



**Town of Orchid, Florida**  
**FINANCIAL STATEMENTS**  
**Year Ended September 30, 2021**



**CRI** CARR  
RIGGS &  
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**Town of Orchid, Florida**  
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**September 30, 2021**

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**Town of Orchid, Florida  
Town Officials  
As of September 30, 2021**

Robert Gibbons  
*Mayor*

Paul Knapp  
*Vice-Mayor*

Simms Browning  
Mary Jane Benedetto  
Patti Oertle-Phaneuf  
*Council Members*

Warren W. Dill  
*Town Attorney*

Cherry Stowe  
*Town Manager/Interim Town Clerk*



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## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Members of the Town Council  
Town of Orchid, Florida

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

We have audited the accompanying financial statements of the governmental activities and major fund of the Town of Orchid, Florida, as of and for the year ended September 30, 2021, and the budgetary comparison information for the General Fund and related notes to the financial statements, which collectively comprise the Town of Orchid, Florida'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town of Orchid, Florida as of September 30, 2021, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2022, on our consideration of the Town of Orchid, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Orchid, Florida'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 Town of Orchid, Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida

January 19, 2022



**Town of Orchid, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

The purpose of the Management's Discussion and Analysis (MD&A) is to give an objective and easily readable analysis of the Town of Orchid's (the "Town") financial performance for the fiscal year ended September 30, 2021, and to serve as an introduction to the audited financial statements. The MD&A also includes information on significant variations from budget and prior year actual.

**Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of fiscal year 2021 by \$1,654,551 (net position). Of this amount, \$1,494,664 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased from the prior year by a net amount of \$536,098. This increase was primarily caused by budgeted expenditures for dune repair that went unspent when the county completed a large-scale beach renourishment project in the sector in which the Town is located, thereby making it unnecessary for the Town to complete a repair.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$1,500,008; a decrease of \$442,003 from the prior year. Approximately 99 percent of this total amount, or \$1,490,585, is unassigned fund balance.

**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 basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**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 a private-sector business.

The *statement of net position* presents information on all of the Town's assets and liabilities, 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 Town is improving or deteriorating.

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 future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has only one governmental fund, the General Fund.

**Town of Orchid, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with this budget.

**Government-Wide Financial Analysis**

As previously stated, net position may serve over time as a useful indicator of the Town's financial position. The following is a summary of the Statement of Net Position as of September 30:

	Net Position	
	Governmental Activities	
	2021	2020
<b>Assets</b>		
Current and other assets	\$ 1,572,970	\$ 1,082,144
Capital assets, net	159,887	165,264
<b>Total assets</b>	<b>1,732,857</b>	<b>1,247,408</b>
<b>Liabilities</b>		
Long-term liabilities outstanding	5,344	104,816
Other liabilities	72,962	24,139
<b>Total liabilities</b>	<b>78,306</b>	<b>128,955</b>
<b>Net position</b>		
Investment in capital assets	159,887	165,264
Unrestricted	1,494,664	953,189
<b>Total net position</b>	<b>\$ 1,654,551</b>	<b>\$ 1,118,453</b>

**Town of Orchid, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

As of September 30, 2021, the Town's assets exceeded its liabilities by \$1,654,551. The Town's investment in capital assets as of September 30, 2021 was \$159,887, or 9.66% of net position. No external legal restrictions are in place to specify how net position may be used. With regard to capital assets of the Town, infrastructure assets consist of the streetlights along the roads within the Town. Note 2 of the Notes to Financial Statements provides detail on the Town's capital asset activity for the year.

The following is a summary of the Statement of Activities for the years ended September 30:

		Change in Net Position Governmental Activities	
		2021	2020
<b>Program revenues:</b>			
Charges for services	\$	184,424	\$ 98,328
<b>General revenues:</b>			
Property taxes		824,547	699,344
Intergovernmental		140,826	122,952
Interest earnings		1,008	6,503
Other revenue		13,992	19,158
<b>Total revenues</b>		<b>1,164,797</b>	<b>946,285</b>
<b>Expenses:</b>			
General government		535,392	496,606
Public works		88,774	99,829
Culture and recreation		4,533	442,890
<b>Total expenses</b>		<b>628,699</b>	<b>1,039,325</b>
<b>Change in net position</b>		<b>536,098</b>	<b>(93,040)</b>
<b>Net position:</b>			
Beginning of year		1,118,453	1,211,493
<b>End of year</b>	<b>\$</b>	<b>1,654,551</b>	<b>\$ 1,118,453</b>

*Property Taxes.* Each year during the budget process, the millage rate is adjusted to ensure anticipated expenditures are covered by total revenues. The Town's millage rate increased from 1.6000 in 2020 to 1.9000 in 2021.

*Intergovernmental.* There was an increase of \$17,874 in the overall intergovernmental revenue from the previous year due to increased state funding. Intergovernmental revenue includes local option fuel tax, discretionary sales surtax, communications services tax, state revenue sharing, local government 1/2 cent sales tax and alcohol licenses. The Town's population, which is a factor in some formulas for state revenue distribution, did not change significantly.

**Town of Orchid, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

*Charges for Services.* Charges for services (licenses and permits) revenue increased \$86,096 from the prior year. Licenses and permits revenue includes building permit revenue and contractor registration fees. Revenue from building permits, which are issued for new construction, additions, renovations, and demolitions, increased \$84,290 from prior year – a near doubling. This was due to a construction boom seen across the nation, which began during the summer of 2021 when there was a tremendous and unanticipated increase in large-scale renovation projects.

*Interest Earnings.* During fiscal year 2021, the Town's interest earnings decreased \$5,495 from the prior year. All of the Town's deposited funds earned very minimal rates of interest because of the ongoing impact of the COVID-19 pandemic. The Town's funds are readily available and protected under the Florida Security for Public Deposits Act.

*Employment and General Government Costs.* Overall, general government costs increased by \$38,786 in fiscal year 2021 compared with fiscal year 2020. During fiscal year 2021, Town staff positions consisted of two fulltime positions (Town Manager and Town Clerk) and one part-time position (Building Clerk). The Town pays the equivalent of 7.5% of the annual salary into a 401(a) plan and 100% of health insurance premiums of a qualified and enrolled employee. During fiscal year 2021, expenditures for employee insurance benefits and retirement contributions collectively increased only by \$306.

The liability for employee compensated absences (vacation accrual) on September 30, 2021 decreased to \$5,344 from \$17,316 in 2020, resulting in a net decrease of \$11,972. The primary cause for this decrease was the voluntary departure of the Town Manager not long prior to the end of the fiscal year, leaving a vacancy in that position with no compensated absences associated with it.

Additionally, there was an increase of approximately \$53,440 in executive salaries due to separation payments approved for the departing Town Manager as well as the payout of accrued vacation to the same individual. This separation was also *partly* responsible for an increase of approximately \$9,587 for legal counsel. Unrelated was an increase of \$7,316 in protective inspection expenditures, which instead was caused by the aforementioned increased construction activity in 2021.

In professional services, there was a decrease of \$15,644 which was due to the Town having completed a dune repair project in the prior fiscal year, but not in fiscal year 2021. The associated coastal engineering costs account for the difference. Furthermore, expenses in comprehensive planning saw a decrease of \$6,200 as the level of review by the Town's consulting land planner for the ongoing voluntary amendment to the plan in fiscal year 2021 was lower than in the previous year's statutorily required evaluation and appraisal review.

*Culture and Recreation.* The Town spent \$4,533 on the placement of signage in its ongoing efforts to protect the dunes. The Town had financially prepared, in its budget in fiscal year 2021, a dune repair project, which proved unnecessary during the year when the county renourished the beach in Orchid along with other beaches in the sector. In 2020, the Town spent \$442,890 on dune and beach repair.

**Town of Orchid, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

**Financial Analysis of the Governmental Fund**

*Municipal Note Payment.* On February 24, 2017, the Town received a four-year Municipal Note from the Orchid Island Golf and Beach Club Inc. for \$350,000 with an annual interest rate of 1.56%. As of February 24, 2021, the Town has repaid the note in full.

*Program Revenues and Expenditures.* Expenditures related to building department activities are included in various operating expenses. In determining program expenditures for building department activities, the Town includes 100% of expenditures for the contract Building Official and the Building Clerk (employee), as well as other miscellaneous direct expenditures, plus indirect cost rates of the various operating expenses. The indirect cost rates were determined through a combination of methods, including percentage of salary for administrative staff conducting building permit functions, percent of total staff for utilities expenses used by all staff and percent of space for operational expenses. During fiscal year 2021, building department revenue (including fees, penalties, investment earnings and inspection fees) totaled \$175,979. The Town carried over a deficit of \$22,300 from the prior fiscal year. Building department expenditures, computed as indicated, in fiscal year 2021 were \$140,427, which resulted in the Town carrying over a positive balance of \$13,251 to the next fiscal year.

**General Fund Budgetary Highlights**

Review of budget to actual numbers for fiscal year 2021 shows that actual revenues exceeded budgeted revenues by \$165,294. The Town had anticipated supplementing its regular revenue streams with funds from reserves, but all revenue streams exceeded the budget in excess of that budgeted deficit. Particularly, licenses and permits exceeded the budget by an unexpected margin. Total actual expenditures were less than budgeted by \$427,044. Particularly, the expenditures in cultural and recreational which were \$418,467 under budget; and thus, this category held the greatest significance in producing this outcome.

See the Budgetary Comparison Statement for the General Fund on page 22 for more details.

**Town of Orchid, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

**Capital Assets**

The Town's capital assets for its governmental activities as of September 30, 2021 amounted to \$159,887 (net of accumulated depreciation). The Town's expenses in capital assets include mainly a Town Hall facility (building), building improvements, furniture and fixtures, as well as machinery and equipment. Furthermore, the Town operates a network of streetlights.

	Governmental Activities	
	2021	2020
Streetlights, not placed in service	\$ 6,306	\$ 4,029
Buildings	50,689	55,066
Streetlights installed	99,209	101,341
Furniture and fixtures	2,562	3,280
Machinery & equipment	1,121	1,548
<b>Total capital assets, net</b>	<b>\$ 159,887</b>	<b>\$ 165,264</b>

Additional information on the Town's capital assets can be found in Note 2 to the financial statements.

**Long-Term Debt**

At the end of the prior fiscal year, the Town had total long-term debt outstanding of \$87,500 for a municipal note payable for beach dune restoration. With the payment of the final installment in February 2021, the Town has no long-term debt as of the end of the current fiscal year. More detailed information regarding these activities can be found in Note 2 of the Notes to the Financial Statements.

	Total Long-Term Debt	
	Governmental Activities	
	2021	2020
Note payable	\$ -	\$ 87,500

**Economic Factors and Next Year's Budget and Rates**

The overall financial position of the Town of Orchid and results of operations continue to remain positive. The Town has healthy reserves and is well-positioned to handle unexpected financial hurdles, which has allowed the millage rate for the fiscal year 2022 to be lowered. Furthermore, the Town anticipates the building boom to continue into the new fiscal year and for intergovernmental revenues to increase.

**Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town of Orchid's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to the Town Manager at 7707 US Highway 1, Suite 1, Vero Beach, FL 32967.



## **TOWN OF ORCHID, FLORIDA**

Basic Financial Statements



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**Town of Orchid, Florida**  
**Statement of Net Position**

September 30, 2021

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,535,993
Accounts receivable	2,925
Due from other governments	24,629
Prepaid items	9,423
Capital assets:	
Nondepreciable:	
Streetlights, not placed in service	6,306
Depreciable, net of accumulated depreciation:	
Buildings	50,689
Streetlights installed	99,209
Furniture and fixtures	2,562
Machinery and equipment	1,121
<b>Total assets</b>	<b>1,732,857</b>
<b>LIABILITIES</b>	
Accounts payable	30,880
Accrued payroll and related liabilities	41,432
Unearned revenue	650
Noncurrent liabilities:	
Due within one year:	
Compensated absences	5,344
<b>Total liabilities</b>	<b>78,306</b>
<b>NET POSITION</b>	
Investment in capital assets	159,887
Unrestricted	1,494,664
<b>Total net position</b>	<b>\$ 1,654,551</b>

*The accompanying notes are an integral part of these financial statements.*

**Town of Orchid, Florida**  
**Statement of Activities**

*For the year ended September 30, 2021*

Functions/Programs	Expenses	Program Revenues	
		Charges for Services and Fines	Operating Grants and Contributions
General government	\$ 535,392	\$ 184,424	\$ -
Public works	88,774	-	-
Culture and recreation	4,533	-	-
Total governmental activities	\$ 628,699	\$ 184,424	\$ -

General revenues:

Property taxes  
Intergovernmental  
Interest earnings  
Other revenue

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Total general revenues

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Change in net position

Net position, beginning of year

Net position, end of year

*The accompanying notes are an integral part of these financial statements.*

		Net (Expense) Revenue and Changes in Net Position	
		Capital Grants and Contributions	Governmental Activities
\$	-	\$	(350,968)
	-		(88,774)
	-		(4,533)
\$	-	\$	(444,275)
			824,547
			140,826
			1,008
			13,992
			980,373
			536,098
			1,118,453
		\$	1,654,551

*The accompanying notes are an integral part of these financial statements.*

**Town of Orchid, Florida  
Balance Sheet  
Governmental Fund**

September 30, 2021

General Fund

**ASSETS**

Cash and cash equivalents	\$	1,535,993
Accounts receivable		2,925
Due from other governments		24,629
Prepaid items		9,423
Total assets		\$ 1,572,970

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable	\$	30,880
Accrued liabilities		41,432
Unearned revenue		650
Total liabilities		72,962

Fund balances:

Nonspendable		
Prepaid items		9,423
Unassigned		
Minimum fund balance		180,698
Other		1,309,887
Total fund balances		1,500,008
Total liabilities and fund balances		\$ 1,572,970

*The accompanying notes are an integral part of these financial statements.*

**Town of Orchid, Florida**

**Reconciliation of Fund Balance of Governmental Fund to Net Position  
of Governmental Activities**

*September 30, 2021*

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**Total fund balance of governmental fund** **\$ 1,500,008**

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

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

Capital assets not being depreciated **6,306**

Capital assets being depreciated, net **153,581**

Certain liabilities are not due and payable in the current period,  
and therefore are not reported in the fund.

Accrued compensated absences **(5,344)**

**Net position of governmental activities** **\$ 1,654,551**

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*The accompanying notes are an integral part of these financial statements.*

**Town of Orchid, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Fund**

*For the year ended September 30, 2021*

**General Fund**

**Revenues**

Property taxes	\$	824,547
Intergovernmental		140,826
Licenses and permits		184,424
Interest earnings		1,008
Other revenue		13,992
Total revenues		1,164,797

**Expenditures**

Current:		
General government		540,477
Public works		79,711
Culture and recreation		4,533
Debt service:		
Principal		87,500
Interest		1,365
Capital outlay		9,208
Total expenditures		722,794

<b>Excess of revenues over expenditures</b>		<b>442,003</b>
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<b>Fund balances, beginning of year</b>		<b>1,058,005</b>
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<b>Fund balances, end of year</b>	\$	<b>1,500,008</b>
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*The accompanying notes are an integral part of these financial statements.*

**Town of Orchid, Florida**

**Reconciliation of Net Change in Fund Balance of Governmental Fund to Change  
in Net Position of Governmental Activities**

*For the year ended September 30, 2021*

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**Net change in fund balances - total governmental funds** **\$ 442,003**

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	<b>9,208</b>
Depreciation expense	<b>(14,585)</b>

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.	<b>87,500</b>
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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 governmental funds.

Change in the accrual for compensated absences	<b>11,972</b>
Change in net position of governmental activities	<b>\$ 536,098</b>

*The accompanying notes are an integral part of these financial statements.*

**Town of Orchid, Florida**  
**Statement of Revenues, Expenditures and Change in Fund**  
**Balance – Budget and Actual: General Fund**

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 813,707	\$ 813,707	\$ 824,547	\$ 10,840
Intergovernmental	114,988	114,988	140,826	25,838
Licenses and permits	68,130	68,130	184,424	116,294
Interest earnings	540	540	1,008	468
Other revenue	2,138	2,138	13,992	11,854
Funds from reserves	150,335	150,335	-	(150,335)
<b>Total revenues</b>	<b>1,149,838</b>	<b>1,149,838</b>	<b>1,164,797</b>	<b>165,294</b>
<b>Expenditures</b>				
Current:				
General government	522,473	542,473	540,477	1,996
Public works	85,700	85,700	79,711	5,989
Culture and recreation	443,000	423,000	4,533	418,467
Debt service	88,865	88,865	88,865	-
Capital outlay	9,800	9,800	9,208	592
<b>Total expenditures</b>	<b>1,149,838</b>	<b>1,149,838</b>	<b>722,794</b>	<b>427,044</b>
<b>Excess of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>442,003</b>	<b>592,338</b>
<b>Fund balances, beginning of year</b>	<b>1,058,005</b>	<b>1,058,005</b>	<b>1,058,005</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 1,058,005</b>	<b>\$ 1,058,005</b>	<b>\$ 1,500,008</b>	<b>\$ 592,338</b>

*The accompanying notes are an integral part of these financial statements.*



## Town of Orchid, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Orchid, Florida (the “Town”) is a political subdivision of the state of Florida, created by special legislative act Chapter 65-20021 in 1965 in Florida and organized under section 166.031, Florida Statutes, and is located in Indian River County.

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

The legislative branch of the Town is composed of a five-member elected council, including a Mayor elected by the Council. The Town Council is governed by the Town Charter and by state and local laws and regulations. The Town Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed Town Manager. The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the Town are described below.

In evaluating the Town as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

#### ***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 primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town had no business-type activities at September 30, 2021.

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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

## Town of Orchid, Florida Notes to Financial Statements

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

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

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

The Town reports the following major governmental fund:

The *General Fund* is the Town's operating fund. It accounts for all the financial resources of the general government.

## Town of Orchid, Florida Notes to Financial Statements

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

#### ***Budgetary information***

##### *Budgetary basis of accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The Town follows the procedures below in establishing the budgetary data reflected in the accompanying financial statements:

1. Annually, the Town Manager submits to the Town Council a proposed operating budget for the ensuing fiscal year, commencing October 1. The operating budget includes proposed expenditures and the means of funding them.
2. Public hearings are conducted to obtain taxpayer comments regarding the Town's budget and millage rate in accordance with Chapter 200 of the Florida Statutes.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance. It is adopted at the Town Council level of government.
4. For the fiscal year ended September 30, 2021, there was a budget amendment to increase available funding for general government expenditures.
5. Annual appropriated budgets are adopted for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America.
6. The Town Council may make, by ordinance, supplemental appropriations during the fiscal year. There were no supplemental appropriations for the fiscal year ended September 30, 2021.
7. The Town's budget is adopted on a basis consistent with generally accepted accounting principles in the United States of America. The Town's budgetary level of control is legally maintained at the fund level.

#### ***Assets, Liabilities, and Net Position or Equity***

##### *Cash and equivalents*

The Town's cash and cash equivalents are considered to be cash on hand and demand deposits.

##### *Receivables and payables*

Amounts due from other governments include amounts due from the State of Florida for state revenue sharing. Program and capital grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are reported as "unearned."

The Town considers due from other governments to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**Town of Orchid, Florida**  
**Notes to Financial Statements**

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

*Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and general fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

*Restricted Assets*

Restricted net position is subject to restrictions beyond the Town's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the Town's policy to use the restricted resources first, then unrestricted resources as they are needed. The Town reported no restricted net position at September 30, 2021.

*Capital Assets*

Capital assets, which include building, property and equipment, and infrastructure assets (primarily streetlights acquired or constructed since 1980), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years. Streetlights that are not yet placed in service are not depreciated.

As the Town constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The cost for sand dune re-nourishment projects are expensed as incurred.

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

Capital asset classes	Lives
Building	20
Streetlights installed	20
Furniture and fixtures	10 - 20
Machinery and equipment	5 - 20

The Town reviews capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a current charge to income is recognized.

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

*Compensated Absences*

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employment of the Town and, accordingly upon separation of service, no monetary obligation exists.

*Long-Term Obligations*

In the government-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of net position.

*Categories and Classification of Fund Equity*

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

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). When the Town incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

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

*Nonspendable fund balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (1) not in spendable form or (b) legally or contractually required to be maintained intact.

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

***Categories and Classification of Fund Equity (Continued)***

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

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

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

*Unassigned fund balance* – Unassigned fund balance is the residual classification for the General Fund.

Through the adoption of Resolution 2011-02, the Town established a targeted minimum reserve balance in its unassigned fund balance equal to 25% of the current fiscal year operating expenditures and transfers out. If, at the end of any fiscal year, the actual amount of unassigned fund balance falls below the targeted levels set forth, the Town Manager will prepare the subsequent year’s budget with expenditures or expense reductions and/or revenue increases necessary to restore the minimum requirements.

***Revenues and Expenditures/Expenses***

*Program revenues* – Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

## Town of Orchid, Florida Notes to Financial Statements

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

#### *Revenues and Expenditures/Expenses (Continued)*

*Property taxes* - Property values are assessed as of January 1 each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Town by Indian River 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 real property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by the Indian River County Property Appraiser. The County bills and collects all property taxes and remits the Town's proportionate share to the Town. In 2008, Florida Amendment One passed which closed a loophole in the original 1992 amendment that would not allow homeowners to take their property tax cap with them when they moved. It doubled the amount of homestead exemption from \$25,000 to \$50,000 on all but the least expensive homes, and created a 10% annual cap on the assessed value increase of non-homesteaded property.

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 Indian River 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 year ended September 30, 2021 was 1.9000 mills (\$1.9000 per \$1,000 of taxable assessed valuation).

*Unearned revenue* - Unearned revenue includes amounts collected before the revenue recognition criteria are met. The unearned items consist primarily of funds received that have not yet been expended for the required purpose.

#### *Use of Estimates*

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

#### *Subsequent Events*

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 19, 2022, and determined there were no events that occurred that required disclosure.

## Town of Orchid, Florida Notes to Financial Statements

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

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

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

In June 2017, the GASB issued Statement No. 87, *Leases*. The objectives of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The Town is evaluating the requirements of the above statement and the impact on reporting.

### Note 2: DETAILED NOTES ON ALL FUNDS

#### *Deposits*

At September 30, 2021, the Town's carrying amount of cash deposits was \$1,535,693 and the bank balance was \$1,541,702. In addition, the Town reported petty cash of \$300. As of September 30, 2021, \$250,000 of the Town's bank balance is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Town pursuant to Section 280.08, Florida Statutes.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate deposits are defined as public deposits. The financial institutions in which the Town places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act.



**Town of Orchid, Florida**  
**Notes to Financial Statements**

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

***Accounts Receivable***

All account receivables are shown net of allowances for uncollectible accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2021, were as follows:

	Accounts Receivable	Allowance for Uncollectible	Net
General Fund	\$ 2,925	\$ -	\$ 2,925
<b>Total</b>	<b>\$ 2,925</b>	<b>\$ -</b>	<b>\$ 2,925</b>

Property taxes are considered fully collected (96% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2021. There are no other reserves for receivables recorded by the Town as of September 30, 2021.

***Capital Assets***

The following is a summary of changes in capital assets during the year ended September 30, 2021.

	Beginning Balance	Additions / Transfers	Disposals / Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Streetlights, not placed in service	\$ 4,029	\$ 4,978	\$ (2,701)	\$ 6,306
<b>Total capital assets, not being depreciated</b>	<b>4,029</b>	<b>4,978</b>	<b>(2,701)</b>	<b>6,306</b>
Capital assets, being depreciated:				
Buildings	87,545	-	-	87,545
Streetlights installed	229,014	6,931	-	235,945
Furniture and fixtures	24,435	-	-	24,435
Machinery and equipment	13,354	-	(5,677)	7,677
<b>Total capital assets being depreciated</b>	<b>354,348</b>	<b>6,931</b>	<b>(5,677)</b>	<b>355,602</b>
Less accumulated depreciation for:				
Buildings	(32,479)	(4,377)	-	(36,856)
Streetlights installed	(127,673)	(9,063)	-	(136,736)
Furniture and fixtures	(21,155)	(718)	-	(21,873)
Machinery and equipment	(11,806)	(427)	5,677	(6,556)
<b>Total accumulated depreciation</b>	<b>(193,113)</b>	<b>(14,585)</b>	<b>5,677</b>	<b>(202,021)</b>
<b>Total capital assets being depreciated, net</b>	<b>161,235</b>	<b>(7,654)</b>	<b>-</b>	<b>153,581</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 165,264</b>	<b>\$ (2,676)</b>	<b>\$ (2,701)</b>	<b>\$ 159,887</b>

**Town of Orchid, Florida**  
**Notes to Financial Statements**

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

***Capital Assets (Continued)***

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

<i>For the year ended September 30,</i>	2021
Governmental activities	
General government	\$ 5,522
Public Works	9,063
Total depreciation expense - governmental activities	\$ 14,585

***Long-Term Debt***

*Note Payable*

Effective February 24, 2017, the Town obtained a four-year municipal note from the Orchid Island Golf & Beach Community Association, Inc. in the amount of \$350,000 for restoration of dunes damaged by Hurricane Matthew. The note carries an annual interest rate of 1.56% and annual payments are \$87,500.

Long-term liability activity for the year ended September 30, 2021 was as follows for governmental activities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Note payable, direct					
borrowing	\$ 87,500	\$ -	\$ (87,500)	\$ -	\$ -
Compensated absences	17,316	21,806	(33,778)	5,344	5,344
Total Government Activities	\$ 104,816	\$ 21,806	\$ (121,278)	\$ 5,344	\$ 5,344

Compensated absences will be liquidated in future periods primarily by the General Fund for governmental activities.

**Note 3: RETIREMENT PLAN**

***Defined Contribution Pension Plan***

Effective March 5, 2003, the Town established a defined contribution plan (the "Plan") for the Town Manager in accordance with the Internal Revenue Service Code Section 401(a) and Resolution Number 2003-02. On February 4, 2004 under Resolution Number 2004-02, all full-time employees became eligible for this plan. The Plan members do not contribute to the Plan. The Town's required contribution is seven and one half percent of each plan member's gross salary. For the fiscal year ended September 30, 2021, the Town contributed \$5,632 to the Plan, in which there are two employees participating. If a participant separates from service and subsequently becomes employed with another unit of a state or local government, then the participant may rollover the benefits into his/her new employer's pension plan providing said plan permits rollovers. Provisions of the Plan may be amended by the Town Council. The Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries, and consequently, the Town has no fiduciary responsibility. The net position of the Plan, therefore, is not included in the Town's financial statements.

**Note 4: 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; and natural disasters, for which the Town carries commercial insurance. The Town also provides employee medical benefits through commercial insurance coverage. There were no claims or reductions in insurance coverage from the prior year. The Town has not experienced settlements in excess of insurance coverage during the past three years.

**Note 5: COMMITMENTS**

Effective February 18, 2005, the Town executed a Combined Voluntary Cooperation and Operational Assistance Mutual Aid Agreement with the Indian River County Sheriff's Office for law enforcement assistance. The agreement does not require payments between the parties for this assistance. On November 16, 2016, this agreement was renewed until January 31, 2021. On January 6, 2021, the Town extended their agreement with the Indian River County Sheriff's Office through January 31, 2025.

**Note 6: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain as of January 19, 2022.



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



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**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 Orchid, 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 the major fund of the Town of Orchid, Florida (the "Town"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 19, 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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

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

Melbourne, Florida

January 19, 2022





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## **INDEPENDENT AUDITORS' MANAGEMENT LETTER**

Honorable Mayor and  
Members of the Town Council  
Town of Orchid, Florida

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

We have audited the financial statements of the Town of Orchid, Florida as of and for the fiscal year ended September 30, 2021 and have issued our report thereon dated January 19, 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* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 19, 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 financial audit report. There were no recommendations made in the preceding annual financial report.

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the Town of Orchid, Florida is disclosed in the notes to the financial statements. There are no component units of the Town.

## **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Orchid, 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 Town of Orchid, Florida 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 Town of Orchid, Florida. It is management's responsibility to monitor the Town of Orchid, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and 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.

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

Melbourne, Florida  
January 19, 2022

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

Honorable Mayor and  
Members of the Town Council  
Town of Orchid, Florida

We have examined the Town of Orchid, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of the Town of Orchid, Florida is responsible for the Town of Orchid, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Orchid, Florida'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 of Orchid, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Orchid, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town of Orchid, Florida's compliance with specified requirements.

In our opinion, the Town of Orchid, Florida complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

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

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

Melbourne, Florida  
January 19, 2022