TOWN OF BEVERLY BEACH, FLORIDA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

TOWN OF BEVERLY BEACH, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
The Town Commissioners,
Town of Beverly Beach, Florida:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of Beverly Beach (the "Town"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town'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 financial position of the governmental activities and major fund of the Town as of September 30, 2025, and the respective change in financial position thereof 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 of the financial statements of the governmental activities and the major fund in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement 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 Town 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.

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 the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any 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 Town'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 Town'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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated August 27, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
August 27, 2026

Our discussion and analysis of the Town of Beverly Beach's financial performance provides an overview of the Town's financial activities for the year ended September 30, 2025. Please read it in conjunction with the Town's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

As of September 30, 2025, the assets of the Town exceeded its liabilities by $2,205,691 (net position). The Town's net position increased by $170,048 (or 7.7%) as a result of this year's operations.

The Town budgeted revenues exceeded its budgeted expenditures by $73,025. The excess was primarily due to revenue increases of over $70,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The first of these government-wide statements is the Statement of Net Position. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the Town's net position changed during the current fiscal year. All current year revenues 4 and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

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

Fund Financial Statements

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

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

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

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

The Town's net position increased by $170,048 (or 7.7%) from the prior year. The capital assets are shown net of depreciation. The following table provides the details for the years ended September 30, 2025 and 2024:

	September 30, 2024	September 30, 2025	Increase (Decrease)
Current Assets	$ 1,154,785	$ 1,124,198	$ (30,587)
Capital Assets, Net	995,944	1,092,967	97,023
Total Assets	2,150,729	2,217,165	66,436
Current Liabilities	115,086	11,474	(103,612)
Total Liabilities	115,086	11,474	(103,612)
Net Position:			
Investment in Capital Assets	995,944	1,092,967	97,023
Restricted	97,089	116,601	19,512
Unrestricted	942,610	996,123	53,513
Total Net Position	$ 2,035,643	$ 2,205,691	$ 170,048

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. Note that 50% of the Town's net position is classified as investment in capital assets. The Town uses these capital assets to provide services to its citizens. The following is a summary of the Town's increase in net position for the years ended September 30, 2025 and 2024:

	September 30, 2024	September 30, 2025	Increase (Decrease)
Revenues			
Taxes	$ 277,284	$ 288,141	$ 10,857
Licenses, Permits, and Fees	47,157	43,175	(3,982)
Intergovernmental	34,355	32,260	(2,095)
Charges for Services	-	1,158	1,158
Grants	-	113,144	113,144
Investment Income	13,646	17,973	4,327
Miscellaneous	287	13	(274)
Total Revenues	372,729	495,864	123,135
Expenses			
General Government	162,852	172,252	9,400
Public Safety	4,513	13,066	8,553
Physical Environment	111,030	116,083	5,053
Transportation	32,312	24,416	(7,896)
Total Expenses	310,707	325,817	15,110
Change in Net Position	62,022	170,048	108,026
Net Position, Beginning	1,973,621	2,035,643	62,022
Net Position, Ending	$ 2,035,643	$ 2,205,691	$ 170,048

FINANCIAL ANALYSIS

Government-Wide Analysis

The general fund is reported in the fund financial statements with a short-term, inflow and outflow of spendable resource focus. This information may be useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. For the year ended September 30, 2025, the general fund reported an excess of revenues over expenditures of $73,025. The total revenues were over $70,000 than the total budgeted. This was due primarily to over $60,000 in grant revenue and over $6,000 in interest income more than budgeted. The actual expenditures were only $2,000 less than budgeted.

General Fund Budgetary Highlights

For the year ended September 30, 2025, the general fund reported an excess of revenues over expenditures of $73,025 compared to the approved budget. The total actual revenues were over $70,000 more than the total budgeted. This Town also invested over $100,000 in infrastructure.

Capital Assets and Debt Administration

The Town acquired $139,493 new capital assets during the fiscal year.

The Town does not have any long-term debt for the 8th consecutive year.

Economic Factors and Next Year's Budget

Local governments primarily rely on taxes and state shared revenues received from the State of Florida and a limited array of other taxes and fees to finance the governmental activities.

The Town anticipates that these amounts will not increase or decrease significantly. The Town's budget for the following year includes total revenues of $396,618 and total expenditures of $396,618. This represents a decrease in total revenues and total expenditures of $28,990 from the current year's budget.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town Clerk
(386) 439-6888
obeverlybeacht@cfl.rr.com

TOWN OF BEVERLY BEACH, FLORIDA

BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

TOWN OF BEVERLY BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

		Governmental Activities
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	457,600
Cash and Cash Equivalents - Restricted		116,601
Investments		532,235
Due from Other Governments		932
Prepaid Expenses		16,830
Total Current Assets		1,124,198
Noncurrent Assets:		
Capital Assets, Not Being Depreciated		168,990
Capital Assets, Being Depreciated (Net)		923,977
Total Noncurrent Assets		1,092,967
Total Assets		2,217,165
LIABILITIES		
Current Liabilities:		
Accounts Payable		11,474
Total Liabilities		11,474
NET POSITION		
Net Investment in Capital Assets		1,092,967
Restricted		116,601
Unrestricted		996,123
Total Net Position	$	2,205,691

See accompanying notes to basic financial statements.

TOWN OF BEVERLY BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Change in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities:					
General Government	$ 172,252	$ 1,158	$ -	$ -	$ (171,094)
Public Safety	13,066	-	-	-	(13,066)
Physical Environment	116,083	-	-	113,144	(2,939)
Transportation	24,416	-	-	-	(24,416)
Total Primary Government	$ 325,817	$ 1,158	$ -	$ 113,144	(211,515)

General Revenues	
Taxes:	
Property Taxes	234,726
Local Option Gas Tax	9,192
Discretionary Sales Surtax	27,209
Communication Service Tax	17,015
Franchise Fees	43,175
State Shared Revenues:	
State Revenue Sharing	12,799
Half Cent Sales Tax	19,461
Investment Income	17,973
Miscellaneous	13
Total General Revenues	381,562
Change in Net Position	170,048
Net Position, Beginning of Year	2,035,643
Net Position, End of Year	$ 2,205,691

See accompanying notes to basic financial statements.

TOWN OF BEVERLY BEACH, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUND
SEPTEMBER 30, 2025

		General Fund
Assets		
Cash and Cash Equivalents	$	457,600
Cash and Cash Equivalents - Restricted		116,601
Investments		532,235
Due from Other Governments		932
Prepaid Expenses		16,830
Total Assets		1,124,198
Liabilities		
Accounts Payable		11,474
Total Liabilities		11,474
Fund Balance		
Nonspendable		16,830
Restricted		116,601
Assigned		428,358
Unassigned		550,935
Total Fund Balance		1,112,724
Total Liabilities and Fund Balance	$	1,124,198

See accompanying notes to basic financial statements.

TOWN OF BEVERLY BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Total Fund Balance of Governmental Funds	$ 1,112,724
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	1,092,967
Total Net Position of Governmental Activities	$ 2,205,691

See accompanying notes to basic financial statements.

TOWN OF BEVERLY BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		General Fund
Revenues		
Taxes	$	288,141
Intergovernmental Revenues		75,435
Grants		113,144
Charges for Services		1,158
Interest Income		17,973
Miscellaneous Revenues		13
Total Revenues		495,864
Expenditures		
Current:		
General Government		148,238
Public Safety		13,066
Physical Environment		116,083
Transportation		5,960
Capital Outlay		139,493
Total Expenditures		422,840
Excess (Deficiency) of Revenues Over (Under) Expenditures		73,025
Net Change in Fund Balance		73,025
Fund Balance, Beginning of Year		1,039,699
Fund Balance, End of Year	$	1,112,724

See accompanying notes to basic financial statements.

TOWN OF BEVERLY BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net Change in Fund Balance - Total Governmental Funds		$ 73,025
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Expenditures for Capital Assets	139,493	
Less: Current Year Depreciation	(42,470)	97,023
Change in Net Position of Governmental Activities		$ 170,048

See accompanying notes to basic financial statements.

TOWN OF BEVERLY BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

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

Government-Wide Statements and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position (statement of activities)) report information on all of the activities of the Town. Governments typically report activities as either governmental activities, which normally are supported by taxes and intergovernmental revenues, or business-type activities, which rely to a significant extent on fees and charges for support. The Town reports only governmental activities as it has no business-type activities.

Basis of Presentation – Government-wide Financial Statements

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

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds.

The Town reports the following major governmental fund:

- General Fund – this is the Town's primary operating fund. It accounts for all financial resources of the general government.

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants, other intergovernmental revenues, charges for services, licenses and permits, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Note 1 - Summary of Significant Accounting Policies *(continued)*

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditures relating to future periods, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgetary Information – Budgetary Basis of Accounting
Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The appropriated budget is prepared by function and department. The Town's management may make transfers of appropriations within departments. Transfers of appropriations between departments require approval of the Town Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

Accounting Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from the estimates.

Deposits and Investments
Cash and cash equivalents include cash on hand, amounts in demand deposit accounts and highly liquid investments (including restricted assets) with maturity of three months or less when purchased. As of September 30, 2025, the Town's cash consists of balances held at financial institutions.

The Town's investments consist of two certificates of deposit with original maturities of thirteen months and eighteen months and funds invested in FLSTAR, a local government investment pool.

State statutes authorize the government to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds, Trust Funds, SEC registered money market funds with the highest credit quality rating, and savings and CD accounts in state certified public depositories.

The Town's deposits and certificates of deposit are insured by federal depository insurance or collateralized pursuant to the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes, for amounts in excess of federal depository insurance coverage. The Act establishes guidelines for the qualification and participation of banks and savings associations holding public deposits and establishes requirements for the administration and collateralization of such deposits.

Note 1 - Summary of Significant Accounting Policies *(continued)*

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

Prepaid Expenses
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the Town as assets with an initial, individual cost of more than $1,000 (amount not rounded) and an estimated useful life in excess of one year. For financial reporting purposes, infrastructure assets are defined by the Town as assets with an initial cost of more than $5,000 (amount not rounded) acquired before September 30, 2003 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment and infrastructure of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	15-39
Infrastructure	15
Office Equipment	7
Vehicles	5-10
Computer Equipment	5

Net Position Flow Assumption
Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Note 1 - Summary of Significant Accounting Policies *(continued)*

Fund Balance Flow Assumptions

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

Fund Balance

Fund balances of the governmental funds are classified as follows:

- **Nonspendable** – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

- **Restricted** – Amounts that can be spent only for specific purposes which are externally imposed by providers, such as grantors, or amounts constrained due to constitutional provisions or enabling legislation.

- **Committed** – Amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution.

- **Assigned** – Amounts that are designated by the Town Council that are intended to be used for specific purposes that are neither restricted nor committed.

- **Unassigned** – All amounts not included in other spendable classifications.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or and assignment (assigned fund balance).

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

Note 1 - Summary of Significant Accounting Policies *(concluded)*

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

Program Revenues

Amounts reported as program revenues include:

1) Charges to customers for privileges provided
2) Operating grants and contributions
3) Capital grants and contributions

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all the taxes.

Property Taxes

Property taxes are billed and collected for the Town by the Flagler County Tax Collector according to Florida Statute under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1, of the following year

Implementation of New Accounting Standards

During the year ended September 30, 2025, the Town adopted GASB Statement No. 101, *Compensated Absences*. The standard aligns the recognition and measurement guidance for compensated absences under a unified model and amends certain previously required disclosures. Adoption did not have a material effect on the Town's financial statements.

During the year ended September 30, 2025, the Town adopted GASB Statement No. 102, *Certain Risk Disclosures*. The standard addresses disclosures regarding risks related to a government's vulnerabilities due to certain concentrations or constraints. Adoption did not have a material effect on the Town's financial statements.

Note 2 – Cash, Cash Equivalents, and Investments

Deposits

Cash and cash equivalents include cash on hand, amounts in demand deposit accounts, money market accounts, and highly liquid investments with original maturities of three months or less when purchased. The Town's investments consist of two certificates of deposit with original maturities of thirteen months and eighteen months and funds invested in the Florida Short Term Reserve ("FLSTAR"), a local government investment pool.

Note 2 – Cash, Cash Equivalents, and Investments *(concluded)*

State statutes authorize the Town to invest in direct obligations of the U.S. Treasury, the Local Government Surplus Funds Trust Fund, SEC-registered money market funds with the highest quality rating, and savings and certificates of deposit accounts in state-certified qualified public depositories.

Custodial Credit Risk - Deposits

At year end, the carrying amount of the Town's cash and cash equivalents was $574,201, and the total of the bank balances were $585,714. The Town's deposits, including certificates of deposit, were covered by federal depository insurance or by collateral held by the Town's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Public Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

Investments

At September 30, 2025, the Town's investments consisted of the following:

Investment	Amount
Ameris CD	$ 215,746
Intracostal CD	110,896
FLSTAR	205,593
Total Investments	$ 532,235

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2025, the Town's investment in FLSTAR was rated AAAm by Standard & Poor's. The certificates of deposit are not subject to credit quality ratings and are included in the Town's custodial credit risk considerations for deposits.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's certificates of deposit have original maturities of thirteen months and eighteen months. The Town's investment in FLSTAR is invested in a local government investment pool designed to provide liquidity and preservation of principal.

Note 3 – Receivables

All receivable balances are expected to be collected within one year (short-term). Short-term receivables as of September 30, 2025 consisted of $932 due from other governments. The Town considers all short-term receivables to be fully collectible at September 30, 2025; therefore no allowance for doubtful accounts has been recorded.

Note 4 – Capital Assets

Capital asset activity for the year ended September 30, 2025 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 168,990	$ -	$ -	$ 168,990
Total Capital Assets, Not Being Depreciated	168,990	-	-	168,990
Capital Assets, Being Depreciated:				
Buildings and Improvements	733,190	-	-	733,190
Infrastructure	571,290	139,493	-	710,783
Fixtures and Equipment	13,425	-	-	13,425
Total Capital Assets, Being Depreciated	1,317,905	139,493	-	1,457,398
Less Accumulated Depreciation for:				
Buildings and Improvements	(318,499)	(22,748)	-	(341,247)
Roads	(165,733)	(18,342)	-	(184,075)
Equipment, Furniture, Fixtures, and Vehicles	(6,719)	(1,380)	-	(8,099)
Total Accumulated Depreciation	(490,951)	(42,470)	-	(533,421)
Total Capital Assets, Being Depreciated, Net	826,954	97,023	-	923,977
Capital Assets, Net	$ 995,944	$ 97,023	$ -	$ 1,092,967

Depreciation expense was charged to functions/programs as follows:

General Government	$ 24,014
Transportation	18,456
Total	$ 42,470

Note 5 - Commitments

At September 30, 2025, the Town had various outstanding contractual commitments related to ongoing road projects and other governmental activities. The remaining commitments under these agreements will be funded from available resources and other applicable funding sources as the related costs incurred.

Note 6 – Credit Card Line of Credit

The Town has a credit card with a $15,000 line of credit with the monthly balance due within 25 days after the close of the billing period. There was no outstanding balance as of September 30, 2025.

Note 7 – Fund Balance

Fund balances as of September 30, 2025, consisted of the following:

Nonspendable:	
Prepaid Items	$ 16,830
Restricted:	
Infrastructure	116,601
Assigned	
Disaster Relief:	428,358
Unassigned	550,935
	$ 1,112,724

Note 8 - Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. Subsequent events should be disclosed in the financial statements if exclusion of such disclosure would cause the financial statements to be misleading. Management has evaluated subsequent events through August 27, 2026, the date the financial statements were available to be issued.

TOWN OF BEVERLY BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

TOWN OF BEVERLY BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues				
Taxes	$ 290,573	$ 289,554	$ 288,141	$ (1,413)
Intergovernmental Revenues	33,800	33,800	32,260	(1,540)
Grants	96,316	50,254	113,144	62,890
Charges for Services	1,400	1,000	1,158	158
Franchise Fees	40,000	40,000	43,175	3,175
Interest Income	11,000	11,000	17,973	6,973
Miscellaneous Revenues	-	-	13	13
Total Revenues	473,089	425,608	495,864	70,256
Expenditures				
General Government	169,295	159,295	148,238	11,057
Public Safety	3,400	3,400	13,066	(9,666)
Physical Environment	126,865	121,995	116,083	5,912
Transportation	-	-	5,960	(5,960)
Capital Outlay	173,529	140,918	139,493	1,425
Total Expenditures	473,089	425,608	422,840	2,768
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	73,025	73,025
Net Change in Fund Balance	-	-	73,025	73,025
Fund Balance, Beginning of Year	-	-	1,039,699	1,039,699
Fund Balance, End of Year	$ -	$ -	$ 1,112,724	$ 1,112,724

Note 1 - Budgetary Requirements

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

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

1. Prior to October 1, the Town Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to October 1, the budget is legally enacted through passage of an ordinance.

4. Revisions that alter the total expenditures of any fund must be approved by the Town Council.

5. Formal budgetary integration is employed as a management control device during the year for the funds. The legal level of budgetary control is the fund level.

6. The budget for the funds is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

TOWN OF BEVERLY BEACH, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2025

MORAN & SMITH LLP
Certified Public Accountants
MORANSMITHCPA.COM

2260 WEDNESDAY STREET STE
400
TALLAHASSEE, FLORIDA 32308
850.879.0636

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the major fund of the Town of Beverly Beach, Florida, (the "Town") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 27, 2026.

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

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

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

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Town'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
August 27, 2026

MORAN & SMITH LLP
Certified Public Accountants
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**INDEPENDENT ACCOUNTANT'S REPORT
ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415
FLORIDA STATUTES**

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

We have examined the Town of Beverly Beach, Florida (the "Town")'s compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies,* during the year ended September 30, 2025. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

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

We are required to be independent of the Town, and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our engagement.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2025.

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
August 27, 2026

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

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

Report on the Financial Statements
We have audited the financial statements of the Town of Beverly Beach, Florida (the "Town"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated August 27, 2026.

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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 27, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding financial audit report.

Official Title and Legal Authority
Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority of the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name and legal authority of the Town are disclosed in the notes to the financial statements under Note 1.

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town of Beverly Beach, Florida shall provide a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did or did not operate within the Town of Beverly Beach, Florida's geographical boundaries during the fiscal year ended September 30, 2025. The Town of Beverly Beach, Florida did not operate a PACE program.

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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material, but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
August 27, 2026