

**TOWN OF MARINELAND, FLORIDA**

**FINANCIAL STATEMENTS  
and  
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2020**

# TOWN OF MARINELAND, FLORIDA

## TABLE OF CONTENTS SEPTEMBER 30, 2020

	<u>Page</u>
<b>Independent Auditor's Report</b>	1 - 2
<b>Required Supplementary Information:</b> Management's Discussion and Analysis	3 - 7
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Funds	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds – Budget vs Actual	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14 – 22
<b>Additional Elements Required by the Rules of the Auditor     General and <i>Government Auditing Standards</i>:</b>	
Independent Accountant's Examination Report	23
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters	24 - 25
Independent Auditor's Management Letter	26 – 28
Communications with Those Charged with Governance	29 – 31

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and members of  
the Town Commission  
Town of Marineland, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund, of the Town of Marineland, Florida as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Town of Marineland, Florida as of September 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

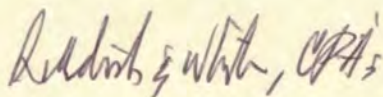
## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2020, on our consideration of the Town of Marineland, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Town of Marineland, Florida's internal control over financial reporting and compliance.



Starke, Florida  
December 20, 2020

**TOWN OF MARINELAND, FLORIDA**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2020

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Within this section of the Town of Marineland's (the Town) annual financial report, the Town's management provides narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020. Please read it in conjunction with the Town's financial statements which begin on page 8.

**Financial Highlights**

- As of September 30, 2020, the assets of the Town exceeded its liabilities by \$3,075,653 (net position). The Town's net position increased by \$20,461 (or less than 1%) as a result of this year's operations.
- Unrestricted net position of \$232,331 represents the unrestricted portion available to maintain the Town's continuing obligations to its citizens and creditors.

**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 similar to 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 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.

### 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.

**Financial Analysis of the Town as a Whole**

The Town's net position increased by \$20,461 from the prior year. The capital assets are shown net of depreciation. The following table provides the details for the years ended September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Current assets	\$243,081	\$174,954
Capital assets	<u>2,987,040</u>	<u>3,048,050</u>
Total assets	<u>3,230,121</u>	<u>3,223,004</u>
Long-term debt	(123,045)	(143,620)
Current liabilities	<u>(31,423)</u>	<u>( 24,192)</u>
Total liabilities	<u>(154,468)</u>	<u>(167,812)</u>
Net position:		
Net Investment in capital assets	2,843,322	2,884,823
Restricted	0	0
Unrestricted	<u>232,331</u>	<u>170,369</u>
Total net position	<u>\$3,075,653</u>	<u>\$3,055,192</u>

Note that 92% of the Town's net position is classified as investment in capital assets (net of long term debt). 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, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Taxes	\$56,709	\$53,075
Franchise Fees	17,799	20,204
Licenses, Permits, and Fees	4,523	5,720
Lease Income	4,800	4,800
Marina Net Proceeds	18,000	18,000
Grants and Contributions	40,429	19,525
Miscellaneous	<u>3,053</u>	<u>206</u>
Total	<u>145,313</u>	<u>121,530</u>
<b>Expenditures</b>		
Current:		
General Government	46,362	49,429
Transportation	15,473	15,736
Culture and Recreation	54,675	79,349
Interest on Long-term Debt	<u>8,167</u>	<u>9,124</u>
Total	<u>124,677</u>	<u>153,638</u>
Transfers Out	<u>(175)</u>	<u>(175)</u>
Change in net position	<u>\$ 20,461</u>	<u>\$ (32,283)</u>

### **Financial Analysis of the Town's General Fund**

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. At September 30, 2020, the general fund reported unassigned fund balance of \$181,408. This is unreserved indicating availability for continuing Town service requirements.

### **General Fund Budgetary Highlights**

The Town's budget was not amended during the year. The Town realized over \$45,000 of the total final budgeted revenues. This was due primarily to the Town not budgeting the \$40,429 received in FEMA grant proceeds.

The Town's actual expenditures were less than the budgeted expenditures by over \$16,000 as the Town incurred less professional fees than anticipated.

### **Capital Asset and Debt Administration**

During the year, the Town did not incur any capital expenditures. The Town made the scheduled quarterly payments on the one debt outstanding (see the notes to the financial statements for further details).

### **Economic Environment and Next Year's Budgets and Rates**

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 change significantly.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Town at (386) 232-8060.

# TOWN OF MARINELAND

## STATEMENT OF NET POSITION SEPTEMBER 30, 2020

	Governmental Activities	Component Unit Community Redevelopment Agency
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$215,320	\$64
Prepaid Expenses	4,775	0
Due from Other Funds	583	(583)
Accounts Receivable	22,403	0
Total Current Assets	<u>243,081</u>	<u>(519)</u>
Non-current Assets		
Capital Assets	<u>2,987,040</u>	<u>0</u>
Total non-current assets	<u>2,987,040</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$3,230,121</u></u></b>	<b><u><u>(\$519)</u></u></b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and Accrued Expenses	\$10,060	\$0
Other	690	
Notes Payable, Current Portion	20,673	0
Total Current Liabilities	<u>31,423</u>	<u>0</u>
Noncurrent Liabilities		
Notes Payable, net of Current Portion	<u>123,045</u>	<u>0</u>
Total Liabilities	<u>154,468</u>	<u>0</u>
<b>NET POSITION</b>		
Net Investment in capital assets	2,843,322	0
Unrestricted	232,331	(519)
<b>TOTAL NET POSITION</b>	<b><u><u>3,075,653</u></u></b>	<b><u><u>(519)</u></u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u><u>\$3,230,121</u></u></b>	<b><u><u>(\$519)</u></u></b>

See accompanying notes to the financial statements.

**TOWN OF MARINELAND**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

FUNCTIONS / PROGRAMS	PROGRAM REVENUES			NET REVENUE (EXPENSE)	COMPONENT UNIT COMMUNITY REDEVELOPMENT AGENCY
	EXPENSES	FEEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIB		
Government Activities:					
General Government	\$46,362	\$4,523	\$40,429	\$0	(\$1,410)
Transportation	15,473	0	0	0	(15,473)
Culture and Recreation	54,675	22,800	0	0	(31,875)
Interest on Long-term Debt	8,167	0	0	0	(8,167)
Total Governmental activities	<u>124,677</u>	<u>27,323</u>	<u>40,429</u>	<u>0</u>	<u>(56,925)</u>
Component Unit					
Comm Redevel Agency	<u>\$933</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$933)</u>
General Revenues:					
Property				54,513	0
Communication Tax				2,196	0
Franchise Fees				17,799	0
Investment Income				236	0
Miscellaneous				2,817	0
Total General Revenues				<u>77,561</u>	<u>0</u>
Transfers In (Out)				(175)	175
Change in Net Position				20,461	(758)
Net Position, Begin of Year				<u>3,055,192</u>	<u>239</u>
Net Position, Ending of Year				<u>\$3,075,653</u>	<u>(\$519)</u>

See accompanying notes to the financial statements.

# TOWN OF MARINELAND

## BALANCE SHEET - GOVERNMENTAL FUNDS SEPTEMBER 30, 2020

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	<u>General Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$215,320
Accounts Receivable	22,403
Due from Other Funds	583
Prepaid Expenses	<u>4,775</u>
Total Current Assets	<u>243,081</u>
<b>TOTAL ASSETS</b>	<u><u>\$243,081</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and Accrued Expenses	\$10,060
Other	<u>690</u>
Total Current Liabilities	<u>10,750</u>
<b>FUND BALANCES</b>	
Nonspendable	4,775
Assigned	46,148
Unassigned	<u>181,408</u>
Total Fund Balances	<u>232,331</u>
Total Liabilities and Fund Balance	<u><u>\$243,081</u></u>

See accompanying notes to the financial statements.

**TOWN OF MARINELAND**

GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET VS ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
General Revenues:				
Taxes:				
Property	\$51,967	\$51,967	\$54,513	\$2,546
Communication Tax	1,200	1,200	2,196	996
Franchise Fees	19,000	19,000	17,799	(1,201)
Licenses, Permits, and Fees	5,000	5,000	4,523	(477)
Grant - FEMA	0	0	40,429	40,429
Lease	4,800	4,800	4,801	1
Marina Net Proceeds	18,000	18,000	18,000	0
Investment Income	260	260	236	(24)
Miscellaneous	0	0	2,817	2,817
TOTAL REVENUES	<u>100,227</u>	<u>100,227</u>	<u>145,314</u>	<u>45,087</u>
EXPENDITURES				
Current:				
General Government	62,730	62,730	46,362	16,368
Transportation	8,800	8,800	8,210	590
Culture and Recreation	846	846	928	(82)
Debt Service				
Principal	20,781	20,781	19,509	1,272
Interest	6,895	6,895	8,168	(1,273)
TOTAL EXPENDITURES	<u>100,052</u>	<u>100,052</u>	<u>83,177</u>	<u>16,875</u>
REVENUES OVER (UNDER) EXPENDITURES	175	175	62,137	61,962
OTHER FINANCING SOURCES AND (USES)				
Transfers Out	(175)	(175)	(175)	0
TOTAL FINANCING SOURCES AND (USES)	<u>(175)</u>	<u>(175)</u>	<u>(175)</u>	<u>0</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	0	0	61,962	61,962
FUND BALANCE, BEGIN OF YEAR	<u>170,369</u>	<u>170,369</u>	<u>170,369</u>	
FUND BALANCE, END OF YEAR	<u>\$170,369</u>	<u>\$170,369</u>	<u>\$232,331</u>	

See accompanying notes to the financial statements.

## TOWN OF MARINELAND

Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of Net Position  
September 30, 2020

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Total Fund Balance - Total Governmental Funds	\$232,331
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$3,277,894, net of accumulated depreciation of \$290,854 are not financial resources and, therefore, are not reported in the governmental funds.	2,987,040
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	(143,718)
Net Position of Governmental Activities	<u>\$3,075,653</u>

See accompanying notes to the financial statements.

## TOWN OF MARINELAND

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, 2020

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Net change in Fund Balances - Total Governmental Funds	\$61,962
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount of \$61,010 depreciation expense exceeded no capital outlays in the current year.	(61,010)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	<u>19,509</u>
Change in Net Position of governmental activities	<u><u>\$20,461</u></u>

See accompanying notes to the financial statements.

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# **TOWN OF MARINELAND**

Notes to the Financial Statements  
For the Year Ended September 30, 2020

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

### **General Statement**

The Town of Marineland (the “Town”) was incorporated as a municipality established under the laws of the State of Florida in 1940, as a political subdivision in Flagler County. The Town operates under a Mayor-Council form of government and provides services to its citizens including maintenance of streetlights and other general governmental activities, and operations of the marina.

The Town’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the Town are discussed below.

### **Financial Reporting Entity**

The Town’s basic financial statements include the accounts of all Town operations. As defined by GASB, component units are legally separate entities that are included in the Town’s reporting entity because of the significance of their operating or financial relationships with the Town. Based on the aforementioned criteria, the Town has one component unit, the Community Redevelopment Agency. This Agency is reported as a discretely presented component unit.

### **Basis of Presentation**

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and the fund financial statements are required to categorize primary activities as either governmental or business type. The Town’s transportation, cultural and recreation, and general government services are classified as governmental activities. The Town has no business-type activities.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Basic Financial Statements – Government-wide Statements**

In the government-wide Statement of Net Position the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying expenditures.

The government-wide Statement of Activities reports both gross and net cost of each of the Town's functions (general government, transportation, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, transportation, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs by function are normally covered by general government revenues.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

### **Basic Financial Statements - Fund Financial Statements**

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are required to be presented for governmental and proprietary activities. The Town has no proprietary activities. These statements are required to present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. The Town currently has only one fund for reporting purposes, the General Fund.

### **General Fund**

The General Fund is the general operating fund of the Town. This fund is used to account for all financial resources, not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government activities in the government-wide financial statements are reported using the economic resources measurement focus and on the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers taxes and licenses as available if collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred. The revenues susceptible to accrual are taxes, and franchise fees.

### **Deposits and Investments**

The cash balances consist of checking accounts, savings accounts, and money market accounts.

All monies collected by the Town are required to be deposited in accordance with the laws of the State of Florida. Section 218.415 (17), Florida Statutes, authorizes the Town to invest in the Local Government Surplus Funds Trust, direct obligations of the United States Government, obligations unconditionally guaranteed by the United States Government, time deposits and savings accounts of Florida Qualified Depositories, obligations of Federal Farm Credit Banks, and obligations of the Federal National Mortgage Association.

All cash deposits of the Town are 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 in accordance with the Florida Security for Deposits Act, Chapter 280, for amounts held in excess of the FDIC coverage. The Florida Security for Public Deposits Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

## 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.

### Receivables

Receivables are recorded at their estimated net realizable value. Accordingly, they have been adjusted for all known doubtful accounts.

### Capital Assets

Capital assets, which include property, plant, equipment, and furniture, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals or betterments are capitalized. Assets capitalized have an original cost of \$1,000 or more and an estimated useful life in excess of one year. Depreciation has been calculated on each class of property using the straight-line method. The estimated useful lives are as follows:

Buildings, Improvements, and Infrastructure	25 - 40 years
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### Fund Equity Classifications

#### Government-wide Financial Statements

Equity is classified as net position and displayed in 3 components:

**Invested in capital assets, net of related debt** – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** – consists of net asset position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. As of September 30, 2020, there were no restricted assets.

**Unrestricted net position** – consist of all other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Town's policy is to consider restricted resources as expended whenever both restricted and unrestricted resources are available.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

### **Fund Financial Statements**

GASB statement No. 54 requires fund balance classifications in the following hierarchy:

**Nonspendable fund balance** – this classification represents amounts for inventory, prepaid expenses, property held for resale and long term notes receivable. As of September 30, 2020, the balance of \$4,775 in nonspendable fund balance was for prepaid expenses.

**Restricted fund balance** – this classification represents amounts restricted to specific purposes that are either *externally imposed by creditors, grantors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation*. This definition is the same as the definition of restricted net assets used in government-wide financial reporting.

**Committed fund balance** – this classification represents amounts restricted for specific purposes by formal action of the government’s highest level of decision-making authority (i.e. ordinance).

**Assigned fund balance** – this classification represents amounts constrained by the government’s intent to be used for specific purposes but are neither restricted or committed (i.e. council vote or resolution). As of September 30, 2020, the balance of \$46,148 in assigned fund balance was for capital improvements.

**Unassigned fund balance** – This classification represents amounts that do not belong in any of the previous classifications, that is, the residual classification of the general fund.

The Town considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for which any of those unrestricted fund balance classifications could be used.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Subsequent Events**

The Town has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 20, 2020, the date the financial statements were available. No subsequent events have been disclosed.

## NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

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

- In June, the Town Finance Director submits to the Town Council 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.
- Public hearings are conducted in July-August to obtain taxpayer comments.
- In September, the final budget is legally enacted through passage of an ordinance.
- The Town Council must approve any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund.
- The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund present a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.
- Appropriations lapse at year-end.
- The fund total is considered the legal level of control.
- The effects of budget amendments, if any, have been applied to the “final” budgetary data.

## NOTE 3 – PROPERTY TAX

The Flagler County Tax Collector bills and collects property taxes for the Town. Town property tax revenues are recognized when levied, to the extent that they result in current receivables.

Details of the Town’s property tax calendar are presented below:

Lien Date	January 1
Levy Date	November 1
Installment Payments:	
1 <sup>st</sup> Installment	No later than June 30
2 <sup>nd</sup> Installment	No later than Sept. 30
3 <sup>rd</sup> Installment	No later than Dec. 31
4 <sup>th</sup> Installment	No later than March 31
Regular Payments:	
Discount Periods	November – February
No Discount Period	March
Delinquent Date	April 1

#### NOTE 4 – RISK MANAGEMENT

The Town has purchased insurance to limit the exposure of the following risks of loss: theft of, damage to and destruction of assets; disasters and injuries to employees. Commercial insurance has also been purchased by the Town to cover the risks of loss due to employee errors or omission. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

#### NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2020, was as follows:

	<u>Beg of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of year</u>
Non Depreciable Assets:				
Land	\$1,225,307	\$0	\$0	\$1,225,307
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>1,225,307</u>	<u>0</u>	<u>0</u>	<u>1,225,307</u>
Depreciable Assets:				
Marina Improvements	1,339,574	0	0	1,339,574
Other Buildings and Improv	488,613	0	0	488,613
Infrastructure	<u>224,402</u>	<u>0</u>	<u>0</u>	<u>224,402</u>
Total	<u>2,052,589</u>	<u>0</u>	<u>0</u>	<u>2,052,589</u>
Accumulated Depreciation	<u>(229,846)</u>	<u>(61,010)</u>	<u>0</u>	<u>(290,856)</u>
Depreciable Assets, net	<u>1,822,743</u>	<u>(61,010)</u>	<u>0</u>	<u>1,761,733</u>
Total, Capital Assets	<u>\$3,048,050</u>	<u>\$(61,010)</u>	<u>\$0</u>	<u>\$2,987,040</u>

For the year ended September 30, 2020, depreciation expense was charged as direct expense to programs of the primary government as follows:

Culture and Recreation	\$53,747
Transportation	<u>7,263</u>
Total	<u>\$61,010</u>

#### NOTE 6 COMMITMENTS AND CONTINGENCIES

The Town has an agreement with an unrelated third party for the management of the Town's marina operations. Terms of the agreement stipulate the Town will receive a percentage of the profits if the marina operations earn a specified amount, determined on a cumulative basis. For the year ended September 30, 2020, the Town earned \$18,000 as a result of this agreement.

## NOTE 6 COMMITMENTS AND CONTINGENCIES (concluded)

The agreement for the management of the marina is for ten years expiring in December 2024 with two options to renew for additional ten years.

## NOTE 7 LEASE

The Town leases 200 feet of the marina for a concession operation with an unrelated third party. Terms of this lease require the Town to receive \$400 per month. The lease term is for ten years and expires November 18, 2024 with two options to renew for additional ten-year periods.

The following is a schedule of the future minimum least rents to be received under the terms of this lease as of September 30, 2020:

2021	\$4,800
2022	4,800
2023	4,800
2024	4,800
2025	<u>1,200</u>
Total	<u>\$20,400</u>

## NOTE 8 LONG TERM DEBT

In November, 2017, the Town acquired a \$1,000,000 grant anticipation revenue note from a local financial institution to provide funding for the marina improvements. The Town is allowed to borrow up to \$1,000,000. As of September 30, 2019, the outstanding principal balance was \$163,227. The terms of the note include quarterly payments of \$6,919 including interest at 5.15% beginning May 1, 2018. This interest rate is fixed through September 30, 2021. Commencing on October 1, 2021, the interest rate shall be equal to the greater of 5.15% per annum or the Atlanta Federal Home Loan Bank Board five year fixed rate credit plus 3.50% (limited by the maximum interest rate allowed by applicable law). Final payment is due August 1, 2026. The following summarizes the long term debt activity for the year ended September 30, 2020:

	<u>Beg of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of year</u>
Revenue Note, 2016 Series	<u>\$163,227</u>	<u>\$0</u>	<u>\$(19,509)</u>	<u>\$143,718</u>

## NOTE 8 LONG TERM DEBT (concluded)

As of September 30, 2020, the following is a summary of the scheduled repayments of principal and interest for the next five years and thereafter:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$20,673	\$7,003	\$27,676
2022	21,774	5,902	27,676
2023	22,934	4,742	27,676
2024	24,145	3,531	27,676
2025	25,440	2,236	27,676
Thereafter	<u>28,752</u>	<u>882</u>	<u>29,634</u>
Total	<u>\$143,718</u>	<u>\$24,296</u>	<u>\$168,014</u>

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

# REDDISH & WHITE

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

To the Honorable Mayor and members of the  
Town Commission  
Town of Marineland, Florida

We have examined the Marineland, Florida's compliance with the requirements of Section 218.415, Florida Statutes during the fiscal year ended September 30, 2020. Management is responsible for Town of Marineland, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Marineland, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about Town of Marineland, Florida's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Town of Marineland, Florida's compliance with specified requirements.

In our opinion, Town of Marineland, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

*Reddish & White, CPAs*

Starke, Florida  
December 20, 2020

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## **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 Commission  
Town of Marineland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Town of Marineland, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Town of Marineland, Florida's basic financial statements, and have issued our report thereon dated December 20, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Marineland, Florida's internal control over financial reporting (internal control) to determine the 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 Town of Marineland, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Marineland, Florida'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 preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Marineland, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

*Rudolph & White, CPAs*

Starke, Florida  
December 20, 2020

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Town Commission  
Town of Marineland, Florida  
Marineland, Florida

### Report on the Financial Statements

We have audited the financial statements of the Town of Marineland, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report, thereon dated December 20, 2020.

### Auditor's Responsibility

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; and Chapter 10.550, Rules of the Florida Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of 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 December 20, 2020, 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 all of the findings and 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 for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Marineland, Florida was established in 1940 under a charter in accordance with the Laws of Florida, Chapter 165 Florida Statutes. The Town of Marineland, Florida has one component unit, the Community Redevelopment Agency. This component unit is reported as a discretely presented component unit and was established in 2005 under a charter in accordance with the Laws of Florida, Chapter 165 Florida Statutes.

## **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.c and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town of Marineland. It is management's responsibility to monitor the Town of Marineland, 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.d, 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.

The Town of Marineland, Florida's component unit provided the financial information necessary for proper reporting of the component unit for the fiscal year.

### **Additional Matters**

Section 10.554(1)(i)2., 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 House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Leddish & White, CPA's*

Starke, Florida  
December 20, 2020

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## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

December 20, 2020

To the Honorable Mayor and Members of the  
Town Commission  
Town of Marineland, Florida

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Town of Marineland, Florida as of and for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 14, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Marineland are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the Town of Marineland's financial statements was:

Management's estimate of the useful lives of the fixed assets is based on historical data. We evaluated the key factors and assumptions used to develop the useful lives of the fixed assets in determining that is reasonable in relation to the financial statements taken as a whole.

The financial statements disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered During the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There was only one adjustment between two expense accounts that was not material.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 20, 2020.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the government unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

*Restriction on Use*

This information is intended solely for the use of the council members and management of the Town of Marineland, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Reddish & White, CPAs*