

**CITY OF BRADENTON BEACH, FLORIDA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

**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, 2021, 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 City'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, 2021, 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.

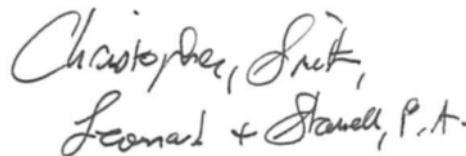
### *Other Information*

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 schedule of expenditures of state financial assistance on pages 29-30 is presented for purposes of additional analysis as required by Chapter 10.550, Rules of the Auditor General and the Florida Single Audit Act, and is also not a required part of the basic financial statements.

The other supplemental information and schedule of expenditures of state financial assistance are the responsibility of management and were 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 and schedule of expenditures of state financial assistance are 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 April 30, 2022, 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 & STANELL, P. A.**

April 30, 2022  
Bradenton, Florida

# City of BRADENTON BEACH

State of Florida

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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, 2021. 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 \$13,514,897 (*net position*). Of this amount, \$1,644,415 (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 \$3,238,772 during the year.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$2,109,874, a decrease of \$817,513 in comparison with the prior year. Of this total amount, \$140,879, 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 \$13,514,897 at the close of the most recent fiscal year.

A large portion of the City's net position, \$10,332,278, 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, 2021. 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, 2021 with comparative balances as of September 30, 2020 follows:

### Net Position

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Current and other assets	\$ 5,188,100	\$ 3,329,891
Capital assets (net of depreciation)	10,439,744	7,459,690
<b>Total assets</b>	<b>15,627,844</b>	<b>10,789,581</b>
Long-term liabilities	204,221	204,832
Other liabilities	1,908,726	308,624
<b>Total liabilities</b>	<b>2,112,947</b>	<b>513,456</b>
Net Position:		
Net Investment in capital assets	10,332,278	7,346,392
Restricted	1,538,204	1,822,126
Unrestricted	1,644,415	1,107,607
<b>Total Net Position</b>	<b>\$ 13,514,897</b>	<b>\$ 10,276,125</b>

\$361,962 of the City's net position is restricted for library purposes, \$1,031,822 is restricted for redevelopment, and \$144,420 is restricted for storm water and other uses. The remaining balance of *unrestricted net position* of \$1,644,415 may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased by \$3,238,772 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, 2021 with comparative totals for the fiscal year ended September 30, 2020:

### Changes in Net Position

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 969,103	\$ 589,393
Operating grants	21,792	112,130
Capital grants	2,949,271	215,499
	3,940,166	917,022
General revenues:		
Taxes	2,798,934	2,577,367
Other	810,956	921,140
<b>Total revenues</b>	<b>7,550,056</b>	<b>4,415,529</b>
<b>Expenses:</b>		
General government	908,554	972,194
Public safety	1,399,411	1,415,407
Planning	477,247	546,906
Public works	915,926	860,192
Culture and recreation	610,146	407,182
<b>Total expenses</b>	<b>4,311,284</b>	<b>4,201,881</b>
Change in Net Position	3,238,772	213,648
<b>Net Position – Beginning of year</b>	<b>10,276,125</b>	<b>10,062,477</b>
<b>Net Position – End of year</b>	<b>\$ 13,514,897</b>	<b>\$ 10,276,125</b>



Revenues were \$7,550,056 compared to expenses of \$4,311,284. Revenues increased \$3,134,527 due to increases in Ad Valorem taxes of \$114,882, state shared revenues of \$274,523, licenses and permits of \$245,183 and grants of \$2,733,772. Expenses were consistent with the prior year, increasing by \$109,403.

### **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 \$716,090, a decrease of \$542,158 in comparison with the prior year. Of this total \$140,879 is *unassigned fund balance*, which is available for spending at the City's discretion. \$136,110 of fund balance is non-spendable due to prepaid items, \$294,681 is committed for equipment replacement and cell tower proceeds expenditures, and \$144,420 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 2.43% of total general fund expenditures, while total fund balance approximates 12.36%.

The fund balance of the City's general fund decreased by \$542,158 during the current fiscal year. Revenues were \$5,304,717, expenditures were \$5,794,335, and net other financing sources were (\$52,540). The general fund decrease in fund balance is largely due to capital outlay performed under reimbursement grants of which some of the revenue will be recognized in the next fiscal year. Revenues increased \$1,513,085 due to increases in taxes, licenses and permits, and grants. Expenditures increased \$2,192,031 due largely to capital outlay which increased by \$2,196,674 from the prior year.

The fund balance of the City's special revenue fund for redevelopment decreased by \$235,784. Revenues were \$1,169,093, expenditures were \$1,499,417 and transfers in were \$94,540. The decrease was due to capital improvements done within the redevelopment district, which included enhancements to the waterfront, floating dock expansion, lighting and undergrounding.

The Library Fund operations are restricted to use for the Bradenton Beach Public Library. Fund balance for the year decreased by \$39,571. Revenues were \$626, and expenditures were \$40,197.

### **General Fund Budgetary Highlights**

During the year, the General Fund budget was not amended. The original and final budgeted revenues were \$8,330,772 and the original and final budgeted expenditures were \$8,222,467. For the current fiscal year, actual revenues were less than budgeted revenues by \$3,026,055, due largely to anticipated grant revenues that were not utilized during the year. Similarly, actual expenditures were less than budgeted expenditures by \$2,428,132 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 \$10,439,744 (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 \$2,980,054. This was comprised largely of \$3,484,612 of capital additions, net of \$503,091 of depreciation expense.

The following is a condensed schedule of capital assets as of September 30, 2021 with comparative totals for September 30, 2020:

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 800,453	\$ 800,453
Construction in progress	3,656,194	355,757
Building and Improvements	681,494	757,453
Infrastructure	5,088,712	5,328,875
Machinery and equipment	<u>212,891</u>	<u>217,152</u>
<b>Total</b>	<b><u>\$10,439,744</u></b>	<b><u>\$ 7,459,690</u></b>

See note 3 of this report for additional information on the City's capital assets. Significant capital asset additions included street lights, a tractor and police vehicle. Construction in progress consists of Gulf Drive undergrounding and additions to the CRA waterfront.

## Economic Factors and Next Year's Budgets and Rates

The millage rate in the fiscal 2022 budget is 2.3329, which is the same rate as the 2021 budget.

The City's budgeted revenues in the general fund for fiscal year 2022 are \$4,184,065. Budgeted expenditures amount to \$3,751,257, including transfers. Budgeted revenues in fiscal year 2022 in the CRA fund are \$1,413,402. Budgeted expenditures for the CRA are \$2,455,627.

## 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, 2021

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash–unrestricted	\$ 1,442,150
Cash–restricted	636,368
Investments–unrestricted	338,691
Investments–restricted	574,330
Accounts receivable	59,533
Due from other governmental units	1,998,522
Prepaid expenses	138,506
Capital assets	
Land	800,453
Construction in progress	3,656,194
Buildings and improvements	681,494
Infrastructure	5,088,712
Equipment	212,891
<b>Total Assets</b>	<b>15,627,844</b>
<b>LIABILITIES</b>	
Accounts payable	1,486,967
Accrued expenses	59,360
Unearned revenue	362,399
Non current liabilities	
Due within one year	31,484
Due in more than one year	172,737
<b>Total Liabilities</b>	<b>2,112,947</b>
<b>NET POSITION</b>	
Net investment in capital assets	10,332,278
Restricted for:	
Redevelopment	1,031,822
Library	361,962
Stormwater and other	144,420
Unrestricted	1,644,415
<b>TOTAL NET POSITION</b>	<b>\$ 13,514,897</b>

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, 2021

<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	\$ 908,554	\$ 198,467	\$ 6,592	\$ -	\$ (703,495)
Public safety	1,399,411	202,829	-	-	(1,196,582)
Planning	477,247	413,825	-	-	(63,422)
Public works	915,926	7,000	-	2,187,388	1,278,462
Culture and recreation	610,146	146,982	15,200	761,883	313,919
Total Governmental Activities	4,311,284	969,103	21,792	2,949,271	(371,118)
<b>Total Government</b>	<b>\$ 4,311,284</b>	<b>\$ 969,103</b>	<b>\$ 21,792</b>	<b>\$ 2,949,271</b>	<b>(371,118)</b>
Ad Valorem taxes					2,060,369
Sales tax					245,247
Service tax					420,926
Other taxes					72,392
State revenue sharing					282,429
Franchise fees					249,108
Storm water fees					274,570
Interest					4,849
Other					-
Total general revenues					3,609,890
Change in Net Position					3,238,772
Net Position - Beginning					10,276,125
Net Position - Ending					<b>\$ 13,514,897</b>

The accompanying notes are an integral part of these financial statements

**CITY OF BRADENTON BEACH, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2021**

	General	CRA	Library	Total Governmental Funds
<b>ASSETS</b>				
Cash–unrestricted	\$ 1,442,150	\$ –	\$ –	\$ 1,442,150
Cash–restricted	144,420	256,669	235,279	636,368
Investments – unrestricted	338,691	–	–	338,691
Investments – restricted	–	446,553	127,777	574,330
Accounts receivable	59,533	–	–	59,533
Due from other governmental units	1,344,474	654,048	–	1,998,522
Due from other funds	12,899	–	–	12,899
Prepaid items	136,110	448	1,948	138,506
<b>TOTAL ASSETS</b>	<b><u>\$ 3,478,277</u></b>	<b><u>\$ 1,357,718</u></b>	<b><u>\$ 365,004</u></b>	<b><u>\$ 5,200,999</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,313,829	\$ 170,096	\$ 3,042	\$ 1,486,967
Accrued expense	59,360	–	–	59,360
Due to other funds	–	12,899	–	12,899
Unearned revenue	362,399	–	–	362,399
<b>Total Liabilities</b>	<b><u>1,735,588</u></b>	<b><u>182,995</u></b>	<b><u>3,042</u></b>	<b><u>1,921,625</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	1,026,599	142,901	–	1,169,500
Fund balance:				
Nonspendable:				
Spendable:				
Restricted	136,110	448	1,948	138,506
Committed	144,420	1,031,374	360,014	1,535,808
Assigned	294,681	–	–	294,681
Unassigned	–	–	–	–
<b>Total Fund Balances</b>	<b><u>140,879</u></b>	<b><u>1,031,822</u></b>	<b><u>361,962</u></b>	<b><u>2,109,874</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 3,478,277</u></b>	<b><u>\$ 1,357,718</u></b>	<b><u>\$ 365,004</u></b>	<b><u>\$ 5,200,999</u></b>

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, 2021**

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

Fund Balance – Governmental Funds	\$	2,109,874
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		10,439,744
Long-term liabilities, including compensated absences, are not due in the current period and therefore are not reported in the funds		
Compensated absences		(96,755)
Note payable – Direct borrowing		(42,000)
Capital leases		(65,466)
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		1,169,500
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 13,514,897</u></b>

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, 2021**

	General	CRA	Library	Total Governmental Funds
<b>REVENUES</b>				
Ad Valorem taxes	\$ 1,564,157	\$ 496,212	\$ -	\$ 2,060,369
State shared revenue	600,068	-	-	600,068
Franchise fees	249,108	-	-	249,108
Service tax	420,926	-	-	420,926
Storm water fees	274,570	-	-	274,570
Licenses and permits	596,754	-	-	596,754
Court/local fines	75,083	-	-	75,083
Interest	2,515	1,708	626	4,849
Interlocal agreements	123,030	24,074	-	147,104
Grants	1,248,344	647,099	-	1,895,443
Other	150,162	-	-	150,162
Total Revenues	5,304,717	1,169,093	626	6,474,436
<b>EXPENDITURES</b>				
Administration department	716,374	-	-	716,374
Public safety	1,267,736	58,257	-	1,325,993
Planning department	364,059	111,491	-	475,550
Public works	877,525	4,196	-	881,721
Culture and recreation	100,631	256,099	40,197	396,927
Debt service	51,661	-	-	51,661
Capital outlay	2,416,349	1,069,374	-	3,485,723
Total Expenditures	5,794,335	1,499,417	40,197	7,333,949
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(489,618)	(330,324)	(39,571)	(859,513)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt	42,000	-	-	42,000
Transfers in	-	94,540	-	94,540
Transfers out	(94,540)	-	-	(94,540)
Total other financing sources (uses)	(52,540)	94,540	-	42,000
<b>NET CHANGE IN FUND BALANCES</b>	(542,158)	(235,784)	(39,571)	(817,513)
<b>FUND BALANCES – October 1, 2020</b>	1,258,248	1,267,606	401,533	2,927,387
<b>FUND BALANCES – September 30, 2021</b>	<b>\$ 716,090</b>	<b>\$ 1,031,822</b>	<b>\$ 361,962</b>	<b>\$ 2,109,874</b>

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, 2021**

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

Net changes in fund balance – total governmental funds \$ (817,513)

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 and loss on disposal in the current period. 2,980,054

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. (5,221)

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 note payable – direct borrowing (42,000)  
Principal payments on capital lease 47,832

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. 1,075,620

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,238,772**

The accompanying notes are an integral part of these financial statements



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

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**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

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**B. BASIS OF PRESENTATION – CONTINUED**

Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues.

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**

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**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 1<sup>st</sup> 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**

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**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, 2021, 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.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**K. FUND BALANCE – CONTINUED**

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

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. Fund balance at September 30, 2021 was as follows:

<u>NonSpendable:</u>	<u>General Fund</u>	<u>CRA</u>	<u>Library Fund</u>
Prepaid items	\$ 136,110	\$ 448	\$ 1,948
 <u>Spendable:</u>			
Restricted to:			
Stormwater	99,421	-0-	-0-
CRA	-0-	1,031,374	-0-
Library	-0-	-0-	360,014
Other	44,999	-0-	-0-
Committed to:			
Equipment replacement	48,950	-0-	-0-
Cell Tower proceeds	245,731	-0-	-0-
 <u>Unassigned:</u>			
Unassigned	140,879	-0-	-0-
<b>Total Fund Balances</b>	<b><u>\$ 716,090</u></b>	<b><u>\$ 1,031,822</u></b>	<b><u>\$ 361,962</u></b>

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**K. FUND BALANCE – CONTINUED**

Total CRA fund balance of \$1,031,822 is restricted for redevelopment and \$361,962 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.

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, 2021.

N. ACCOUNTS RECEIVABLE – All trade receivables are shown net of allowance for doubtful accounts. At September 30, 2021, there was no allowance for doubtful accounts as all receivables are considered to be fully collectible. Net trade receivables are \$59,533 as of September 30, 2021.

**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**

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**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, 2021 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, 2021 is 64 days.

Foreign Currency Risk

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2020 through September 30, 2021.

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, 2020 through September 30, 2021, no such disclosure has been made. Additionally, as of September 30, 2021, 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, 2021, the City had investments in the LGIP in the amount of \$785,244. 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, 2021, the City’s carrying amount of cash and cash equivalents was \$2,078,518 and the bank balance was \$2,126,389. The City had certificates of deposit classified as investments in the amount of \$127,777. 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, 2021 was:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>End of Year</u>
<b><u>Governmental Activities</u></b>					
Assets not being depreciated:					
Land	\$ 800,453	\$ -0-	\$ -0-	\$ -0-	\$ 800,453
Construction in progress	<u>355,757</u>	<u>3,300,437</u>	<u>-0-</u>	<u>-0-</u>	<u>3,656,194</u>
Total capital assets, not being fully depreciated	1,156,210	3,300,437	-0-	-0-	4,456,647
Capital assets being depreciated:					
Building and improvements	2,002,842	-0-	-0-	-0-	2,002,842
Infrastructure	7,381,585	93,557	(3,848)	-0-	7,471,294
Furniture and equipment	<u>1,401,738</u>	<u>90,618</u>	<u>(25,399)</u>	<u>-0-</u>	<u>1,466,957</u>
Total capital assets being depreciated	10,786,165	184,175	(29,247)	-0-	10,941,093
Less accumulated depreciation for:					
Buildings and improvements	1,245,389	75,959	-0-	-0-	1,321,348
Infrastructure	2,052,710	332,253	(2,381)	-0-	2,382,582
Furniture and equipment	<u>1,184,586</u>	<u>94,879</u>	<u>(25,399)</u>	<u>-0-</u>	<u>1,254,066</u>
Total accumulated depreciation	4,482,685	503,091	(27,780)	-0-	4,957,996
Total capital assets, being depreciated, net	<u>6,303,480</u>	<u>(318,916)</u>	<u>(1,467)</u>	<u>-0-</u>	<u>5,983,097</u>
Governmental activities capital assets, net	<u>\$ 7,459,690</u>	<u>\$ 2,981,521</u>	<u>\$ (1,467)</u>	<u>\$ -0-</u>	<u>\$ 10,439,744</u>



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

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**NOTE 3 – CAPITAL ASSETS – CONTINUED**

Depreciation expense in the governmental activities was allocated as follows: General Government \$188,609, Public Safety \$66,902, Planning \$1,412, Public Works \$33,007, 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 and loss on disposal in the current period.” The detail of the difference is shown below:

Capital additions reported as expenditures in the General Fund and CRA Fund	\$ 3,484,612
Loss on disposal of capital assets	(1,467)
Depreciation expense	<u>(503,091)</u>
	<b><u>\$ 2,980,054</u></b>

**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, 2021, the City recognized pension expense of \$154,976.

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 \$89,049 and accrued sick leave of \$7,706 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 lease was paid in full as of September 30, 2021.

The City entered into another 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 \$28,440 as of September 30, 2021. Future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2021 were as follows:

Year Ending September 30	Amount
2022	\$ 22,869
2023	22,869
2024	<u>22,869</u>
Total	68,607
Less interest	<u>(3,141)</u>
Total principal payments	65,466
Current portion	<u>(21,311)</u>
Long-term portion	<u>\$ 44,155</u>

During 2021, the City entered into a direct borrowing agreement for financing an additional police vehicle in the amount of \$42,000. Interest is charged at 2.11%. The police vehicle was recognized as a capital asset addition in the amount of \$41,483 and accumulated depreciation was \$6,914 as of September 30, 2021. Remedies of default include: a) termination of the agreement, b) demand payment on outstanding amounts, c) obtain possession of the vehicle, and/or d) take whatever action under law. Future principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 10,173	\$ 866	\$ 11,039
2023	10,388	672	11,060
2024	10,607	452	11,059
2025	<u>10,832</u>	<u>229</u>	<u>11,061</u>
	<u>\$ 42,000</u>	<u>\$ 2,219</u>	<u>\$ 44,219</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	\$ 91,534	\$ 84,491	\$ (79,270)	\$ 96,755	\$ -0-
Capital lease	113,298	-0-	(47,832)	65,466	21,311
Direct borrowing arrangement	-0-	<u>42,000</u>	<u>-0-</u>	<u>42,000</u>	<u>10,173</u>
	<u>\$ 204,832</u>	<u>\$ 126,491</u>	<u>\$ (127,102)</u>	<u>\$ 204,221</u>	<u>\$ 31,484</u>

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

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**NOTE 7 – INTERFUND BALANCES**

Interfund balances arise from the general fund cash account being the primary disbursement account for the City. At September 30, 2021, the CRA Fund owed the General Fund \$12,899.

**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.

**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. As a result, no liability has been recorded in these financial statements. However, it is at least reasonably possible that additional liabilities could result in the near term.

Management of the City continues to evaluate the risks associated with the COVID-19 pandemic. Management of the City continues to implement 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 \$1,785,225. In September of 2015, the City entered into a lease agreement, which expires on December 31, 2020. The space was leased for the remainder of the fiscal year on a month-to-month basis. Current year rental income was \$42,945. 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, 2021 was \$79,963.

The lessee is leasing the space on a month-to-month basis until a new lease agreement is agreed upon.

**NOTE 11 – SUBSEQUENT EVENT**

The City entered into a grant agreement under the American Rescue Plan Act in 2021. Under the agreement, the City was awarded \$640,592 of which \$320,296 was received during the year and recognized as unearned revenue in the statement of net position and balance sheet – governmental funds. The remaining funds under the grant agreement are expected to be received in fiscal year 2022.

**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, 2021**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Ad Valorem taxes	\$ 1,612,813	\$ 1,612,813	\$ 1,564,157	\$ (48,656)
State shared revenue	385,811	385,811	600,068	214,257
Franchise fees	224,829	224,829	249,108	24,279
Service tax	343,393	343,393	420,926	77,533
Storm water fees	273,110	273,110	274,570	1,460
Licenses and permits	395,776	395,776	596,754	200,978
Court/local fines	64,505	64,505	75,083	10,578
Interest	12,300	12,300	2,515	(9,785)
Interlocal agreements	124,050	124,050	123,030	(1,020)
Grants	4,804,115	4,804,115	1,248,344	(3,555,771)
Other	90,070	90,070	150,162	60,092
Total Revenues	<u>8,330,772</u>	<u>8,330,772</u>	<u>5,304,717</u>	<u>(3,026,055)</u>
<b>EXPENDITURES</b>				
Administration department	766,681	766,681	716,374	50,307
Public safety	1,335,637	1,335,637	1,267,736	67,901
Planning department	423,192	423,192	364,059	59,133
Public works	1,112,258	1,112,258	877,525	234,733
Culture and recreation	63,250	63,250	100,631	(37,381)
Debt service	-	-	51,661	(51,661)
Capital outlay	4,521,449	4,521,449	2,416,349	2,105,100
Total Expenditures	<u>8,222,467</u>	<u>8,222,467</u>	<u>5,794,335</u>	<u>2,428,132</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	108,305	108,305	(489,618)	(597,923)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt	-	-	42,000	42,000
Transfers out	(104,489)	(104,489)	(94,540)	9,949
Total other financing sources (uses)	<u>(104,489)</u>	<u>(104,489)</u>	<u>(52,540)</u>	<u>51,949</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,816	3,816	(542,158)	(545,974)
<b>FUND BALANCE – October 1, 2020</b>	1,258,248	1,258,248	1,258,248	-
<b>FUND BALANCE – September 30, 2021</b>	<u>\$ 1,262,064</u>	<u>\$ 1,262,064</u>	<u>\$ 716,090</u>	<u>\$ (545,974)</u>

**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, 2021**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>				
Ad Valorem taxes	\$ 417,970	\$ 417,970	\$ 496,212	\$ 78,242
Interest	5,500	5,500	1,708	(3,792)
Interlocal agreements	-	-	24,074	24,074
Grants	728,000	728,000	647,099	(80,901)
Total Revenues	<u>1,151,470</u>	<u>1,151,470</u>	<u>1,169,093</u>	<u>17,623</u>
<b>EXPENDITURES</b>				
Operating	610,197	610,197	430,043	180,154
Capital outlay	1,925,000	2,128,000	1,069,374	1,058,626
Total Expenditures	<u>2,535,197</u>	<u>2,738,197</u>	<u>1,499,417</u>	<u>1,238,780</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,383,727)	(1,586,727)	(330,324)	1,256,403
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	104,489	104,489	94,540	(9,949)
Total other financing sources (uses)	<u>104,489</u>	<u>104,489</u>	<u>94,540</u>	<u>(9,949)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,279,238)	(1,482,238)	(235,784)	1,246,454
<b>FUND BALANCE – October 1, 2020</b>	<u>1,267,606</u>	<u>1,267,606</u>	<u>1,267,606</u>	<u>-</u>
<b>FUND BALANCE – September 30, 2021</b>	<u><b>\$ (11,632)</b></u>	<u><b>\$ (214,632)</b></u>	<u><b>\$ 1,031,822</b></u>	<u><b>\$ 1,246,454</b></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, 2021**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Interest	\$ 1,000	\$ 1,000	\$ 626	\$ (374)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>626</u>	<u>(374)</u>
<b>EXPENDITURES</b>				
Personal services	23,797	23,797	23,708	89
Operating	19,619	19,619	16,489	3,130
Capital outlay	2,100	2,100	-	2,100
Total Expenditures	<u>45,516</u>	<u>45,516</u>	<u>40,197</u>	<u>5,319</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(44,516)	(44,516)	(39,571)	4,945
<b>FUND BALANCE – October 1, 2020</b>	<u>401,533</u>	<u>401,533</u>	<u>401,533</u>	<u>-</u>
<b>FUND BALANCE – September 30, 2021</b>	<u><b>\$ 357,017</b></u>	<u><b>\$ 357,017</b></u>	<u><b>\$ 361,962</b></u>	<u><b>\$ 4,945</b></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, 2021

	GENERAL FUND			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>EXPENDITURES</b>				
Administration department				
Personal services	\$ 453,325	\$ 453,325	\$ 406,290	\$ 47,035
Operating	313,356	313,356	310,084	3,272
Capital outlay	-	-	-	-
Police department				
Personal services	1,184,537	1,184,537	1,100,014	84,523
Operating	151,100	151,100	167,722	(16,622)
Debt service	-	-	51,661	(51,661)
Capital outlay	-	-	41,473	(41,473)
Planning department				
Personal services	117,172	117,172	116,625	547
Operating	306,020	306,020	247,434	58,586
Capital outlay	-	-	-	-
Maintenance/streets and roads				
Personal services	364,838	364,838	309,489	55,349
Operating	348,850	348,850	117,761	231,089
Capital outlay	4,514,449	4,514,449	2,364,723	2,149,726
Facilities management				
Personal services	56,079	56,079	54,186	1,893
Operating	39,000	39,000	65,678	(26,678)
Capital outlay	7,000	7,000	10,153	(3,153)
Stormwater				
Personal services	127,371	127,371	126,945	426
Operating	174,620	174,620	200,188	(25,568)
Capital outlay	-	-	-	-
Sanitation				
Operating	1,500	1,500	3,278	(1,778)
Culture and recreation				
Operating	63,250	63,250	100,631	(37,381)
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 8,222,467</b>	<b>\$ 8,222,467</b>	<b>\$ 5,794,335</b>	<b>\$ 2,428,132</b>

CITY OF BRADENTON BEACH, FLORIDA  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>State Agency/Pass-Through Grantor/ State Project</u>	<u>CSFA Number</u>	<u>Identifying Number</u>	<u>Expenditures</u>
<b>STATE PROJECTS</b>			
<b><u>Florida Department of Environmental Protection</u></b>			
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0054	\$ 159,802
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP25025	490,000
			<u>649,802</u>
<b><u>Florida Department of Economic Opportunity</u></b>			
Division of Housing and Community Development	40.038	HL115	2,000,000
			<u>2,000,000</u>
<b>Total Expenditures of State Financial Assistance</b>			<b><u>\$ 2,649,802</u></b>

**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of State Financial Assistance (schedule) includes the state grant activity of the City under projects of the state government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General.

The City did not pass through any grant amounts to sub-recipients.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CITY OF BRADENTON BEACH, FLORIDA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of State Financial Assistance (schedule) includes the state grant activity of the City under projects of the state government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of the Florida Single Audit Act and Chapter 10.550 Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of the City, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements. The City did not pass through any grant amounts to sub-recipients.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The City did not pass through any grant amounts to sub-recipients.

## **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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 30, 2022.

**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.

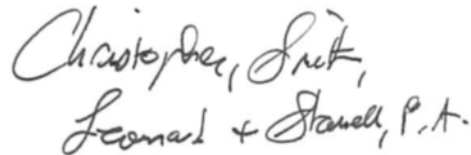
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 City'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.

Handwritten signature in cursive script that reads "Christopher, Smith, Leonard & Stanell, P.A."

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

April 30, 2022  
Bradenton, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

**Report on Compliance for Each Major State Project**

We have audited the City of Bradenton Beach, Florida's (City) compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major State projects for the year ended September 30, 2021. The City's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State projects applicable to its State projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major State Project**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2021.

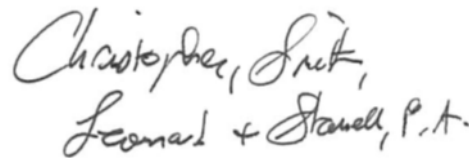
## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



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

April 30, 2022  
Bradenton, Florida



CITY OF BRADENTON BEACH, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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Section I – Summary of Auditors’ Results

**Financial Statements**

Type of Auditor’s report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes     x  no

Significant deficiency(ies) identified?

\_\_\_ yes     x  none reported

Noncompliance material to financial statements noted?

\_\_\_ yes     x  no

**State Projects**

Internal control over major State projects:

Material weakness(es) identified?

\_\_\_ yes     x  no

Significant deficiency(ies) identified?

\_\_\_ yes     x  none reported

Type of auditor’s report issued on compliance for major State projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance Chapter 10.557, Rules of the Auditor General

\_\_\_ yes     x  no

**Identification of Major State Projects:**

**CSFA Number**

Division of Housing and Community Development

40.038

Dollar threshold used to distinguish between Type A and Type B programs:

State projects

\$750,000

CITY OF BRADENTON BEACH, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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**Section II – Financial Statement Findings**

**2021-01    Year End Adjustments**

**Criteria:** Internal controls over financial reporting should ensure that financial statements properly present the net position, fund equity and activities of the City of Bradenton Beach, Florida (City) in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Condition:** During the audit process, adjustments were posted to properly reflect beginning fund balance, new financing for police vehicles, interfund transfers, and grant revenue. The grant adjustments were necessary due to the timing of when expenditures were incurred and the timing of when grant funding was received. As a result audit adjustments were required in order to properly present the financial statements in accordance with generally accepted accounting principles.

**Content/Cause:** Audit procedures identified adjustments that were required to be reflected in the City’s financial statements. This included adjustments to correct fund balance/net position; police vehicles financed during the year; and grant receivables, liabilities, deferred inflows, and revenues due to the timing of when the grant funding was received.

**Effect:** The City’s financial statements required adjustments.

**Recommendation:** We recommend that the City establish internal controls over financial reporting to ensure that all material accounts are reconciled and adjusted prior to the audit in accordance with accounting principles generally accepted in the United States of America. In years where the City has significant grant funding and related projects, additional reconciliation might be necessary.

There were no prior year findings required to be reported.

**Section III – Major State Project Findings and Questioned Costs**

There were no current year findings required to be reported.

**PRIOR YEAR FINDINGS**

No summary schedule of prior audit findings is required because there were no prior audit findings related to state projects.

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## 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, 2021, and have issued our report thereon dated April 30, 2022.

### **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*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; 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 April 30, 2022, 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, other than Finding 2021-01 in the Schedule of Findings and Questioned Costs.

### **Special District Component Units**

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

### **Specific Information for a Dependent Special District**

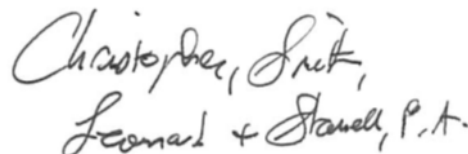
Information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General is reported in the City of Bradenton Beach Community Redevelopment Agency's audit report.

### **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 & STANELL, P. A.**

April 30, 2022  
Bradenton, Florida

# City of BRADENTON BEACH

State of Florida

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

May 17, 2022

Auditor General of the State of Florida,

In response to Management Letter dated April 30, 2022 from Christopher, Smith and Leonard, CPA's regarding the audit for fiscal year 2021, the City of Bradenton Beach submits the following response:

## **2021-01: Year End Adjustments**

The City has put controls into place to ensure year-end closing adjustments post to the correct fiscal period. A year end account process has been developed and implemented to ensure accuracy.



Terri Sanclemente  
City Clerk

## INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

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

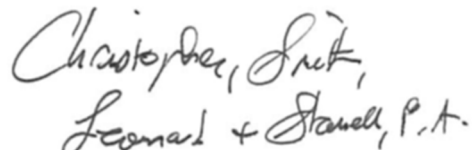
We have examined the City of Bradenton Beach, Florida's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management is responsible for the City's compliance with the specified requirements. Our responsibility 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, 2021.

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.

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

April 30, 2022  
Bradenton, Florida