	<u>1,053,242</u>
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Total non-current assets 1,053,242

TOTAL ASSETS \$1,869,567

LIABILITIES

Current Liabilities

Accounts payable	\$8,695
Unearned Revenue	<u>107,684</u>

Total current liabilities 116,379

NET POSITION

Net Investment in capital assets	1,053,242
Restricted	120,822
Unrestricted	<u>579,124</u>

TOTAL NET POSITION 1,753,188

TOTAL LIABILITIES AND NET POSITION \$1,869,567

See accompanying notes to the financial statements.

TOWN OF BEVERLY BEACH

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUE (EXPENSE)
		FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Government Activities:					
General Government	\$122,763	\$2,082	\$0	\$1,070	(\$119,611)
Public Safety	3,323	0	4,026	0	703
Physical Environment	76,511	0	0	0	(76,511)
Transportation	24,520	0	0	0	(24,520)
Total Governmental activities	<u>\$227,117</u>	<u>\$2,082</u>	<u>\$4,026</u>	<u>\$1,070</u>	<u>(\$219,939)</u>
Primary Government					
					Governmental
					Activities
					Total
Change in net assets:					
Net revenue (expense)				<u>(\$219,939)</u>	<u>(\$219,939)</u>
General Revenues:					
Taxes:					
Property				182,535	182,535
Local Option Gas Tax				8,790	8,790
Discretionary Sales Surtax				17,283	17,283
Communication Service Tax				15,654	15,654
Franchise Fees				34,257	34,257
State Shared Revenues					
Half Cent Sales Tax				16,102	16,102
State Revenue Sharing				7,915	7,915
Investment Income				1,096	1,096
Miscellaneous				30	30
Total General Revenues				<u>283,662</u>	<u>283,662</u>
Change in Net Position				63,723	63,723
Net Position, Beginning of Year				<u>1,689,465</u>	<u>1,689,465</u>
Net Position, Ending of Year				<u>\$1,753,188</u>	<u>\$1,753,188</u>

See accompanying notes to the financial statements.

TOWN OF BEVERLY BEACH

BALANCE SHEET - GOVERNMENTAL FUNDS SEPTEMBER 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$387,164
Cash and cash equivalents - Restricted	118,750
Investments in TCD	303,428
Prepaid Expenses	3,605
Due from Other Governments	1,306
Due from Other Governments - Restricted	2,072

Total Current Assets 816,325

TOTAL ASSETS \$816,325

LIABILITIES AND FUND BALANCES

LIABILITIES

Current Liabilities

Accounts payable and Accrued Expenses	\$8,695
Advance Collections	107,684
Total Current Liabilities	<u>116,379</u>

TOTAL LIABILITIES 116,379

FUND BALANCES

Nonspendable	3,605
Restricted	120,822
Assigned	537,679
Unassigned	37,840

TOTAL FUND BALANCES 699,946

TOTAL LIABILITIES AND FUND BALANCES \$816,325

See accompanying notes to the financial statements.

TOWN OF BEVERLY BEACH

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET VS ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

REVENUES	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
General Revenues:				
Taxes:				
Property	\$189,707	\$189,707	\$182,535	(\$7,172)
Local Option Gas Tax	7,275	7,275	8,790	1,515
Discretionary Sales Surtax	20,623	20,623	17,283	(3,340)
Communication Services Tax	14,238	14,238	15,654	1,416
Permits, Fees, and Licenses				
Franchise Fees	25,000	25,000	34,257	9,257
Mobile Home Licenses	900	900	886	(14)
Other Licenses, Permits, and Fees	500	500	1,196	696
State Shared:				
Half Cent Sales Tax	10,718	10,718	16,102	5,384
State Revenue Sharing	7,695	7,695	7,915	220
Grants	0	0	4,026	4,026
Investment Income	410	410	1,096	686
Contribution	0	0	1,070	1,070
Miscellaneous	0	0	30	30
TOTAL REVENUES	<u>277,066</u>	<u>277,066</u>	<u>290,840</u>	<u>13,774</u>
EXPENDITURES				
Current:				
General Government	147,658	147,658	98,877	48,781
Public Safety	3,250	3,250	3,323	(73)
Physical Environment	80,630	80,630	76,511	4,119
Transportation	20,635	20,635	2,783	17,852
Capital Outlay:				
General Government	14,393	14,393	17,522	(3,129)
Transportation	10,500	10,500	5,260	5,240
TOTAL EXPENDITURES	<u>277,066</u>	<u>277,066</u>	<u>204,276</u>	<u>72,790</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0	0	86,564	86,564
FUND BALANCE, BEGIN OF YEAR	<u>613,382</u>	<u>613,382</u>	<u>613,382</u>	
FUND BALANCE, END OF YEAR	<u>\$613,382</u>	<u>\$613,382</u>	<u>\$699,946</u>	

See accompanying notes to the financial statements.

TOWN OF BEVERLY BEACH

Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
September 30, 2021

Total Fund Balance - Total Governmental Funds \$699,946

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

Capital assets of \$1,424,230, net of accumulated depreciation
of \$370,988, are not financial resources and, therefore,
are not reported in the funds. 1,053,242

Net Position of Governmental Activities \$1,753,188

See accompanying notes to the financial statements.

TOWN OF BEVERLY BEACH

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, 2021

Net change in Fund Balances - Total Governmental Funds \$86,564

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over the estimated useful lives and
reported as depreciation expense. This is the amount of
\$38,616 in depreciation expense was more than \$15,775
in capital additions.

(22,841)

Change in Net Position of governmental activities \$63,723

See accompanying notes to the financial statements.

TOWN OF BEVERLY BEACH

Notes to the Financial Statements
For the Year Ended September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The Town of Beverly Beach (the “Town”) was incorporated as a municipality established under the laws of the State of Florida in 1955, as a political subdivision in Flagler County. The Town operates under a Mayor-Council form of government and provides services to its citizens including public safety, sanitation, maintenance of street lights and other general governmental activities.

The Town’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the Town are discussed below.

Financial Reporting Entity

The Town’s basic financial statements include the accounts of all Town operations. As defined by GASB, component units are legally separate entities that are included in the Town’s reporting entity because of the significance of their operating or financial relationships with the Town. Based on the aforementioned criteria, the Town has no component units.

Basis of Presentation

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and the fund financial statements are required to categorize primary activities as either governmental or business type. The Town’s transportation, health and sanitation, and general government services are classified as governmental activities. The Town has no business-type activities.

Basic Financial Statements – Government-wide Statements

In the government-wide Statement of Net Position the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town’s net position is reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide Statement of Activities reports both gross and net cost of each of the Town's functions (general government, transportation, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, transportation, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs by function are normally covered by general government revenues.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are required to be presented for governmental and proprietary activities. The Town has no proprietary activities. These statements are required to present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. The Town currently has only one fund for reporting purposes, the General Fund.

General Fund

The General Fund is the general operating fund of the Town. This fund is used to account for all financial resources, not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government activities in the government-wide financial statements are reported using the economic resources measurement focus and on the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers taxes and licenses as available if collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred. The revenues susceptible to accrual are taxes, franchise fees, and intergovernmental revenues.

Deposits and Investments

The cash balances consist of checking accounts and savings accounts. The investment account consists of two certificate of deposits with an original maturity of thirteen months (\$103,327) and eighteen months (\$200,101).

All monies collected by the Town are required to be deposited in accordance with the laws of the State of Florida. Section 218.415 (17), Florida Statutes, authorizes the Town to invest in the Local Government Surplus Funds Trust, direct obligations of the United States Government, obligations unconditionally guaranteed by the United States Government, time deposits and savings accounts of Florida Qualified Depositories, obligations of Federal Farm Credit Banks, and obligations of the Federal National Mortgage Association.

All cash and investments in time certificates of deposits of the Town are covered by Federal depository insurance or by collateral held by the Town's custodial bank which is pledged to a state trust fund that provides security in accordance with the Florida Security for Deposits Act, Chapter 280, for amounts held in excess of the FDIC coverage. The Florida Security for Public Deposits Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

The Town has not adopted a formal deposit and investment policy that limits the Town's allowable deposits and investments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Receivables are recorded at their estimated net realizable value. Accordingly, they have been adjusted for all known doubtful accounts.

Capital Assets

Capital assets, which include property, plant, equipment, and furniture, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals or betterments are capitalized. Assets capitalized, not including infrastructure, have an original cost of \$1,000 or more. Depreciation has been calculated on each class of property using the straight-line method. The estimated useful lives are as follows:

Buildings, Improvements, and Infrastructure	10 - 50 years
Machinery, Vehicles, Equipment, and Furniture	6 - 15 years

Fund Equity Classifications

Government-wide Financial Statements

Equity is classified as net position and displayed in 3 components:

Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net asset position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. As of September 30, 2021, restricted net position consisted of \$60,987 for transportation related expenditures (including infrastructure), and \$59,835 for infrastructure related expenditures due to enabling legislation.

Unrestricted net position – consist of all other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The Town’s policy is to consider restricted resources as expended whenever both restricted and unrestricted resources are available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

GASB statement No. 54 requires fund balance classifications in the following hierarchy:

Nonspendable fund balance – this classification represents amounts for inventory, prepaid expenses, property held for resale and long-term notes receivable. As of September 30, 2021, there was \$3,605 in nonspendable fund balance for prepaid expenses.

Restricted fund balance – this classification represents amounts restricted to specific purposes that are either *externally imposed by creditors, grantors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation*. This definition is the same as the definition of restricted net assets used in government-wide financial reporting.

Committed fund balance – this classification represents amounts restricted for specific purposes by formal action of the government’s highest level of decision-making authority (i.e. ordinance).

Assigned fund balance – this classification represents amounts constrained by the government’s intent to be used for specific purposes but are neither restricted or committed (i.e. council vote or resolution). As of September 30, 2021, there was \$537,679 assigned fund balance for disaster relief.

Unassigned fund balance – This classification represents amounts that do not belong in any of the previous classifications, that is, the residual classification of the general fund.

The Town considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for which any of those unrestricted fund balance classifications could be used.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Town has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 7, 2021, the date the financial statements were available. No subsequent events have been disclosed.

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

The Town follows the procedures below in establishing the budgetary data reflected in the financial statements:

- In June, the Town Clerk submits to the Town Council a proposed operating budget, for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted in July-August to obtain taxpayer comments.
- In September, the final budget is legally enacted through passage of a resolution.
- The Town Council must approve any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund.
- The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund present a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.
- The fund total is considered the legal level of control.
- The effects of budget amendments, if any, have been applied to the “final “ budgetary data.

NOTE 3 – RISK MANAGEMENT

The Town has purchased insurance to limit the exposure of the following risks of loss: theft of, damage to and destruction of assets; disasters and injuries to employees. Commercial insurance has also been purchased by the Town to cover the risks of loss due to employee errors or omission. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 4 – PROPERTY TAX

The Flagler County Tax Collector bills and collects property taxes for the Town. Town property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the Town’s property tax calendar are presented below:

Lien Date	January 1
Levy Date	November 1
Installment Payments:	
1 st Installment	No later than June 30
2 nd Installment	No later than Sept. 30
3 rd Installment	No later than Dec. 31
4 th Installment	No later than March 31
Regular Payments:	
Discount Periods	November – February
No Discount Period	March
Delinquent Date	April 1

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2021, was as follows:

	<u>Beg of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of year</u>
Non depreciable assets:				
Land	\$ <u>168,990</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>168,990</u>
Depreciable Assets:				
Buildings and Improvements	684,565	13,275	0	697,840
Infrastructure	541,875	0	0	541,875
Fixtures and Equipment	<u>13,025</u>	<u>2,500</u>	<u>0</u>	<u>15,525</u>
Total	1,239,465	15,775	0	1,255,240
Accumulated Depreciation:				
Buildings and Improvements	(230,492)	(20,648)	0	(251,140)
Infrastructure	(96,496)	(16,117)	0	(112,613)
Fixtures and Equipment	<u>(5,384)</u>	<u>(1,851)</u>	0	<u>(7,235)</u>
Accumulated Depreciation	<u>(332,372)</u>	<u>(38,616)</u>	<u>0</u>	<u>(370,988)</u>
Depreciable Assets, Net	<u>907,093</u>	<u>(22,841)</u>	<u>0</u>	<u>884,252</u>
Capital Assets, net	\$ <u>1,076,083</u>	\$ <u>(22,841)</u>	\$ <u>0</u>	\$ <u>1,053,242</u>

The general government department was charged \$22,140 and the transportation department was charged \$16,476 in depreciation expense, respectively, for a total of \$38,616.

NOTE 6 – COMMITMENTS AND UNCOMPLETED CONTRACTS

As of September 30, 2021, the Town has a \$31,400 contract outstanding for installation of pavers for phase II of the memorial garden. The Town expects to complete the project the following year.

The Town was also awarded \$215,367 in American Rescue Plan Act grant funds during the year. This grant is to assist the Town in its corona virus relief efforts. The grant expires December 31, 2024.

**ADDITIONAL ELEMENTS OF REPORT REQUIRED
BY THE RULES OF THE AUDITOR GENERAL AND
THE *GOVERNMENT AUDITING STANDARDS***

REDDISH & WHITE

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

To the Honorable Mayor and Town Council
Town of Beverly Beach, Florida

We have examined the Town of Beverly Beach, Florida's compliance with the requirements of Section 218.415, Florida Statutes during the fiscal year ended September 30, 2021. Management is responsible for Town of Beverly Beach, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Beverly Beach, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about Town of Beverly Beach, Florida's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Town of Beverly Beach, Florida's compliance with specified requirements.

In our opinion, Town of Beverly Beach, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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

Reddish & White, CPAs

Starke, Florida
December 7, 2021

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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 Town Council
Town of Beverly 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 Town of Beverly Beach, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Beverly Beach, Florida's basic financial statements, and have issued our report thereon dated December 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Beverly Beach, Florida'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 Town of Beverly Beach, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Beverly Beach, Florida'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 Town of Beverly Beach, Florida'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.

Reddish & White, CPAs

Starke, Florida
December 7, 2021

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Town Council
Town of Beverly Beach, Florida
Beverly Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Beverly Beach, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report, thereon dated December 7, 2021.

Auditor's Responsibility

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; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 Rules of the Auditor General. Disclosures in those reports, which are dated December 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 or 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 Town of Beverly Beach, Florida was established in 1955 under a charter in accordance with the Laws of Florida, Chapter 165 Florida Statutes. There were no component units related to the Town of Beverly Beach, Florida.

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

Pursuant to Sections 10.554(1)(i)5.c and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures to the Town of Beverly Beach, Florida. It is management's responsibility to monitor the Town of Beverly 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.

Special District Component Units

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

Additional Matters

Section 10.554(1)(e)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 House of Representatives, the Florida Auditor General, Federal and other granting agencies, the commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Reddish & White, CPA's

Starke, Florida
December 7, 2021

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

December 7, 2021

To the Honorable Mayor and the Town Council
Town of Beverly Beach
Beverly Beach, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Beverly Beach, Florida as of and for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated October 28, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Beverly Beach are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2021. We noted no transactions entered into by the Town of Beverly Beach during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the Town of Beverly Beach's financial statements was:

Management's estimate of the useful lives of the fixed assets is based on historical data. We evaluated the key factors and assumptions used to develop the useful lives of the fixed assets in determining that is reasonable in relation to the financial statements taken as a whole.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The adjustments were made to convert the accounting records from the cash basis to the accrual basis of accounting, as anticipated.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 7, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the government unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the commissioners and management of the Town of Beverly Beach, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Reddish & White, CPAs