

CITY OF BRADENTON BEACH, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bradenton Beach, Florida (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

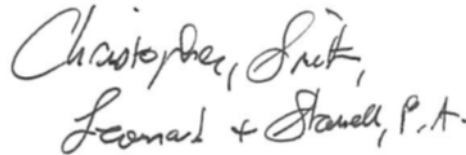
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 City's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bradenton Beach, Florida's internal control over financial reporting and compliance.



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

June 26, 2023
Bradenton, Florida

City of BRADENTON BEACH

State of Florida

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of City of Bradenton Beach, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. Readers should consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$14,647,678 (*net position*). Of this amount, \$2,245,729 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fiscal policies.
- The City's total net position increased by \$1,132,781 during the year.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$3,718,108, an increase of \$1,608,234 in comparison with the prior year. Of this total amount, \$1,398,108, is available for spending at the City's discretion (*unassigned fund balance*).

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by Ad Valorem taxes, and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City is engaged in only governmental activities. The government-wide financial statements can be found on pages 9 and 10 of this report.

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

Governmental funds. Governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual method of accounting and the current financial resources focus. As a result, long-term assets and liabilities are not included.

A reconciliation to facilitate the comparison between the governmental fund financial statements and the government-wide financial statements is presented on pages 12 and 14.

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

The City adopts an annual budget for each of its governmental funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 11 to 14 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and follow the accrual method of accounting. The City's sole fiduciary fund is a pension trust fund used to account for the Police Officer's Pension Trust Fund. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The basic fiduciary fund financial statements can be found on pages 15 to 16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the amounts provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 17.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bradenton Beach, Florida, assets exceeded liabilities by \$14,647,678 at the close of the most recent fiscal year.

A large portion of the City's net position, \$10,596,203, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens within the boundaries of the City; consequently, these assets are *not* available for future spending. The City also had significant assets in cash and investments at September 30, 2022. Investments are in certificates of deposits and are all held in Qualified Public Depositories, or the State Local Government Surplus Trust Fund as allowed by Florida Statutes.

A condensed statement of net position as of September 30, 2022 with comparative balances as of September 30, 2021 follows:

Net Position

	Governmental Activities	
	2022	2021
Current and other assets	\$ 5,381,233	\$ 5,188,100
Capital assets (net of depreciation)	10,633,034	10,439,744
Total assets	16,014,267	15,627,844
Long-term liabilities	197,719	204,221
Other liabilities	1,022,622	1,908,726
Total liabilities	1,220,341	2,112,947
Deferred inflows	146,248	-0-
Net Position:		
Net Investment in capital assets	10,596,203	10,332,278
Restricted	1,805,746	1,538,204
Unrestricted	2,245,729	1,644,415
Total Net Position	\$ 14,647,678	\$ 13,514,897

\$323,213 of the City's net position is restricted for library purposes, \$1,294,801 is restricted for redevelopment, and \$187,732 is restricted for storm water and other uses. The remaining balance of *unrestricted net position* of \$2,245,729 may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased by \$1,132,781 during the current fiscal year. The following is a summary of the information presented in the statement of activities for the fiscal year ended September 30, 2022 with comparative totals for the fiscal year ended September 30, 2021:

Changes in Net Position

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 1,132,970	\$ 969,103
Operating grants	8,000	21,792
Capital grants	461,354	2,949,271
	1,602,324	3,940,166
General revenues:		
Taxes	2,991,442	2,798,934
Other	607,750	810,956
Total revenues	5,201,516	7,550,056
Expenses:		
General government	847,125	908,554
Public safety	1,495,597	1,399,411
Planning	449,384	477,247

Public works	779,237	915,926
Culture and recreation	<u>497,392</u>	<u>610,146</u>
Total expenses	<u>4,068,735</u>	<u>4,311,284</u>
Change in Net Position	1,132,781	3,238,772
Net Position – Beginning of year	<u>13,514,897</u>	<u>10,276,125</u>
Net Position – End of year	<u>\$ 14,647,678</u>	<u>\$ 13,514,897</u>

Revenues were \$5,201,516 compared to expenses of \$4,068,735. Revenues decreased \$2,348,540 largely due to a decrease in grants. Expenses decreased by \$242,549.

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's general fund reported an ending fund balance of \$2,100,094, an increase of \$1,384,004 in comparison with the prior year. Of this total \$1,398,549 is *unassigned fund balance*, which is available for spending at the City's discretion. \$219,132 of fund balance is non-spendable due to prepaid items, \$294,681 is committed for equipment replacement and cell tower proceeds expenditures, and \$187,732 is restricted for storm water and other uses.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balances represents approximately 39% of total general fund expenditures, while total fund balance approximates 59%.

The fund balance of the City's general fund increased by \$1,384,004 during the current fiscal year. Revenues were \$5,074,409, expenditures were \$3,581,966, and net other financing sources were (\$108,439). The general fund increase in fund balance is largely due to less capital outlay performed under reimbursement grants than in the prior year fiscal year. Revenues decreased \$230,308 due to reductions in state shared revenues and grants. Expenditures decreased \$2,212,369 due largely to capital outlay which decreased by \$2,106,008 from the prior year.

The fund balance of the City's special revenue fund for redevelopment increased by \$262,979. Revenues were \$840,748, expenditures were \$686,208 and transfers in were \$108,439. The increase was due to reduced maintenance and improvements done within the redevelopment district compared to the previous year.

The library fund operations are restricted to use for the Bradenton Beach Public Library. Fund balance for the year decreased by \$38,749. Revenues were \$574, and expenditures were \$39,323.

Fiduciary funds. During the 2022–23 fiscal year, the City established the Retirement Plan and Trust for the Police Officers' of the City of Bradenton Beach. Total contributions during the year were \$73,649, which were offset by investment losses of \$4,400, including investment fees.

General Fund Budgetary Highlights

During the year, the General Fund budget was amended. The original and final budgeted revenues were \$4,187,066. The original and final budgeted expenditures were \$3,632,816 and \$3,901,286, respectively. For the current fiscal year, actual revenues were greater than budgeted revenues by \$887,343, due largely to unanticipated grant revenues. Actual expenditures were less than budgeted expenditures by \$319,320 largely due to personal services. The General Fund budget is presented as required supplementary information as listed in the table of contents.

Capital Assets

The City's investment in capital assets amounts to \$10,633,034 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and machinery and equipment. The City's investment in capital assets for the current fiscal year increased \$193,290. This was comprised largely of \$702,450 of capital additions, net of \$498,997 of depreciation expense, and \$10,163 of loss on disposal of assets.

The following is a condensed schedule of capital assets as of September 30, 2022 with comparative totals for September 30, 2021:

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 800,453	\$ 800,453
Construction in progress	3,055,754	3,656,194
Building and Improvements	612,434	681,494
Infrastructure	5,871,152	5,088,712
Machinery and equipment	293,241	212,891
Total	<u>\$10,633,034</u>	<u>\$10,439,744</u>

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

Economic Factors and Next Year's Budgets and Rates

The millage rate in the fiscal 2023 budget is 2.3329, which is the same rate as the 2022 budget.

The City's budgeted revenues in the general fund for fiscal year 2023 are \$4,408,216. Budgeted expenditures amount to \$4,240,179, including transfers. Budgeted revenues in fiscal year 2023 in the CRA fund are \$720,265. Budgeted expenditures for the CRA are \$741,744.

Requests for Information

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

CITY OF BRADENTON BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities
ASSETS	
Cash-unrestricted	\$ 2,281,582
Cash-restricted	1,184,625
Investments-unrestricted	341,575
Investments-restricted	578,389
Accounts receivable	82,647
Due from other governmental units	502,798
Prepaid expenses	222,628
Lease receivable	147,650
Lease interest receivable	369
Right-to-use asset	38,970
Capital assets	
Land	800,453
Construction in progress	3,055,754
Buildings and improvements	612,434
Infrastructure	5,871,152
Equipment	293,241
Total Assets	16,014,267
LIABILITIES	
Accounts payable	340,121
Accrued expenses	11,671
Unearned revenue	670,830
Non current liabilities	
Due within one year	32,195
Due in more than one year	165,524
Total Liabilities	1,220,341
DEFERRED INFLOWS	
Lease-related inflows of resources	146,248
Total Deferred Inflows	146,248
NET POSITION	
Net investment in capital assets	10,596,203
Restricted for:	
Redevelopment	1,294,801
Library	323,213
Stormwater and other	187,732
Unrestricted	2,245,729
TOTAL NET POSITION	\$ 14,647,678

The accompanying notes are an integral part of these financial statements

CITY OF BRADENTON BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Functions/Programs</u>	Program Revenues				Net (Expenses) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 847,125	\$ 216,509	\$ -	\$ -	\$ (630,616)
Public safety	1,495,597	245,575	-	-	(1,250,022)
Planning	449,384	462,359	-	-	12,975
Public works	779,237	5,500	-	216,728	(557,009)
Culture and recreation	497,392	203,027	8,000	244,626	(41,739)
Total Governmental Activities	4,068,735	1,132,970	8,000	461,354	(2,466,411)
Total Government	\$ 4,068,735	\$ 1,132,970	\$ 8,000	\$ 461,354	(2,466,411)
					2,199,202
					270,960
					445,443
					75,837
					26,631
					284,188
					273,998
					15,014
					7,919
					3,599,192
					1,132,781
					13,514,897
					\$ 14,647,678

The accompanying notes are an integral part of these financial statements

**CITY OF BRADENTON BEACH, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General	CRA	Library	Total Governmental Funds
ASSETS				
Cash–unrestricted	\$ 2,281,582	\$ -	\$ -	\$ 2,281,582
Cash–restricted	187,732	796,708	200,185	1,184,625
Investments – unrestricted	341,575	-	-	341,575
Investments – restricted	-	450,355	128,034	578,389
Accounts receivable	82,647	-	-	82,647
Due from other governmental units	338,526	164,272	-	502,798
Due from other funds	7,500	77,073	-	84,573
Prepaid items	219,132	1,002	2,494	222,628
TOTAL ASSETS	\$ 3,458,694	\$ 1,489,410	\$ 330,713	\$ 5,278,817
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 309,784	\$ 30,337	\$ -	\$ 340,121
Accrued expense	11,671	-	-	11,671
Due to other funds	77,073	-	7,500	84,573
Unearned revenue	670,830	-	-	670,830
Total Liabilities	1,069,358	30,337	7,500	1,107,195
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	289,242	164,272	-	453,514
Fund balance:				
Nonspendable:				
Spendable:				
Restricted	219,132	1,002	2,494	222,628
Committed	187,732	1,293,799	320,719	1,802,250
Assigned	294,681	-	-	294,681
Unassigned	-	-	-	-
Total Fund Balances	1,398,549	-	-	1,398,549
Total Fund Balances	2,100,094	1,294,801	323,213	3,718,108
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,458,694	\$ 1,489,410	\$ 330,713	\$ 5,278,817

The accompanying notes are an integral part of these financial statements

**CITY OF BRADENTON BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

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

Fund Balance – Governmental Funds	\$	3,718,108
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		10,633,034
Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Lease receivable		147,650
Lease interest receivable		369
Right-to-use asset		38,970
Long-term liabilities, including compensated absences, are not due in the current period and therefore are not reported in the funds		
Compensated absences		(121,918)
Lease liability		(44,139)
Note payable – Direct borrowing		(31,662)
Transactions recorded as revenues in the statement of activities, but did not meet the availability criteria under the modified accrual basis of accounting, and therefore are considered to be unavailable revenue until available in the fund statements		453,514
Deferred inflows of resources related to the lease are not available current financial resources and therefore, are not reported in the funds		(146,248)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>14,647,678</u>

The accompanying notes are an integral part of these financial statements

CITY OF BRADENTON BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General	CRA	Library	Total Governmental Funds
REVENUES				
Ad Valorem taxes	\$ 1,661,550	\$ 537,652	\$ -	\$ 2,199,202
State shared revenue	373,428	-	-	373,428
Franchise fees	284,188	-	-	284,188
Service tax	445,443	-	-	445,443
Storm water fees	273,998	-	-	273,998
Licenses and permits	642,756	-	-	642,756
Court/local fines	119,722	-	-	119,722
Interest	10,216	4,224	574	15,014
Interlocal agreements	125,648	74,121	-	199,769
Grants	962,085	223,255	-	1,185,340
Other	175,375	1,496	-	176,871
Total Revenues	5,074,409	840,748	574	5,915,731
EXPENDITURES				
Administration department	706,031	-	-	706,031
Public safety	1,345,145	69,058	-	1,414,203
Planning department	396,615	49,742	-	446,357
Public works	737,269	2,985	-	740,254
Culture and recreation	52,876	172,314	39,323	264,513
Debt service	33,689	-	-	33,689
Capital outlay	310,341	392,109	-	702,450
Total Expenditures	3,581,966	686,208	39,323	4,307,497
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,492,443	154,540	(38,749)	1,608,234
OTHER FINANCING SOURCES (USES)				
Transfers in	-	108,439	-	108,439
Transfers out	(108,439)	-	-	(108,439)
Total other financing sources (uses)	(108,439)	108,439	-	-
NET CHANGE IN FUND BALANCES	1,384,004	262,979	(38,749)	1,608,234
FUND BALANCES – October 1, 2021	716,090	1,031,822	361,962	2,109,874
FUND BALANCES – September 30, 2022	\$ 2,100,094	\$ 1,294,801	\$ 323,213	\$ 3,718,108

The accompanying notes are an integral part of these financial statements

**CITY OF BRADENTON BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

Net changes in fund balance – total governmental funds \$ 1,608,234

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 additions reported as expenditures in the governmental funds	702,450
Loss on disposal	(10,163)
Depreciation expense	(498,997)

Revenues in the statement of activities that do not provide current financial resources as they do not meet the availability criteria and are not reported as revenues in the funds.

Change in lease receivable	147,650
Change in lease interest receivable	369
Change in lease-related inflows of resources	(146,248)
Change in unavailable revenue	(715,986)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences	(25,163)
Change in right-to-use asset	38,970

The issuance of long-term debt, including leases, provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These amounts do not effect net position in the government wide financial statements.

Principal payments on note payable – direct borrowing	10,338
Principal payments on leases	21,327

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,132,781

The accompanying notes are an integral part of these financial statements

CITY OF BRADENTON BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2022

	<u>POLICE RETIREMENT PLAN</u>
ASSETS	
Investments, at fair value	\$ 65,041
Employer contribution receivable	3,110
Employee contribution receivable	1,098
TOTAL ASSETS	<u><u>\$ 69,249</u></u>
FIDUCIARY NET POSITION	
Restricted for pension benefits	<u><u>\$ 69,249</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF BRADENTON BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	POLICE RETIREMENT PLAN
ADDITIONS	
CONTRIBUTIONS:	
Employer contributions	\$ 54,436
Employee contributions	19,213
Total contributions	73,649
INVESTMENT INCOME:	
Net realized and unrealized gains (losses)	(4,375)
Total investment earnings	(4,375)
Less investment expense	25
Net investment income	(4,400)
TOTAL ADDITIONS	69,249
Increase (Decrease) in fiduciary net position	69,249
FIDUCIARY NET POSITION – RESTRICTED FOR PENSION BENEFITS	
Beginning of year	-
End of year	\$ 69,249

The accompanying notes are an integral part of these financial statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

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

B. BASIS OF PRESENTATION

BASIS OF ACCOUNTING: BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS – The City's basic financial statements include government-wide (which report on the City as a whole) and fund financial statements (which report on the General, CRA and Library funds, as well as the Fiduciary Fund). The basic financial statements present only governmental activities, as the City conducts no business-type activities. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide financial statements exclude the City's fiduciary activities (pension trust fund). For the most part, interfund activity has been removed from these statements. Government-wide financial statements include a statement of net position and a statement of activities. The statement of net position reports all financial and capital resources of the City's governmental activities. It is presented in a net position format (assets plus deferred outflows less liabilities plus deferred inflows equal net position) and

CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. BASIS OF PRESENTATION – CONTINUED

shown with three components: net investment in capital assets, restricted net position and unrestricted net position. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues.

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

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

GOVERNMENTAL FUNDS:

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

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

FIDUCIARY FUND:

PENSION TRUST FUND – The pension trust fund is accounted for on the accrual basis since capital maintenance is critical. Employer and participant contributions are recognized in the period in which the contributions are due. Retirement benefits and refunds are recognized when due and payable in accordance with the plan.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. CAPITAL ASSETS

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

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

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

D. LONG-TERM OBLIGATIONS

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

E. BUDGETARY INFORMATION

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

F. PROPERTY TAXES

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

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

CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. PROPERTY TAXES – CONTINUED

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

G. CASH AND CASH EQUIVALENTS

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

- H. ACCOUNTS RECEIVABLE – All trade receivables are shown net of allowance for doubtful accounts. At September 30, 2022, there was no allowance for doubtful accounts as all receivables are considered to be fully collectible. Net trade receivables are \$82,647 as of September 30, 2022.

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position/balance sheet may include a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Similarly, in addition to liabilities, the City may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2022, the City had one item that qualified as a deferred inflow on the balance sheet – governmental funds which represented revenue that did not meet the availability criteria under the modified accrual basis of accounting. Additionally, the City had one item that qualified as a deferred inflow on the government-wide statement of net position which represented lease-related inflows of resources.

- J. INTERFUND RECEIVABLES/PAYABLES – Interfund receivables/payables arise from temporary interfund transfers. When a fund has an interfund receivable and an interfund payable to the same fund, the amounts are recorded in separate accounts. Internal activity and balances between governmental funds have been eliminated in the government-wide statement of net position.

K. ESTIMATES

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

CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. NET POSITION

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

M. FUND BALANCE

Government Accounting Standards Board Statement (GASB) 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are nonspendable and spendable.

Spendable is then further classified as restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

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

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

Spendable Fund Balance:

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

The City uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. FUND BALANCE – CONTINUED

Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City does not have a formal minimum fund balance policy. Fund balance at September 30, 2022 was as follows:

<u>NonSpendable:</u>	<u>General Fund</u>	<u>CRA</u>	<u>Library Fund</u>
Prepaid items	\$ 219,132	\$ 1,002	\$ 2,494
 <u>Spendable:</u>			
Restricted to:			
Transportation and parks	130,937	-0-	-0-
Stormwater	55,792	-0-	-0-
CRA	-0-	1,293,799	-0-
Library	-0-	-0-	320,719
Other	1,003	-0-	-0-
Committed to:			
Equipment replacement	48,950	-0-	-0-
Cell Tower proceeds	245,731	-0-	-0-
 <u>Unassigned:</u>			
Unassigned	<u>1,398,549</u>	<u>-0-</u>	<u>-0-</u>
Total Fund Balances	<u>\$ 2,100,094</u>	<u>\$ 1,294,801</u>	<u>\$ 323,213</u>

Total CRA fund balance is restricted for redevelopment and the Library fund balance is restricted for library purposes. The remaining fund balance includes nonspendable amounts which were spent for each fund's specific purposes.

N. INTERFUND ADVANCES

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. There were no interfund advances at September 30, 2022.

O. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

Effective October 1, 2021, the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB No. 87), which requires lessees recognize certain lease assets and liabilities for leases that previously were classified as operating leases based on the foundational principle that leases are financings of the right-to-use an underlying asset. Similarly, GASB No. 87, also requires lessors to recognize certain lease assets and deferred inflows of resources for leases meeting the same recognition principles. Accordingly, the City recognized lease interest receivables, lease receivables, right-to-use assets, lease liabilities and lease-related deferred inflows of resources in the statement of net position.

CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. IMPLEMENTATION OF NEW ACCOUNTING STANDARD – CONTINUED

The implementation of this new standard required the initial recognition in the governmental activities of right-to-use assets of \$66,478 and a lease liability of \$66,478 as of October 1, 2021. The implementation of this new standard also required the initial recognition of lease receivables of \$149,920, and lease related deferred inflows of resources of \$149,920 in the governmental activities. The adoption of GASB No. 87 had no effect on net position or fund balance, as previously reported.

NOTE 2 – CASH AND INVESTMENTS

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

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

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

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

CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

Credit Quality

Florida PRIME is rated by Standard and Poor's. The rating as of September 30, 2022 is AAAM.

Interest Rate Risk

The City's policy is to minimize risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The Florida PRIME has a dollar weighted average days to maturity of 21 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of Florida PRIME at September 30, 2022 is 72 days.

Foreign Currency Risk

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2021 through September 30, 2022.

Other GASB No. 79 Disclosures

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee and the Investment Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. From October 1, 2021 through September 30, 2022, no such disclosure has been made. Additionally, as of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

At September 30, 2022, the City had investments in the LGIP in the amount of \$791,930. For further information regarding the LGIP, readers should refer to the financial statements and disclosures of the Florida State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool.

In addition to the investments in the LGIP, at September 30, 2022, the City's carrying amount of cash and cash equivalents was \$3,466,207 and the bank balance was \$3,480,595. The City had certificates of deposit classified as investments in the amount of \$128,034. Restricted cash and investments in the special revenue funds represents funds for redevelopment and library purposes.

The investments of the Retirement Plan and Trust for the Police Officers' of the City of Bradenton Beach are recorded at fair value and are enumerated in NOTE 9.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>End of Year</u>
<u>Governmental Activities</u>					
Assets not being depreciated:					
Land	\$ 800,453	\$ -0-	\$ -0-	\$ -0-	\$ 800,453
Construction in progress	<u>3,656,194</u>	<u>472,914</u>	<u>(12,419)</u>	<u>(1,060,935)</u>	<u>3,055,754</u>
Total capital assets, not being fully depreciated	4,456,647	472,914	(12,419)	(1,060,935)	3,856,207
Capital assets being depreciated:					
Building and improvements	2,002,842	-0-	-0-	-0-	2,002,842
Infrastructure	7,471,294	47,900	-0-	1,060,935	8,580,129
Furniture and equipment	<u>1,466,957</u>	<u>181,636</u>	<u>(28,590)</u>	<u>-0-</u>	<u>1,620,003</u>
Total capital assets being depreciated	10,941,093	229,536	(28,590)	1,060,935	12,202,974
Less accumulated depreciation for:					
Buildings and improvements	1,321,348	69,060	-0-	-0-	1,390,408
Infrastructure	2,382,582	326,395	-0-	-0-	2,708,977
Furniture and equipment	<u>1,254,066</u>	<u>103,542</u>	<u>(30,846)</u>	<u>-0-</u>	<u>1,326,762</u>
Total accumulated depreciation	4,957,996	498,997	(30,846)	-0-	5,426,147
Total capital assets, being depreciated, net	<u>5,983,097</u>	<u>(269,461)</u>	<u>2,256</u>	<u>1,060,935</u>	<u>6,776,827</u>
Governmental activities capital assets, net	<u>\$ 10,439,744</u>	<u>\$ 203,453</u>	<u>\$ (10,163)</u>	<u>\$ -0-</u>	<u>\$ 10,633,034</u>

Depreciation expense in the governmental activities was allocated as follows: General Government \$177,181, Public Safety \$66,690, Planning \$1,642, Public Works \$33,315, and Culture and Recreation \$220,169.

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

NOTE 3 – CAPITAL ASSETS – CONTINUED

Lease activity for governmental activities for the year ended September 30, 2022 was as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Modifications & Remeasurement</u>	<u>Subtractions</u>	<u>End of Year</u>
Lease assets					
Vehicle	\$ 66,478	\$ -0-	\$ -0-	\$ -0-	\$ 66,478
Less: accumulated amortization					
Vehicle	-0-	(27,508)	-0-	-0-	(27,508)
Total lease assets, net	<u>\$ 66,478</u>	<u>\$ (27,508)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 38,970</u>

NOTE 4 – LONG-TERM LIABILITIES

The City provides vacation pay and sick leave to its employees. Accrued vacation and sick pay of \$121,918 is included as a liability in the government-wide financial statements. Upon retirement from the City, after 20 years of service, or reaching age 62, the employee is entitled to one-half of their accumulated sick time. The City has estimated the accrued sick time based on this policy. Accrued compensated absences are typically liquidated from the General Fund.

During 2022, the City entered into a direct borrowing agreement for financing an additional police vehicle in the amount of \$42,000. Interest is charged at 2.11%. The police vehicle was recognized as a capital asset addition in the amount of \$41,483 and accumulated depreciation was \$13,828 as of September 30, 2022. Remedies of default include: a) termination of the agreement, b) demand payment on outstanding amounts, c) obtain possession of the vehicle, and/or d) take whatever action under law. Future principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,388	\$ 672	\$ 11,060
2024	10,607	452	11,059
2025	10,667	229	10,896
	<u>\$ 31,662</u>	<u>\$ 1,353</u>	<u>\$ 33,015</u>

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

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>	<u>Due Within One Year</u>
Compensated absences	\$ 96,755	\$ 92,160	\$ (66,997)	\$ 121,918	\$ -0-
Capital lease	65,466	-0-	(65,466)	-0-	-0-
Lease liability	-0-	66,478	(22,339)	44,139	21,807
Direct borrowing arrangement	42,000	-0-	(10,338)	31,662	10,388
	<u>\$ 204,221</u>	<u>\$ 158,638</u>	<u>\$ (165,140)</u>	<u>\$ 197,719</u>	<u>\$ 32,195</u>

The lease liability is further described in NOTE 5.

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

NOTE 5 – LESSEE LEASE AGREEMENT

The City has entered into a four-year lease agreement as a lessee for financing a police vehicle in 2020. Interest is charged at 2.38%, which was used as the discount rate for determining the lease liability. Payments of principal and interest are due annually and the lease expires on February 6, 2024.

Lease expense was reported during the year ended September 30, 2022 as follows:

Lease expense:	
Amortization expense by class of the Underlying asset	
Vehicle	\$ <u>27,508</u>
Total amortization expense	27,508
Interest on lease liabilities	1,234
Variable lease expense	<u>-0-</u>
Total	<u>\$ 28,742</u>

The future maturity schedule is as follows:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
<u>Ended September 30,</u>			
2023	\$ 21,807	\$ 1,062	\$ 22,869
2024	<u>22,332</u>	<u>537</u>	<u>22,869</u>
Total Future Payments	<u>\$ 44,139</u>	<u>\$ 1,599</u>	<u>\$ 45,738</u>

NOTE 6 – LESSOR LEASE AGREEMENTS

The City is engaged in a lease agreement allowing the lessee to lease space on the City' cell phone tower. The lease agreement initially commenced in July 2012 with an initial lease term of five years with nine additional five-year renewal. The lease is in the second renewal term which expires in July 2027. With all renewal periods, the lease will ultimately expire in July 2062. Monthly rental revenue is based on 30% of the gross rental revenue generated and is estimated at \$529 per month over the remaining lease periods. Revenue of \$8,270 was recognized in the general fund during the year.

Lease-related revenue for governmental activities for the year ended September 30, 2022 was as follows:

Lease-related revenue	
Lease revenue	
Cell tower space	\$ <u>3,672</u>
Total lease revenue	3,672
Interest revenue	4,456
Variable & other revenue	<u>-0-</u>
Total	<u>\$ 8,128</u>

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

NOTE 6 – LESSOR LEASE AGREEMENTS – CONTINUED

Expected future minimum reductions of the lease receivable are as follows:

Year <u>Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Receipts</u>
2023	\$ 1,954	\$ 4,403	\$ 6,357
2024	2,013	4,343	6,356
2025	2,074	4,282	6,356
2026	2,137	4,219	6,356
2027	2,202	4,154	6,356
5 Years Ending 2032	12,059	19,724	31,783
5 Years Ending 2037	14,008	17,775	31,783
5 Years Ending 2042	16,272	15,511	31,783
5 Years Ending 2047	18,902	12,881	31,783
5 Years Ending 2052	21,957	9,826	31,783
5 Years Ending 2057	25,505	6,277	31,782
5 Years Ending 2062	<u>28,567</u>	<u>2,157</u>	<u>30,724</u>
Total Future Receipts	<u>\$ 147,650</u>	<u>\$ 105,552</u>	<u>\$ 253,202</u>

Additionally, the City leases space on the Bradenton Beach Pier, which expired December 31, 2020 and is being leased on a month-to-month basis until a new lease agreement is agreed upon. Current year rental income was \$44,233. In addition to the base rent, the tenant is required to make a monthly payment to the City equal to 2% of gross revenue which for the year ended September 30, 2022 was \$82,902.

NOTE 7 – INTERFUND BALANCES

Interfund balances arise from the general fund cash account being the primary disbursement account for the City. At September 30, 2022, the General Fund owed the CRA Fund \$77,073, and the Library Fund owed the General Fund \$7,500.

NOTE 8 – DEFINED CONTRIBUTION RETIREMENT PLAN

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

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the City Commission. For each employee in the pension plan, the City is required to contribute 13.5 percent of annual regular salary. Employees are not eligible to contribute to the plan through payroll deductions. For the year ended September 30, 2022, the City recognized pension expense of \$131,717.

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

CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – DEFINED BENEFIT RETIREMENT PLAN

Plan Description and Summary of Significant Accounting Policies

Effective February 1, 2022, the City established the Retirement Plan and Trust for the Police Officers' of the City of Bradenton Beach (the Plan), which is a single-employer, defined benefit plan. The City has established a special pension trust fund into which shall be paid all monies received by the City under the provisions of Chapter 185, Florida Statutes. The City Commission of the City has the power to amend the Plan. The Trustee of the Plan is the Florida Municipal Pension Trust Fund (Trustee) and the Plan Administrator is the Florida League of Cities (Administrator). All police officers of the City are eligible to participate in the Plan. As of September 30, 2022, the Plan had 8 active participants.

The Plan is accounted for in the accompanying financial statements as a pension trust fund. A separate financial statement is not issued for the Plan. Plan administrative costs are paid by the plan.

Basis of Accounting – The Police Retirement Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Asset Valuation – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Retirement – A member's normal retirement date is the first day of the month coincident with or next following the attainment of age 65 and 10 years of service. A member may retire on an early retirement date which shall be the first day of any month coincident with or next following the attainment of age 55 and the completion of 10 years of credited service.

Benefits and Eligibility – For normal retirement, the monthly retirement benefit shall be equal to the number of years of credited service multiplied by 3% and multiplied by average final compensation. A member may retire on an early retirement date which shall be the first day of any month coincident with or next following the attainment of age 55 and the completion of 10 years of credited service. Average final compensation is defined as one-twelfth (1/12) of the average annual compensation of the five (5) best years of credited service prior to retirement, termination or death, or the career average, whichever is greater.

Disability Benefits – A member determined to be totally and permanently disabled from service connected injury or disease will receive the benefits as set forth in the Employee Handbook adopted through Resolution 19-922, and as may be amended thereafter. A member determined to be totally and permanently disabled from a non-service connected injury or disease and who has completed the required years of service will receive the benefits as set forth in the Employee Handbook adopted through Resolution 19-922, and as may be amended thereafter.

CITY OF BRADENTON BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

Death Benefits – If a member dies prior to retirement in-the-line-of-duty, and is not vested, the beneficiary shall receive a refund of one hundred percent (100%) of the member's accumulated contributions. If a member dies prior to retirement in-the-line-of-duty, but is vested, having completed the required years of credited service, the beneficiary shall receive the benefits otherwise payable to the member at the member's early or normal retirement date. If a member dies prior to retirement other than in-the-line-of-duty, but is not vested, the beneficiary shall receive a refund of one hundred percent (100%) of the member's accumulated contributions. If a member dies prior to retirement other than in-the-line-of-duty, but is vested, having completed the required years of credited service, the beneficiary shall receive the benefits otherwise payable to the member at the member's early or normal retirement date.

Termination – If a member's employment is terminated either voluntarily or involuntarily the following benefits are payable dependent upon the years of credited service. If the member has less than 10 years of credited service upon termination of employment, the member shall be entitled to a refund of his accumulated contributions or the member may leave the accumulated contributions deposited with the Fund. If the member has 10 or more years of credited service upon termination of employment, the member shall be entitled to their accrued monthly retirement benefit, starting at the member's otherwise normal or early retirement date, provided the member does not elect to withdraw his contributions and provided he survives to his normal or early retirement date. Early and normal retirement dates are based on actual years of credited service.

Contribution Information

Employee contributions of 6% of pre-tax basic annual compensation are required and were made in the amount of \$19,213. Basic member payroll subject to contributions excludes overtime, sick time, and vacation time. Payments for accrued unused sick or annual leave are also excluded.

Total payroll covered by the plan for the year was \$325,635 of a total City payroll of \$3,670,610. Total required contributions by the City were \$55,716, of which the City contributed \$54,436 during the year ended September 30, 2022.

Investments

Plan assets are held with the Florida Municipal Pension Trust Fund (FMPTF), an agent multiple employer pension plan administered by the FMPTF Board of Trustees. The FMPTF issues a publicly available report that includes the combined financial statements of all plan members which can be obtained from their website. Separate accounts are maintained for each employer group.

The plan follows the investment policies of the FMPTF. The Master Trustees of the FMPTF have the exclusive authority and discretion to manage and control the assets of the FMPTF. The City has selected to participate in the FMPTF 60/40 Target Fund. The maximum target asset allocation for equities is 60%. The following was the adopted asset allocation policy as of September 30, 2022:

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

NOTE 9 – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

<u>Asset Class</u>	<u>Total Allocation</u>
Equities	60%
Large Cap	25%
Small Cap	14%
International	21%
Fixed Income	40%
Core Bonds	15%
Core Plus	15%
Core Real Estate	10%

All employee pension plan assets with the FMPTF are included in the trust’s master Trust Fund. Employee pension plan assets of the defined benefit type are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT) for the benefit of the participating employers, participating employees and beneficiaries. The FMIvT is a Local Government Investment Pool (LGIP) and, therefore, considered an external investment pool. The plans have a beneficial interest in shares in the FMIvT portfolios listed below. The plan’s investment is the beneficial interest in the FMIvT portfolio, not the individual securities held within each portfolio.

As of September 30, 2022, the asset allocations for the various investment models were as follows:

<u>Asset Allocation and Model/Percentage</u>	<u>WEPP WPPP 60/40</u>
Cash and Money Market	1.0%
FMIvT Broad Market High Quality Bond	14.9%
FMIvT Diversified Large Cap	22.2%
FMIvT Diversified Small to Mid Cap Equity	14.0%
FMIvT Core Real Estate	16.5%
FMIvT International Equity	16.9%
FMIvT Core Plus Fixed Income	<u>14.5%</u>
	<u>100.0%</u>

Credit Risk – Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations.

The FMIvT Broad Market High Quality Bond Fund has a Fitch Rating of AAf/S4. The FMIvT Core Plus Fixed Income Fund and the equities portfolios are not rated.

Interest Rate Risk – Interest rate exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value.

The FMIvT Broad Market High Quality Bond Fund has a weighted average maturity of 6.70 years. The FMIvT Core Plus Fixed Income Fund has a weighted average to maturity of 8.92 years.

Foreign Currency Risk – Participating employer’s investments in the FMIvT are not subject to foreign currency risk.

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

NOTE 9 – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

Rate of Return – For the year ended September 30, 2022 the annual money-weighted rate of return on Pension Plan Investments, net of pension plan investment expense, was -13.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations – The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan’s fiduciary net position.

Fair Value Measurement

The investments held by the Plan are measured at fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2022:

	<u>September 30, 2022</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level:				
Mutual Funds/Short-Term Investments	\$ 650	\$ 650	\$ –	\$ –
FMIvT Broad Market High Quality Bond	9,691	–	9,691	–
FMIvT Core Plus Fixed Income	9,431	–	–	9,431
FMIvT Diversified Large Cap	14,439	–	14,439	–
FMIvT Diversified Small to Mid Cap	9,106	–	9,106	–
FMIvT International Equity	10,992	–	10,992	–
FMIvT Core Real Estate	10,732	–	–	10,732
Total Investments	<u>\$ 65,041</u>	<u>\$ 650</u>	<u>\$ 44,228</u>	<u>\$ 20,163</u>

Mutual funds and short-term investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments held with Florida Municipal Investment Trust (FMIvT) are held in a Local Government Investment Pool (LGIP) which are classified as either Level 2 or Level 3. Level 2 investments are invested in funds or portfolios in which the underlying asset values are based on quoted prices or market-corroborated inputs, however, the net asset value of the portfolio is not publicly quoted. FMIvT Core Plus Fixed Income and FMIvT Core Real Estate are funds classified as Level 3 since the shares of the funds are not publicly quoted and the underlying funds invest in a variety of financial instruments.

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

NOTE 9 – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

Actuarial Assumptions

An actuarial valuation will be performed for the fiscal year ended September 30, 2023 based on a valuation performed as of October 1, 2022.

To determine the funding requirement for contributions made during the year ended September 30, 2022, the actuary used the aggregate cost method with no decrements other than retirement. Mortality assumptions were based on the FRS-mandated mortality tables. The interest rate of return used was 7% and projected salary increases was 4%. The vesting requirement was based on 10 years of service and assumed a normal retirement age of 65, with at least 10 years of service. Additionally, an average salary was used based on the highest five years and assumed normal payments under a 10-year certain and life annuity. Based on the actuary's projections, the City's required contribution was 23.11%, which includes the employee 6% mandatory contribution.

Net Pension (Asset) Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Plan's initial funding valuation was performed as of October 1, 2022. Therefore, there is no net pension (asset), liability, pension expense, deferred outflows of resources related to pension, or deferred inflows of resources related to pension as of September 30, 2022.

NOTE 10 – RISK MANAGEMENT

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

NOTE 11 – CONTINGENCIES

The City is a defendant in various lawsuits which are in different stages in the legal process. The City does not believe the outcome of these cases will have a material effect on its financial position. As a result, no liability has been recorded in these financial statements. However, it is at least reasonably possible that additional liabilities could result in the near term.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**CITY OF BRADENTON BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Ad Valorem taxes	\$ 1,713,565	\$ 1,713,565	\$ 1,661,550	\$ (52,015)
State shared revenue	316,431	316,431	373,428	56,997
Franchise fees	224,889	224,889	284,188	59,299
Service tax	422,986	422,986	445,443	22,457
Storm water fees	264,907	264,907	273,998	9,091
Licenses and permits	494,755	494,755	642,756	148,001
Court/local fines	66,881	66,881	119,722	52,841
Interest	8,550	8,550	10,216	1,666
Interlocal agreements	125,648	125,648	125,648	-
Grants	412,796	412,796	962,085	549,289
Other	135,658	135,658	175,375	39,717
Total Revenues	<u>4,187,066</u>	<u>4,187,066</u>	<u>5,074,409</u>	<u>887,343</u>
EXPENDITURES				
Administration department	809,682	809,682	706,031	103,651
Public safety	1,386,076	1,386,076	1,345,145	40,931
Planning department	439,168	439,168	396,615	42,553
Public works	926,590	926,590	737,269	189,321
Culture and recreation	67,800	67,800	52,876	14,924
Debt service	-	-	33,689	(33,689)
Capital outlay	3,500	271,970	310,341	(38,371)
Total Expenditures	<u>3,632,816</u>	<u>3,901,286</u>	<u>3,581,966</u>	<u>319,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	554,250	285,780	1,492,443	1,206,663
OTHER FINANCING SOURCES (USES)				
Transfers out	(108,439)	(108,439)	(108,439)	-
Total other financing sources (uses)	<u>(108,439)</u>	<u>(108,439)</u>	<u>(108,439)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	445,811	177,341	1,384,004	1,206,663
FUND BALANCE – October 1, 2021	716,090	716,090	716,090	-
FUND BALANCE – September 30, 2022	<u>\$ 1,161,901</u>	<u>\$ 893,431</u>	<u>\$ 2,100,094</u>	<u>\$ 1,206,663</u>

Note 1 – Summary of Significant Accounting Policies

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

**CITY OF BRADENTON BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL—CRA FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Ad Valorem taxes	\$ 541,963	\$ 541,963	\$ 537,652	\$ (4,311)
Interest	5,500	5,500	4,224	(1,276)
Interlocal agreements	339,500	339,500	74,121	(265,379)
Grants	368,000	368,000	223,255	(144,745)
Other	50,000	50,000	1,496	(48,504)
Total Revenues	<u>1,304,963</u>	<u>1,304,963</u>	<u>840,748</u>	<u>(464,215)</u>
EXPENDITURES				
Operating	1,287,627	1,287,627	294,099	993,528
Capital outlay	1,168,000	1,168,000	392,109	775,891
Total Expenditures	<u>2,455,627</u>	<u>2,455,627</u>	<u>686,208</u>	<u>1,769,419</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,150,664)	(1,150,664)	154,540	1,305,204
OTHER FINANCING SOURCES (USES)				
Transfers in	108,439	108,439	108,439	-
Total other financing sources (uses)	<u>108,439</u>	<u>108,439</u>	<u>108,439</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,042,225)	(1,042,225)	262,979	1,305,204
FUND BALANCE – October 1, 2021	<u>1,031,822</u>	<u>1,031,822</u>	<u>1,031,822</u>	<u>-</u>
FUND BALANCE – September 30, 2022	<u>\$ (10,403)</u>	<u>\$ (10,403)</u>	<u>\$ 1,294,801</u>	<u>\$ 1,305,204</u>

Note 1– Summary of Significant Accounting Policies

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

**CITY OF BRADENTON BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL—LIBRARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL FAVORABLE (UNFAVORABLE)
REVENUES				
Interest	\$ 1,000	\$ 1,000	\$ 574	\$ (426)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>574</u>	<u>(426)</u>
EXPENDITURES				
Personal services	24,238	24,238	25,750	(1,512)
Operating	22,294	22,294	13,573	8,721
Total Expenditures	<u>46,532</u>	<u>46,532</u>	<u>39,323</u>	<u>7,209</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(45,532)	(45,532)	(38,749)	6,783
FUND BALANCE – October 1, 2021	<u>361,962</u>	<u>361,962</u>	<u>361,962</u>	<u>-</u>
FUND BALANCE – September 30, 2022	<u>\$ 316,430</u>	<u>\$ 316,430</u>	<u>\$ 323,213</u>	<u>\$ 6,783</u>

Note 1 – Summary of Significant Accounting Policies

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

CITY OF BRADENTON BEACH, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AVAILABLE FISCAL YEARS *

	2022
Total pension liability	
Service cost	\$ -
Expected interest growth	-
Demographic gain/loss	-
Employee contributions	-
Benefit payments, including refunds	-
Administrative expenses	-
Changes in benefit terms	-
Assumption changes	-
Net change in total pension liability	-
Total pension liability – Beginning	-
Total pension liability – Ending (a)	\$ -
Plan fiduciary net position	
Contributions – Employer	\$ -
Contributions – Employee	-
Investment Income	-
Benefit payments, including refunds of employee contributions	-
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position – Beginning	-
Plan fiduciary net position – Ending (b)	\$ -
Net pension liability (asset) – Ending (a) – (b)	\$ -
Plan fiduciary net position as a percentage of the total pension liability	0.00%
Covered employee payroll	325,635
Net pension liability as a percentage of covered employee payroll	0.00%

* Until a full 10-year trend is compiled, information will be presented for those years available.

NOTE 1:

The City established the Retirement Plan and Trust for the Police Officers' of the City of Bradenton Beach in 2022. Actuarial valuation information for the Plan is not effective until October 1, 2022.

CITY OF BRADENTON BEACH, FLORIDA
SCHEDULE OF CONTRIBUTIONS
AVAILABLE FISCAL YEARS *

	<u>2022</u>
Actuarially determined contribution	\$ 55,716
Contributions in relation to the actuarially determined contributions	<u>54,436</u>
Contribution deficiency (excess)	<u>\$ (1,280)</u>
Covered employee payroll	325,635
Contributions as a percentage of covered employee payroll	16.72%

* Until a full 10-year trend is compiled, information will be presented for those years available.

CITY OF BRADENTON BEACH, FLORIDA
SCHEDULE OF INVESTMENT RETURNS
AVAILABLE FISCAL YEARS *

	<u>2022</u>
Annual money-weighted rate of return, net of investment expense	-13.53%

* Until a full 10-year trend is compiled, information will be presented for those years available.

SUPPLEMENTARY INFORMATION

**CITY OF BRADENTON BEACH, FLORIDA
 DETAIL SCHEDULE OF EXPENDITURES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
EXPENDITURES				
Administration department				
Personal services	\$ 484,041	\$ 484,041	\$ 455,150	\$ 28,891
Operating	325,641	325,641	250,881	74,760
Capital outlay	-	-	-	-
Police department				
Personal services	1,203,646	1,203,646	1,122,972	80,674
Operating	182,430	182,430	222,173	(39,743)
Debt service	-	-	33,689	(33,689)
Capital outlay	-	15,500	25,577	(10,077)
Planning department				
Personal services	128,163	128,163	122,713	5,450
Operating	311,005	311,005	273,902	37,103
Capital outlay	-	-	-	-
Maintenance/streets and roads				
Personal services	405,596	405,596	316,146	89,450
Operating	200,160	200,160	108,051	92,109
Capital outlay	3,500	155,219	183,513	(28,294)
Facilities management				
Personal services	59,308	59,308	57,881	1,427
Operating	49,000	49,000	37,461	11,539
Capital outlay	-	-	-	-
Stormwater				
Personal services	128,616	128,616	128,036	580
Operating	82,410	82,410	88,340	(5,930)
Capital outlay	-	101,251	101,251	-
Sanitation				
Operating	1,500	1,500	1,354	146
Culture and recreation				
Operating	67,800	67,800	52,876	14,924
Capital outlay	-	-	-	-
Total Expenditures	\$ 3,632,816	\$ 3,901,286	\$ 3,581,966	\$ 319,320

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bradenton Beach, Florida (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

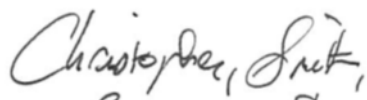
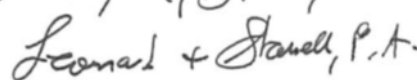
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

June 26, 2023
Bradenton, Florida

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Bradenton Beach, Florida as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 26, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 26, 2023, 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 been taken to address findings and recommendations made in the preceding financial annual report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City of Bradenton Beach, Florida met one or more of the conditions described in Section 218.503(1), Florida

Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City of Bradenton Beach, Florida was not in a state of financial emergency as it did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City of Bradenton Beach, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Special District Component Units

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

Specific Information for a Dependent Special District

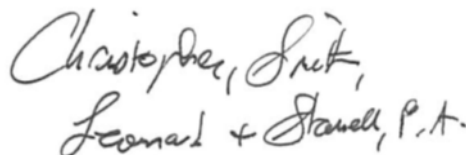
Information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General is reported in the City of Bradenton Beach Community Redevelopment Agency's audit report.

Additional Matters

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

Purpose of this Letter

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



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

June 26, 2023
Bradenton, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

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

We have examined the City of Bradenton Beach, Florida's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

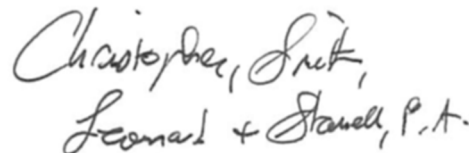
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the examination engagement.

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

In our opinion, the City complied in all material respects, with the aforementioned compliance requirements for the year ended September 30, 2022.

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

A handwritten signature in cursive script that reads 'Christopher, Smith, Leonard & Stanell, P.A.'.

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

June 26, 2023
Bradenton, Florida