

TOWN OF BRINY BREEZES, FLORIDA

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

TOWN OF BRINY BREEZES, FLORIDA

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SEPTEMBER 30, 2021

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INDEPENDENT AUDITORS' REPORT



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Town Council
Town of Briny Breezes, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Briny Breezes, Florida (the "Town") as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town'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, the business-type activities, and each major fund of the Town, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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 the budgetary comparison information on pages 3-7 and 25-26 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of revenues, expenses, and changes in fund net position – proprietary fund – budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Boca Raton, Florida
March 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF BRINY BREEZES
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

The Town of Briny Breezes' (the "Town") Management's Discussion and Analysis is designed to:

1. Assist the reader in focusing on significant financial issues
2. Provide an overview of the Town's financial position
3. Identify any material deviations from the approved budget
4. Identify changes in the Town's financial position
5. Identify individual fund issues or concerns

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

The Town's combined net position increased as a result of this year's operations. The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,103,141 (net position). Of this amount, \$1,078,549 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

The general fund revenues were \$965,946 at the close of fiscal year 2021. During this period and at the end of the 2020 fiscal year, the unassigned fund balance for the general fund was \$514,461 or 66% of the total general fund expenditures.

The proprietary fund operating revenues at the close of fiscal year 2021 were \$290,076. When taking into account the operating expenses of \$298,596 and the non-operating revenues of \$161,307, the net position in the proprietary fund increased by \$252,787.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains 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 Town's finances in a manner similar to private sector business.

The Statement of Net Position presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as a net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Changes in the Town's property tax base will also need to be considered in assessing the overall health of the Town.

TOWN OF BRINY BREEZES
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Government-Wide Financial Statements (Continued)

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. In the Statement of Net Position and Statement of Activities, we divide the Town into two types of activities.

Governmental Activities – Most of the Town's basic services are reported here, including public safety and general administration. Property taxes and franchise fees, intergovernmental shared revenues, and charges for services finance most of these activities.

Business-type Activities – The Town charges a fee to customers to help it cover the cost of certain services it provides (i.e. water and sewer).

Fund Financial Statements

Fund Financial Statements provide detailed information about the most significant funds, not the Town as a whole. The Town uses the funds to keep track of specific sources of funding and spending for a particular purpose.

The Town's governmental fund includes most of the Town's basic services. The Town's one governmental fund is the General Fund which is the main operating fund for the Town. The Town adopts an annual appropriated budget for the General Fund.

Proprietary Funds are for reporting on services for which the Town charges customers a fee. The Town's Enterprise Fund (one type of proprietary fund) is the same as its business type activities but provides more detail and additional information such as cash flows.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The Town's net position for the fiscal year ending 2021 is reported at \$2,103,141. Net Position for the fiscal year ending 2021 for governmental activities are reported at \$676,628. The net position for the business-type activities is reported at \$1,426,513 for the fiscal year ending 2021.

Overall, the financial position of the total primary government activities increased compared to the prior year, with increases in net position for the governmental activities and for the business type activities.

TOWN OF BRINY BREEZES
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Government-Wide Financial Analysis (Continued)

The following table shows a summary of the Town's net position at September 30, 2021.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total \$</u>	<u>Total %</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Change</u>
Current and other assets	\$ 721,923	\$ 591,726	\$ 1,612,726	\$ 1,201,392	\$ 2,334,649	\$ 1,793,118	\$ 541,531	30%
Total assets	721,923	591,726	1,612,726	1,201,392	2,334,649	1,793,118	541,531	30%
Current and other liabilities	45,295	8,383	186,213	27,666	231,508	36,049	195,459	542%
Total liabilities	45,295	8,383	186,213	27,666	231,508	36,049	195,459	542%
Net position								
Investment in capital assets	20,579	17,712	862,425	769,556	883,004	787,268	95,736	12%
Restricted	141,588	187,292			141,588	187,292	(45,704)	-24%
Unrestricted	514,461	378,339	564,088	404,170	1,078,549	782,509	296,040	38%
Total net position	\$ 676,628	\$ 583,343	\$ 1,426,513	\$ 1,173,726	\$ 2,103,141	\$ 1,757,069	\$ 346,072	20%

The increase in assets is due to actual revenues exceeded expectations and there was a favorable variance for expenditures.

Changes in Net Position

The Statement of Activities presents information showing how the Town'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 the future fiscal periods (i.e. uncollected taxes).

The net increase for governmental activities totaled \$93,285.

The net increase in business-type activities totaled \$252,787.

TOWN OF BRINY BREEZES
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Changes in Net Position (Continued)

The following table provides a summary of the Town's changes in net position for the year ended September 30, 2021.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total \$</u>	<u>Total %</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021-2020</u>	<u>2021-2020</u>
Revenues								
Program revenues								
Charges for services	\$ 212,824	\$ 197,294	\$ 290,076	\$ 268,080	\$ 502,900	\$ 465,374	\$ 37,526	8%
General revenues								
Property taxes	581,355	519,911	-	-	581,355	519,911	61,444	12%
Intergovernmental	80,060	78,185	-	-	80,060	78,185	1,875	2%
Utility taxes	73,235	67,416	-	-	73,235	67,416	5,819	166%
Grants and contributions	18,285	-	161,032	-	179,317	-	179,317	100%
Investment and other income	187	11,242	275	11,469	462	22,711	(22,249)	-98%
Total revenues	965,946	874,048	451,383	279,549	1,417,329	1,153,597	263,732	23%
Expenses								
General government	142,907	118,438	-	-	142,907	118,438	24,469	21%
Public safety	616,742	592,540	-	-	616,742	592,540	24,202	4%
Physical environment	11,512	19,239	-	-	11,512	19,239	(7,727)	-40%
Culture and recreation	1,500	1,500	-	-	1,500	1,500	-	0%
Water and sewer	-	-	298,596	291,301	298,596	291,301	7,295	3%
Total expenses	772,661	731,717	298,596	291,301	1,071,257	1,023,018	48,239	5%
Increase (decrease) in net position before transfers	193,285	142,331	152,787	(11,752)	346,072	130,579	215,493	165%
Transfers in (out)	(100,000)	-	100,000	-	-	-	-	100%
Increase (decrease) in net position	93,285	142,331	252,787	(11,752)	346,072	130,579	215,493	165%
Net position beginning of year	583,343	441,012	1,173,726	1,185,478	1,757,069	1,626,490	130,579	193%
Net position - ending	\$ 776,628	\$ 583,343	\$ 1,426,513	\$ 1,173,726	\$ 2,103,141	\$ 1,757,069	\$ 346,072	20%

Revenues realized a net increase of 7% compared to the prior year primarily due to an increase in property and public service taxes.

Expenses remained consistent, increasing 5% compared to the prior year.

Financial Analysis of the Governmental Fund

As the Town of Briny Breezes completed the year, the general fund reported an unassigned fund balance of \$514,461, an increase of \$136,122 from the previous year.

TOWN OF BRINY BREEZES
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

General Fund Budgetary Highlights

Actual expenditures were approximately \$95,382 less than the anticipated budget and revenues were approximately \$95,036 more than the budgeted amounts. These variations are not expected to have a significant effect on future services or liquidity.

Capital Asset and Debt Administration

The Town had additions to the Governmental Activities and the Business Type Activities capital assets during the 2021 fiscal year.

For additional information on the Town's capital assets see note 5 on page 22.

Debt

As of September 30, 2021, the Town had no debt.

Economic Factors and Next Year's Budgets and Rates

For the 2021 fiscal year, the general fund expenditure budget increased to \$870,910, a \$29,268 increase compared to FY2020. The millage rate was maintained at 10.000 mils. The enterprise fund's budget increased to \$293,873.

Contacting the Town's Financial Management

This financial report is designed to provide our residents and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives and disburses. If you have any questions about this report or need additional information, please address them in writing to the Town of Briny Breezes, 4802 N. Ocean Boulevard Briny Breezes FL 33435.

BASIC FINANCIAL STATEMENTS

TOWN OF BRINY BREEZES, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 527,999	\$ 750,299	\$ 1,278,298
Accounts receivable, net	9,103	2	9,105
Prepays	1,002	-	1,002
Internal balances	21,652	(21,652)	-
Restricted assets - cash and cash equivalents	141,588	-	141,588
Capital assets not being depreciated	-	149,264	149,264
Capital assets, net of accumulated depreciation	<u>20,579</u>	<u>713,161</u>	<u>733,740</u>
Total assets	<u>721,923</u>	<u>1,591,074</u>	<u>2,312,997</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	<u>45,295</u>	<u>164,561</u>	<u>209,856</u>
Total liabilities	<u>45,295</u>	<u>164,561</u>	<u>209,856</u>
<u>NET POSITION</u>			
Investment in capital assets	20,579	862,425	883,004
Restricted for:			
Roads and transportation	93,409	-	93,409
Infrastructure	48,179	-	48,179
Unrestricted	<u>514,461</u>	<u>564,088</u>	<u>1,078,549</u>
Total net position	<u>\$ 676,628</u>	<u>\$ 1,426,513</u>	<u>\$ 2,103,141</u>

See notes to basic financial statements

TOWN OF BRINY BREEZES, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

<u>Functions/programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	
Governmental activities:							
General government	\$ 142,907	\$ 17,643	\$ 18,285	\$ -	\$ (106,979)	\$ -	\$ (106,979)
Public safety	616,742	195,181	-	-	(421,561)	-	(421,561)
Physical environment	11,512	-	-	-	(11,512)	-	(11,512)
Culture and recreation	1,500	-	-	-	(1,500)	-	(1,500)
Total governmental activities	772,661	212,824	18,285	-	(541,552)	-	(541,552)
Business-type activities:							
Water and Sewer	298,596	290,076	16,285	144,747	-	152,512	152,512
Total business-type activities	298,596	290,076	16,285	144,747	-	152,512	152,512
Total	\$ 1,071,257	\$ 502,900	\$ 34,570	\$ 144,747	\$ (541,552)	\$ 152,512	\$ (389,040)
General revenues:							
Property taxes					\$ 581,355	\$ -	\$ 581,355
Utility taxes					73,235	-	73,235
Intergovernmental (unrestricted)					80,060	-	80,060
Investment income					187	275	462
Miscellaneous:							
Transfers					(100,000)	100,000	-
Total general revenues and transfers					634,837	100,275	735,112
Change in net position					93,285	252,787	346,072
Net position beginning of year					583,343	1,173,726	1,757,069
Net position end of year					\$ 676,628	\$ 1,426,513	\$ 2,103,141

See notes to basic financial statements

TOWN OF BRINY BREEZES, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2021

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 527,999
Accounts receivable, net	9,103
Due from other funds	21,652
Prepaid	1,002
Restricted assets:	
Cash and cash equivalents	141,588
Total assets	<u>\$ 701,344</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Accounts payable and accrued liabilities	<u>45,295</u>
Total liabilities	<u>45,295</u>
<u>FUND BALANCES</u>	
Restricted:	
Roads and transportation	93,409
Infrastructure	48,179
Unassigned	<u>514,461</u>
Total fund balances	<u>656,049</u>
Total liabilities and fund balances	<u>\$ 701,344</u>

Amounts reported for governmental activities in the statement of net position are different as a result of:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	190,876	
Less accumulated depreciation	<u>(170,297)</u>	<u>20,579</u>
Net position of governmental activities (Page 8)		<u>\$ 676,628</u>

TOWN OF BRINY BREEZES, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>
Revenues:	
Property taxes	\$ 581,355
Charges for services	195,169
Public service taxes	73,235
Intergovernmental	80,060
Licenses and permits	17,643
Fines and forfeitures	12
Grants and contributions	18,285
Investment income	187
Total revenues	965,946
Expenditures:	
Current:	
General government	138,547
Public safety	616,742
Physical environment	11,512
Culture and recreation	1,500
Capital outlay	7,227
Total expenditures	775,528
Other financing sources (uses):	
Transfers out	100,000
Total other financing sources (uses):	100,000
Net change in fund balance	90,418
Fund balance - beginning of year	565,631
Fund balance - ending	\$ 656,049

See notes to basic financial statements

TOWN OF BRINY BREEZES, FLORIDA
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds (Page 11) \$ 90,418

Amounts reported for governmental activities in the statement
 of activities are different as a result of:

Governmental funds report capital outlay as an expenditure.
 However, in the Statement of Activities, the cost of those
 assets is depreciated over their estimated useful lives.

Expenditures for capital outlay	\$	7,227		
Less current year depreciation		<u>(4,360)</u>	<u>2,867</u>	

Change in net position of governmental activities (Page 9) \$ 93,285

TOWN OF BRINY BREEZES, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 750,299
Accounts receivable, net	2
Total current assets	<u>750,301</u>

Non-current assets:

Capital assets not being depreciated	149,264
Capital assets, net of accumulated depreciation	<u>713,161</u>
Total non-current assets	<u>862,425</u>

Total assets	<u>1,612,726</u>
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LIABILITIES

Current liabilities:

Accounts payable	149,731
Retainage payable	14,830
Due to other funds	<u>21,652</u>
Total current liabilities	<u>186,213</u>

NET POSITION

Investment in capital assets	862,425
Unrestricted	<u>564,088</u>
Total net position	<u>\$ 1,426,513</u>

See notes to basic financial statements

TOWN OF BRINY BREEZES, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Operating revenues:	
Charges for services	\$ 290,076
Total operating revenues	<u>290,076</u>
Operating expenses:	
Administrative costs	42,607
Operations and maintenance	35,108
Water and disposal costs	157,259
Depreciation	<u>63,622</u>
Total operating expenses	<u>298,596</u>
Operating income (loss)	<u>(8,520)</u>
Nonoperating revenues (expenses):	
Investment income	275
Capital grants	144,747
Operating grants	<u>16,285</u>
Total nonoperating revenues	<u>161,307</u>
Income (loss) before contributions and transfers	152,787
Transfers in	<u>100,000</u>
Change in net position	252,787
Net position, beginning of year	<u>1,173,726</u>
Net position, ending	<u>\$ 1,426,513</u>

See notes to basic financial statements.

TOWN OF BRINY BREEZES, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Cash Flows From Operating Activities:	
Cash received from customers and other governments	\$ 308,854
Cash paid to suppliers	<u>(109,344)</u>
Net cash provided by operating activities	<u>199,510</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	<u>(156,491)</u>
Net proceeds from capital lease	<u>-</u>
Net cash used in capital and related financing activities	<u>(156,491)</u>
Cash Flows From Noncapital Financing Activities:	
Payments from general fund	100,000
Grants contributions and donations received	<u>161,032</u>
Net cash provided by noncapital and related financial activities	<u>261,032</u>
Cash Flows From Investing Activities:	
Investment income	<u>275</u>
Net cash provided by investing activities	<u>275</u>
Net increase in Cash and Cash Equivalents	304,326
Cash and Cash Equivalents, October 1	<u>431,143</u>
Cash and Cash Equivalents, September 30	<u>\$ 735,469</u>
Reconciliation of Operating Income to Cash and Cash Equivalents used in Operating Activities:	
Operating loss	<u>\$ (8,520)</u>
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	63,622
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(2)
Prepays	3,565
Increase (decrease) in:	
Accounts payable	122,065
Due to other funds	<u>18,780</u>
Total adjustments	<u>208,030</u>
Net cash provided by operating activities	<u>\$ 199,510</u>

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Town of Briny Breezes, Florida's (the "Town") significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Financial Reporting Entity

The Town of Briny Breezes, Florida (the "Town") is a municipal corporation governed by an elected mayor and five-member council under a Council/Manager form of government. The Town is located in Palm Beach County, Florida and was incorporated in 1963 under chapter 165.03 of the Florida Statutes. The Town provides the following services to its residents – law enforcement and fire control, protective inspections, sanitation, environmental, public works, civil defense, library, and general and administrative services. In addition, the Town owns and operates a water distribution system and a sewage collection system.

As required by generally accepted accounting principles, these basic financial statements present the reporting entity of the Town. Component units are legally separate entities for which the government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Town's combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete. Based upon the application of these criteria, there were no organizations which met the criteria described above.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of 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 to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements (CONTINUED)

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Town receives cash.

The Town reports the following major governmental fund:

The **general fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The **water and sewer fund** accounts for the operating activities of the Town's water and sewer service.

The financial statements of the Town have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the Town follow the guidance of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements for both the government wide and proprietary fund financial statements. Governments also have the option of following subsequent FASB pronouncements for their business-type activities and enterprise funds subject to this same limitation. The Town has elected not to follow subsequent FASB guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (CONTINUED)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund is charges to customers for services.

Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is Town policy to use restricted resources first, and then unrestricted resources as needed.

D. Assets, liabilities, deferred outflows / inflows of resources and net position / fund balance

1. Cash and Cash Equivalents

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

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables (i.e., the current portion of interfund loans) or as advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as a due to/from other funds at the fund level and internal balances at the government wide level.

All receivables due from external sources are considered to be fully collectible and as such, an allowance for doubtful accounts has not been established.

3. Property Taxes

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Town by Palm Beach County (the "County") on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, deferred outflows / inflows of resources and net position / fund balance (CONTINUED)

3. Property Taxes (CONTINUED)

Assessed values are established by the Palm Beach County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters which provides for limiting the increases in homestead property valuations for Ad Valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the Town.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Town is established by the Town council and the Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the Town for the fiscal year ended September 30, 2021 was 10.0 mills (\$10.00 per \$1,000 of taxable assessed valuation).

4. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, culverts, light poles, and similar items), are reported in the applicable columns in the applicable governmental or business – type activities columns in the government-wide financial statements and in the fund financial statement for proprietary fund.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for equipment and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

Capital assets are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Infrastructure	40
Furniture and equipment	5-10

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts and a resulting gain or loss is recorded in the government-wide financial statements.

5. Net Position/Fund Balance

Total equity as of September 30, 2021, is classified into three components of net position:

- **Net investment in capital assets:** This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, deferred outflows / inflows of resources and net position / fund balance (CONTINUED)

5. Net Position/Fund Balance (CONTINUED)

- **Restricted net position:** This category consists of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
- **Unrestricted net position:** This category includes all of the remaining net position that does not meet the definition of the other two categories.

As of September 30, 2021, fund balances of the governmental funds are classified as follows:

- **Non-spendable** — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed** — Amounts that can be used only for specific purposes determined by a formal action of the Town Council. Ordinances and resolutions of the Town Council are the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council. Ordinances and resolutions are equally binding.
- **Assigned** — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- **Unassigned** — All other spendable amounts.

The Town considers restricted amounts to be spent 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 Town would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the Town is subject to various federal, state, and local laws and contractual regulations. The Town has no material violations of finance-related legal and contractual obligations.

Fund Accounting Requirements- 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 Town, like any other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related requirements, and segregation for management purposes.

Revenue Restrictions- the Town has various restrictions placed over certain revenue sources from federal, state, or local requirements. The primary revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, sidewalks, streets
Transportation Tax	Transportation and roads
Revenue Sharing Program	Applicable portion for roads, sidewalks, streets

For the fiscal year ended September 30, 2021, the Town complied, in all material respects, with these revenue restrictions.

NOTE 3 – DEPOSITS

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized. The book value of the Town's deposits on the Statement of Net Position date was \$1,419,886.

NOTE 4 – RECEIVABLES

Accounts receivable at year-end consisted of \$9,105 pertaining to taxes receivable.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental activities				
Capital assets being depreciated:				
Leasehold improvements	\$ 145,557	\$ -	\$ -	\$ 145,557
Furniture and equipment	38,092	7,227	-	45,319
Total capital assets being depreciated	<u>183,649</u>	<u>7,227</u>	<u>-</u>	<u>190,876</u>
Less accumulated depreciation for:				
Leasehold improvements	(145,557)	-	-	(145,557)
Furniture and equipment	<u>(20,380)</u>	<u>(4,360)</u>	<u>-</u>	<u>(24,740)</u>
Total accumulated depreciation	<u>(165,937)</u>	<u>(4,360)</u>	<u>-</u>	<u>(170,297)</u>
Governmental activities capital assets, net	<u>\$ 17,712</u>	<u>\$ 2,867</u>	<u>\$ -</u>	<u>\$ 20,579</u>

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Business-type activities				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 134,434	\$ -	\$ 134,434
Total capital assets not being depreciated	<u>-</u>	<u>134,434</u>	<u>-</u>	<u>134,434</u>
Capital assets being depreciated:				
Infrastructure	\$ 1,687,409	-	\$ -	\$ 1,687,409
Equipment and furniture	<u>15,779</u>	<u>7,227</u>	<u>-</u>	<u>23,006</u>
Total capital assets being depreciated	<u>1,703,188</u>	<u>7,227</u>	<u>-</u>	<u>1,710,415</u>
Less accumulated depreciation for:				
Infrastructure	<u>(933,632)</u>	<u>(63,622)</u>	<u>-</u>	<u>(997,254)</u>
Total accumulated depreciation	<u>(933,632)</u>	<u>(63,622)</u>	<u>-</u>	<u>(997,254)</u>
Business-type activities capital assets, net	<u>\$ 769,556</u>	<u>\$ (56,395)</u>	<u>\$ -</u>	<u>\$ 713,161</u>

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Depreciation expense for the fiscal year ended September 30, 2021 was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 4,360
Total depreciation expense - governmental activities	<u>\$ 4,360</u>
Business-Type Activities:	
Public works	\$ 63,622
Total depreciation expense - business-type activities	<u>\$ 63,622</u>

NOTE 6 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town has joined with other municipalities in the State participating in the Florida League of Cities Municipal Self Insurance Program, (the “Program”) a public entity risk pool currently operating as a common risk management and insurance program. The inter-local agreement with the Florida League of Cities Municipal Self Insurance Program provides that the Program will be self-sustaining through member premiums and will reinsure through commercial companies. During the past three years, the Town has not incurred any significant claims nor have there been any significant reductions in coverage.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Town. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Contractual Obligations

Police Services

The Town entered into an agreement with the Town of Ocean Ridge for professional law enforcement services for the period October 1, 2019 to September 30, 2022. The agreement calls for an annual fee of \$180,000 payable in twelve equal monthly installments, the compensation payable by the Town of Briny Breezes to the Town of Ocean Ridge shall be adjusted, effective October 1 of each year of the Agreement, by 3%. The Town paid \$185,400 for police services for the fiscal year ended September 30, 2021.

Fire and Emergency Medical Services

The Town entered into an agreement with the City of Boynton Beach for fire and emergency medical services for the period October 1, 2016, to September 30, 2028. The current year's expenditure was \$417,308 and will increase each year of the contract by the greater of CPI or 4%.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Obligations (Continued)

Municipal Revenue Sharing Recycling Program

The Town entered into an agreement with the Solid Waste Authority of Palm Beach County (the “Authority”) to establish a recycling program and carry out recycling activities within the Town from August 26, 2009 through September 30, 2019. The agreement automatically renews for successive 5 year periods unless written notice to terminate the agreement is provided by the preceding April 30th. The agreement was extended to September 30, 2024. Within the agreement, the Authority agreed to pay the Town a minimum of 50% of the net revenues earned from the sale of residential recovered material attributable to the Town on a quarterly basis. Net revenues are defined as recovered residential materials revenue less the processing cost. The actual percentage paid to the Town will be determined annually through the Authority’s budget process. The current year’s expenditure related to the program was \$144.

NOTE 8 – RELATED PARTY TRANSACTIONS

Briny Breezes, Inc. (the “Corporation”) is the company that manages and owns all of the property in the Town. The property owners of the Town of Briny Breezes are all shareholders of the Corporation. The Town rents an office from Briny Breezes, Inc. for its Town Council meetings and business. The Town entered into an agreement with Briny Breezes Inc. for a term of five years (5) and nine (9) months, commencing April 1, 2008 and ending December 31, 2013. This lease was extended to September 30, 2025. The Town paid \$17,771 for rent for the fiscal year.

The Town charged the Corporation \$133,500 for fire and emergency medical services and \$59,200 for police services during the fiscal year.

The Manager submits an annual budget to the Town Council in accordance with the Town Charter and the Florida Budget Act. The budget is presented to the Town Council for review, and public hearings are held to address priorities and the allocation of resources. In September, the Town Council adopts the annual fiscal year appropriated budgets for the Town funds. Once approved, the Town Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Annually appropriated budgets are also approved for the proprietary fund.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BRINY BREEZES, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 573,200	\$ 573,200	\$ 581,355	\$ 8,155
Charges for services	194,100	194,100	195,169	1,069
Public service taxes	43,200	43,200	73,235	30,035
Intergovernmental	43,400	43,400	80,060	36,660
Licenses and permits	13,800	13,800	17,643	3,843
Fine and forfeitures	100	100	12	(88)
Grants and contributions	20	20	18,285	18,265
Investment income	3,090	3,090	187	(2,903)
Total revenues	<u>870,910</u>	<u>870,910</u>	<u>965,946</u>	<u>95,036</u>
Expenditures:				
General government	179,159	\$ 179,159	138,547	40,612
Public safety	628,651	628,651	616,742	11,909
Physical environment	24,100	24,100	11,512	12,588
Culture and recreation	1,500	1,500	1,500	-
Capital outlay	12,000	12,000	7,227	4,773
Transfers to reserves	25,500	25,500	-	25,500
Total expenditures	<u>870,910</u>	<u>870,910</u>	<u>775,528</u>	<u>95,382</u>
Excess of revenues over expenditures before other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>190,418</u>	<u>\$ (190,418)</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>(100,000)</u>
Net change in fund balance			90,418	
Fund balance, beginning of year			<u>565,631</u>	
Fund balances - ending			<u>\$ 656,049</u>	

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

I. Basis of budgeting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: general government, public safety, physical environment, transportation, cultural and recreational, and capital outlay. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the Town Council. Within these control levels, the Council may transfer appropriations.

The Town's Council may make by ordinance supplemental appropriations during the fiscal year. There were no supplemental appropriations for the fiscal year ended September 30, 2021.

The budgets for the general fund and proprietary fund operations are prepared on the basis of generally accepted accounting principles in the United States of America. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on these bases. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

The transfers to reserves pertain to amounts included in the excess of revenues of expenditures that are only to be used for roads, sidewalks, streets, and transportation.

SUPPLEMENTARY INFORMATION

TOWN OF BRINY BREEZES, FLORIDA
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 290,073	\$ 290,073	\$ 290,076	\$ 3
Total operating revenues	<u>290,073</u>	<u>290,073</u>	<u>290,076</u>	<u>3</u>
Operating expenses:				
Administrative costs	45,673	45,673	42,607	3,066
Operations and maintenance	65,400	65,700	35,108	30,592
Water and disposal costs	311,000	179,000	157,259	21,741
Depreciation	-	-	63,622	(63,622)
Other	3,500	3,500	-	3,500
Total operating expenses	<u>425,573</u>	<u>293,873</u>	<u>298,596</u>	<u>(4,723)</u>
Operating income (loss)	<u>(135,500)</u>	<u>(3,800)</u>	<u>(8,520)</u>	<u>(4,720)</u>
Nonoperating revenues:				
Capital grants	132,000	-	144,747	(144,747)
Operating grants	-	-	16,285	(16,285)
Transfers in	-	-	100,000	(100,000)
Investment income	3,500	3,500	275	(3,225)
Total nonoperating revenues	<u>135,500</u>	<u>3,500</u>	<u>261,307</u>	<u>(264,257)</u>
Change in net position	<u>\$ -</u>	<u>\$ (300)</u>	<u>252,787</u>	<u>\$ 253,087</u>
Net position, beginning of year			<u>1,173,726</u>	
Net position, ending			<u>\$ 1,426,513</u>	

COMPLIANCE SECTION



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

Honorable Mayor and Members of the Town Council
Town of Briny Breezes, 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, the business-type activities, and each major fund of the Town of Briny Breezes, Florida (the "Town"), as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-01 and 2021-01 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The Town's Responses to the Findings

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Boca Raton, Florida
March 31, 2022

TOWN OF BRINY BREEZES, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

PRIOR YEAR FINDINGS AND STATUS

FINANCIAL STATEMENTS

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2020 schedule of findings and questioned costs:

Matters that are repeated in the accompanying schedule of findings and responses costs:

- 2020-01 Internal Control over Financial Reporting

TOWN OF BRINY BREEZES, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

I. Current Year Financial Statement Findings

Significant Deficiencies

2020-01 Internal Control over Financial Reporting

Criteria:

Prudent timely completion and review of account reconciliations and closure of accounting periods provides the ability to apply proper fiscal management/oversight over the Town's finances. Municipalities should have adequate staffing to provide for a formal review of general ledger activity and account balances periodically to identify potential concerns and imbalances throughout fund activity. Additionally, there should also be a position to provide approval of entries including periodic reporting to management.

Condition:

We noted there were journal entries which were omitted by the Town pertaining to accrual of expenses/expenditures, and accrual of cash receipts that were necessary to properly account for those types of transactions.

Cause:

Insufficient controls in place to ensure appropriate review of financial reporting and timely closure of accounting periods.

Effect:

We identified several misstatements during the course of our audit and provided them to management, who made the corrections to the appropriate accounts and reconciliations. Without proper review, the effects may lead to misappropriation of assets, delays in financial reporting, and material misstatements.

Recommendation:

We recommend the Town evaluate the resources needed to provide for proper review of account activity and timely accounting period closure.

Views of Responsible Officials and Planned Corrective Action:

The Town has contracted an external bookkeeper to maintain the integrity and appropriateness of all journal entries.

TOWN OF BRINY BREEZES, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

I. Current Year Financial Statement Findings (CONTINUED)

Significant Deficiencies (CONTINUED)

2021-01 Journal Entry Review and Preparation

Criteria:

Journal entry transactions should be reviewed by an individual other than the one who prepared the entry to ensure accuracy and to provide a system of internal control for recording journal entry transactions.

Condition:

During the performance of our planning phase of the audit for the fiscal year ended September 30, 2021, CFLG identified a lack of proper evidence regarding preparer and reviewer signatures related to journal entry preparation.

Cause:

Insufficient controls in place to ensure journal entries are properly prepared, reviewed and approved.

Effect:

Without proper review, journal entries recorded may expose the Town to risks of errors, misappropriation of assets, delays in financial reporting, and material misstatements.

Recommendation:

We recommend the Town evaluate the resources needed to provide for proper review of journal entry activity.

Views of Responsible Officials and Planned Corrective Action:

Management has implemented the proper internal controls to evidence preparer and reviewer for journal entry activity.



**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Members of the Town Council
Town of Briny Breezes, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Briny Breezes, Florida (the "Town"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 31, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Summary Schedule of Prior Audit Findings; Schedule of Findings and Responses; and Independent Accountants' Report on compliance pursuant to section 218.415 Florida Statutes, regarding the compliance requirements in accordance with Chapter 10.550 Rules of the Auditor General. Disclosures in those reports and schedules, which are dated March 31, 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. Corrective actions have not been taken to address findings and recommendations made in the preceding annual financial audit report as reported in the accompanying schedule of findings and responses.

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 has been disclosed in the notes to the financial statements.

Financial Condition and Management

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

Financial Condition and Management (Continued)

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 Town. It is management's responsibility to monitor the Town'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. This assessment has been performed as of the fiscal year end.

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 have two recommendations identified in Appendix A.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Boca Raton, Florida
March 31, 2022

TOWN OF BRINY BREEZES, FLORIDA
APPENDIX A – CURRENT YEAR RECOMMENDATIONS TO IMPROVE FINANCIAL
MANAGEMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

2021-02 Information Technology Policy

Observation:

It is best practice for the Town to have a formal written Information Technology (IT) policy that documents and encompasses various areas such as: General IT procedural manual, disaster recovery plan, IT Risk Assessment, data back-up schedules, cybersecurity incident response plan, etc. The Town's computerized information systems are vital to its daily operations.

During the performance of our planning phase of the audit for the fiscal year ended September 30, 2021, we identified the Town does not have a formal written IT policy. Without proper documentation, management is not assured that its desired policies and procedures are being carried out. In addition, documentation is an effective tool for training new personnel, providing operations instructions, and assisting in system revisions and development of IT needs.

Recommendation:

We recommend the Town to produce a formal written IT policy and to continuously update the policy on an annual basis as considered necessary.

Management Response:

The Town will adopt a formal IT policy during the fiscal year ending September 30, 2022.

2021-03 Cash Receipts

Observation:

Reconciliation of cash collections including appropriate documentation of preparation and review is essential to ensure cash is appropriately stated. Municipalities should have adequate staffing to provide a formal reconciliation and review of the cash collected.

During the performance of our planning phase of the audit for the fiscal year ended September 30, 2021, we identified the lack of documentation to account for the collection of cash.

Recommendation:

We recommend the Town implement internal controls associated with the evidence of review of cash collected on the QuickBooks Deposit Summary prior to depositing funds to ensure the accuracy of cash balances reported by the Town.

Management Response:

Management will implement the proper internal controls including a running log that will evidence of review of cash collected prior to depositing funds.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

Honorable Mayor and Members of the Town Council
Town of Briny Breezes, Florida

We have examined the Town of Briny Breezes, Florida's (the "Town") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2020 to September 30, 2021. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town'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 Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town 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 Town's compliance with specified requirements. In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2020 to September 30, 2021.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Boca Raton, Florida
March 31, 2022