

Clerk of the Circuit Court and Comptroller
Regular Public Meeting
June 2, 2015

8. Reports received for filing:

- a. City of Belleair Beach Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014.
- b. City of Dunedin Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014.
- c. Dock Fee Report for the month of April 2015.

CITY OF BELLEAIR BEACH, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED SEPTEMBER 30, 2014

CITY OF BELLEAIR BEACH, FLORIDA

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2014

Prepared by the
Department of Finance

CITY OF BELLEAIR BEACH, FLORIDA
COUNCIL - MANAGER FORM OF GOVERNMENT

CITY COUNCIL

Rob Baldwin, Mayor

Leslie Notaro, Vice Mayor

Mitchell Krach, Council-Member

Jeril Cohen, Council-Member

John Pietrowski, Council-Member

David Dumville, Council-Member

Wanda Schwerer, Council-Member

CHARTER OFFICERS

City Manager

Nancy G. Gonzalez

City Treasurer

Melanie M. Kruszona

City Clerk

Patricia A. Gentry

INTRODUCTORY SECTION

CITY OF BELLEAIR BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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CITY OF BELLEAIR BEACH, FLORIDA

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LETTER OF TRANSMITTAL



March 3, 2015

To the Honorable Mayor,
City Council and
Citizens of the City of Belleair Beach

State law (section 218.32, Florida Statutes, as amended) requires that all general-purpose local governments publish within nine months after the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted, in the United States of America, auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Belleair Beach, Florida for the fiscal year ended September 30, 2014.

This report consists of management's representations concerning the finances of the City of Belleair Beach, Florida. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Belleair Beach, Florida has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the City of Belleair Beach, Florida's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Belleair Beach, Florida's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Belleair Beach, Florida's financial statements have been audited by Davidson, Jamieson & Crisitini, P.L., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Belleair Beach, Florida for the fiscal year ended September 30, 2014, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management:

and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Belleair Beach, Florida's financial statements for the fiscal year ended September 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Belleair Beach, Florida's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Belleair Beach, Florida was incorporated in 1950 and was chartered pursuant to Chapter 166 Florida Statutes, with a Mayor form of government. An amendment to the charter effective March 10, 2004 adopted the council-manager form of government. The City of Belleair Beach, Florida currently occupies a land area of eight tenths of a square mile and serves a population of 1,558 as of April 1, 2012 with a forecast of 1,547 for 2014. The City of Belleair Beach, Florida is empowered to levy property tax on both real and personal properties located within its boundaries.

The City of Belleair Beach's charter was changed and approved in 2004 to provide for a council-city manager type of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees and hiring both the government's manager and attorney. The city's manager is the chief executive officer of the city. The city manager is responsible for carrying out the policies and ordinances/resolutions and directives of the city council. Among other things, the city manager will direct and supervise the administration of all departments of the city, except as provided by Charter, attend all council meetings and submit to the City Council a proposed annual budget in "a timely manner" each year. The Council is elected on a non-partisan basis. In odd numbered years four council members, including the mayor, shall be elected for a three-year term and three council members shall be elected to a three-year term in the even numbered years. The mayor and council members are elected at large.

The City of Belleair Beach, Florida provides these services: improvement of street drainage, maintenance of streets, parks and other infrastructure. Police protection is provided by the Pinellas County Sheriff's Office effective June 1, 2007 per referendum approved by citizens in March 2007. The City's recreational facilities include parks and playgrounds, beaches, tennis courts, basketball court and library services in conjunction with the Pinellas County Public Library Cooperative. The City also has a marina available to residents. This is an Enterprise Fund and is included in this report.

Department heads submit to the city manager their budget requests during April and May of each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to City Council for review in a timely manner in July. Budget Workshops that are open to the public are held in July and August. The Council is required to

hold two public hearings on the proposed budget and to adopt a final budget by no later than September 30th, the close of the City of Belleair Beach, Florida's fiscal year. The appropriated budget is prepared by fund and departmental details. Department heads may request transfers of appropriations within a department through a Budget transfer request by the City Manager and Finance Officer provided that the total budget within a fund, e.g., the General Fund, is not changed. However, if the total amount of budget appropriations within a fund is changed, a resolution authorizing a budget amendment is required to be approved by Council. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 26 as part of the basic financial statements for the governmental funds. For the Marina Fund, budget-to-actual comparisons are presented on page 67.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Belleair Beach, Florida operates.

Local economy. The City of Belleair Beach, Florida is part of a region that has been going through a tough economic environment. The City of Belleair Beach, Florida is a residential community with a marina. The most recent estimate of property values shows a 6.54 percent increase in taxable values for 2014 as compared with 2013 values. In the Tampa Bay area, the unemployment rate of 5.80% in September 2014 is an improvement from 6.70% in 2013, as the overall economy throughout the country is slowly improving. The general consensus is that there will be some economic recovery but it is anticipated to be slow. For the next fiscal year, the outlook for the City's revenue stream from the following sources should be positive: Franchise fees are anticipated to increase very minimally due to higher utility rates. On the other hand, infrastructure sales taxes and state revenue sharing are expected to stay steady if not decrease due to cautious consumer spending which is adversely affected by unstable gas prices. There is some legislation being considered in Tallahassee that could negatively impact the Communication Services Tax for local municipalities, and this is being watched carefully. Ad Valorem should increase again this year as the local real estate market continues to slowly rebound.

The region (which includes the City of Belleair Beach, Florida and the surrounding unincorporated area within the same county) has a population base of approximately one million people, with three surrounding counties playing a vital role in the region's economy.

Long-term financial planning. The City of Belleair Beach, Florida has long-range plans for infrastructure improvements (streets, drainage and bridges); upgrades in parks and recreation facilities (docks, seawall repairs and park renovations). The city's long-range financial plan has provided approximately \$4,190,126 for capital improvement projects impacting parks and recreation and infrastructure. Street resurfacing, valley curb repair and replacement program, park renovations and upgrades, dock replacement, seawall repairs and Gulf Boulevard Beautification projects are scheduled throughout Belleair Beach over the next five years.

Construction of the new Community Center was completed during fall (October/November) of 2009. The Community Center facilities, overlooking the Intracoastal Waterway, have generated rental income from weddings, parties, banquet furniture, meetings and fitness programs. The City believes that the Community Center enhances services to citizens, improves the aesthetics of the City and provides for a structurally and environmentally sound City Hall. The City of Belleair Beach, Florida received the proceeds of a tax-exempt bank loan with SunTrust Bank for \$3.0 million to fund the project. Per loan agreement, quarterly principal and interest payments have been regularly made; the loan principal balance as of September 30, 2014 is \$1.720 million. Other sources of funding include contributions from the General Fund and distributions received from the Infrastructure Sales Tax (Penny for Pinellas).

Cash management policies and practices. Cash temporarily idle during the year was primarily invested in money market funds and certificates of deposit with SunTrust Bank and Bank United. The City's investments with SBA Fund B have been fully distributed by fiscal year end. Additional information on the City of Belleair Beach, Florida's cash and investments can be found in Notes 4 through 6 in the financial statements.

Risk management. The City is insured through the Florida Municipal Insurance Trust program for general and professional liability, automobile, property and workers' compensation insurance. A workplace safety program is in place to provide for employee accident prevention training, thus minimizing accident-related losses as well as lowering premiums. Also, the Community Center is insured with Weston Insurance Company for windstorm insurance and with Wright Flood Insurance for flood insurance. The City is insured with Fidelity National Insurance for flood insurance coverage on the 1001 Cedar Drive property that is presently used as the Public Works Department's storage and occasional work area.

Pension and other post-employment benefits. The defined benefit pension plan for the City's public safety (sworn police officers) employees was terminated and the Plan Trust funds and investments were authorized for distribution per Ordinance 07-08 of the City Council of the City of Belleair Beach. The City contracted law enforcement services with the Pinellas County Sheriff's Office in response to the referendum voted by City's electors to terminate the police department effective June 2007.

At the present time, the City of Belleair Beach, Florida provides a defined benefit retirement plan for regular employees that have been employed prior to 1997 through the Florida Retirement System (FRS). Contribution rates are set by the state and currently are 10.37% for regular employees, consisting of 7.37% as City contribution and 3.00% as employee contribution

The City of Belleair Beach, Florida also provides a defined contribution retirement plan for its non-public safety or general employees. This benefit is provided through the Florida League of Cities and administered by Florida Municipal Pension Trust Fund (FMPTF) as a 401(a) plan. The City contributes 10% of the employees' wages to the 401(a) plan. Each employee may also choose to make a deferred compensation deduction, which can be based on a percentage of salary or a flat dollar amount. For the city manager, the City contributes an additional amount up to 5% of the city manager's salary to the 457(b) plan and is included as additional compensation for the purposes of FICA. This deferred compensation plan is administered also by FMPTF as a 457 (b) plan.

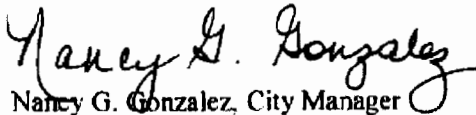
The City of Belleair Beach, Florida does not provide post-employment benefits for employees other than pension benefits. Post-employment health care benefits are made available through the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

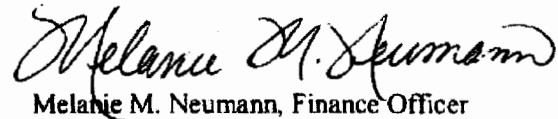
Additional information on the City of Belleair Beach, Florida's pension arrangements and post-employment benefits can be found in Notes 16 through 18 in the financial statements.

Acknowledgements

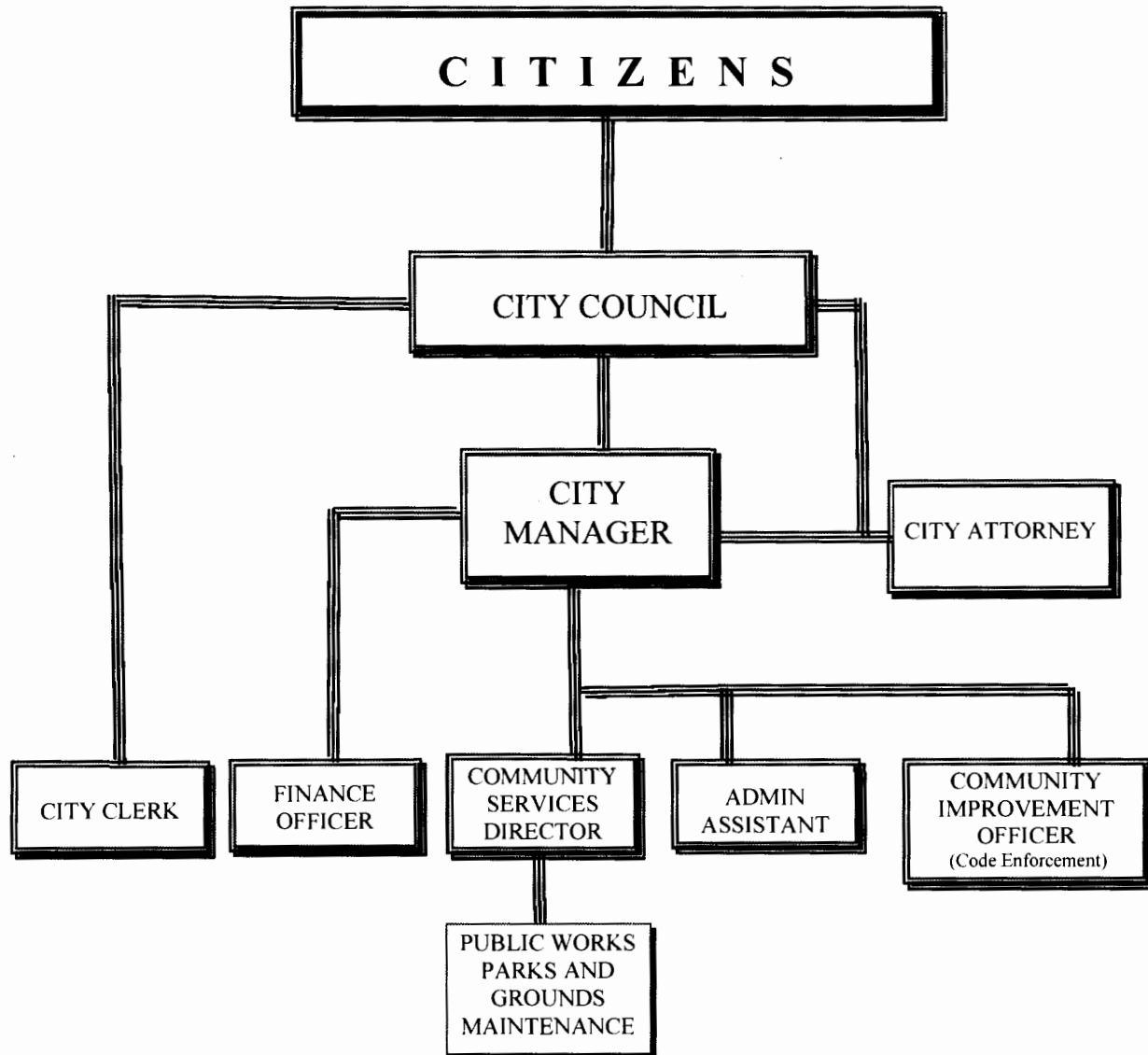
The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the finance and administration departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the council-members for their support and for maintaining the highest standards of professionalism in the management of the City of Belleair Beach, Florida's finances.

Respectfully submitted,


Nancy G. Gonzalez, City Manager


Melanie M. Neumann, Finance Officer

**CITY OF BELLEAIR BEACH, FLORIDA
ORGANIZATIONAL CHART
FYE 2014**



CITY OF BELLEAIR BEACH, FLORIDA

LISTING OF CITY OFFICIALS

ELECTED OFFICIALS

FISCAL YEAR 2014

| | |
|----------------|-----------------|
| Mayor | Rob Baldwin |
| Vice-Mayor | Leslie Notaro |
| Council-member | Jeril Cohen |
| Council-member | David Dumville |
| Council-member | Mitchell Krach |
| Council-member | John Pietrowski |
| Council-member | Wanda Schwerer |

APPOINTED OFFICIALS

| | |
|-----------------------|----------------------|
| <u>Paul J. Marino</u> | <u>City Attorney</u> |
|-----------------------|----------------------|

CHARTER OFFICERS

| | |
|---------------------|----------------|
| Nancy G. Gonzalez | City Manager |
| Patricia A. Gentry | City Clerk |
| Melanie M. Kruszona | City Treasurer |

FINANCIAL SECTION

FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Combining and Individual Financial Statements
and Schedules

Davidson, Jamieson & Cristini, P.L.
Certified Public Accountants

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Member
American Institute of
Certified Public Accountants
Florida Institute of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
and City Council
City of Belleair Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of City of Belleair Beach, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the AICPA Professional Standards, at Sections 601.55 and 601.56. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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.

The Honorable Mayor
and City Council
City of Belleair Beach, Florida

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belleair Beach, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof 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 6-18 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 statement, 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.

The Honorable Mayor
and City Council
City of Belleair Beach, Florida

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belleair Beach, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules of capital assets, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules of capital assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining, nonmajor fund financial statements and schedules of capital assets are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or any assurance on them.

Davidson, Jamison & Cristine, P.L.

January 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Belleair Beach, we offer readers of the City of Belleair Beach's financial statements this narrative overview and analysis of the financial activities of the City of Belleair Beach for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v-ix of this report.

FINANCIAL HIGHLIGHTS

- *The assets of the City of Belleair Beach exceeded its liabilities at the close of the most recent fiscal year by \$9,963,990 (*net position*). Of this amount \$4,998,002 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- *At September 30, 2014, the City's governmental activities fund balance reported an ending fund balance of \$4,888,995, an increase of \$197,512 or 1.04% in comparison with the prior year.
- *The business-type activities operating revenue decreased by \$5,036 or 0.9067% as compared with the prior year. This decrease is primarily due to vacant boat slips as a result of having new catwalks and slips constructed. There was an increase in net position by \$2,318 attributed to lower operating costs.
- *At September 30, 2014, the unassigned fund balance of the General Fund (not restricted, committed or assigned to any specific purpose) was \$3,129,744 or 204.9 percent of total general fund expenditures of \$1,527,121.
- *Governmental fund revenues increased by \$182,032 or 9.19 percent over the prior fiscal year. This is primarily due to increases in Intergovernmental revenue by \$116,468 or 27.18% and increases in ad valorem, franchise fees, utility taxes and fines slightly offset by lower charges for services, interest and miscellaneous income.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Belleair Beach's basic financial statements. The City of Belleair Beach's basic financial statements comprise three components:

- 1) government-wide financial statements. 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net position changed during fiscal year 2014. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, highways and streets, sanitation, and culture and recreation. The business-type activities of the City are a Marina Slip rental operation where the fee for service typically covers all or most of the cost of operation including depreciation.

The government-wide financial statements includes the City itself (known as the primary government) and Marina Slip rental operation-although legally separated, functions for all practical purposes as a department of the City and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 19 – 21 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Belleair Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Belleair Beach can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

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

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

The City of Belleair Beach maintains three individual funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital projects fund. The general fund and the marina enterprise funds are considered major funds.

The City of Belleair Beach adopts an annual budget for all major funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-26 of this report.

Proprietary funds

The City of Belleair Beach maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The city uses enterprise funds to account for its Marina fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Marina fund, which is considered to be a major fund of the City of Belleair Beach. The basic proprietary fund financial statements can be found on pages 27-31 of this report.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-66 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to Financial Statements. Combining and individual fund statements and schedules can be found on pages 67-71 of this report.

Infrastructure Assets

Due to the small size of the city and infrastructure assets valued less than \$10 million the City has elected to only record and depreciate infrastructure going forward. Historically, a government's largest group of assets (infrastructure – roads, bridges, sidewalks, curbs, underground pipes, unless associated with a utility, etc.) have not been reported or depreciated in the City's financial statements. The statements require that these assets be valued and recorded within the governmental columns of the Governmental-wide Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$9,963,990 at the close of fiscal year ended September 30, 2014. The following table reflects the condensed Statement of Net Position compared to prior fiscal year.

**Statement of Net Position
As of September 30**

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total Primary Government</u> | |
|-----------------------------------|------------------------------------|--------------------|-------------------------------------|------------------|-------------------------------------|---------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Current and other Assets | \$ 4,924,302 | \$4,750,682 | \$215,316 | \$205,807 | \$ 5,139,618 | \$ 4,956,489 |
| Capital Assets (net of Allowance) | <u>6,740,157</u> | <u>6,779,447</u> | <u>25,831</u> | <u>35,240</u> | <u>6,765,988</u> | <u>6,814,687</u> |
| Total Assets | <u>11,664,459</u> | <u>11,530,129</u> | <u>241,147</u> | <u>241,047</u> | <u>11,905,606</u> | <u>11,771,176</u> |
| Current and other Liabilities | 35,522 | 56,666 | 5,832 | 5,383 | 41,354 | 62,049 |
| Long-term liabilities outstanding | | | | | | |
| Due within one year | 168,025 | 168,060 | - | - | 168,025 | 168,060 |
| Due in more than one year | <u>1,714,926</u> | <u>1,875,244</u> | <u>-</u> | <u>-</u> | <u>1,714,926</u> | <u>1,875,244</u> |
| Total Liabilities | 1,918,473 | 2,099,970 | 5,832 | 5,383 | 1,924,305 | 2,105,353 |
| Deferred inflows of Resources | 15,781 | 19,951 | 1,530 | 4,197 | 17,311 | 24,148 |
| Net Position | | | | | | |
| Net investment in capital assets | 4,940,157 | 4,819,477 | 25,831 | 35,240 | 4,965,988 | 4,854,687 |
| Restricted | - | - | - | - | - | - |
| Unrestricted | <u>4,790,048</u> | <u>4,590,761</u> | <u>207,954</u> | <u>196,227</u> | <u>4,998,002</u> | <u>4,786,988</u> |
| Total Net Position | <u>\$9,730,205</u> | <u>\$9,410,208</u> | <u>\$233,785</u> | <u>\$231,467</u> | <u>\$ 9,963,990</u> | <u>\$ 9,641,675</u> |

*For more detailed information see Statement of Net Position on page 19.

At September 30, 2014, a considerable portion of the City's net assets are invested in capital assets (e.g., land, buildings, equipment and marina docks) at 56.83 per cent of total assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported at net of related outstanding debt used to acquire those capital assets, (for example, the Community Center loan) it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A large part of the City's assets at 43.17 percent reflects its investment in cash, cash equivalents and other investments. This is affected by the implementation of the City's investment policy that has emphasis on first: safety of principal, second: liquidity or readily available for conversion into cash in order to finance the City's operating cash flow requirements, and the third criteria: yield or earnings.

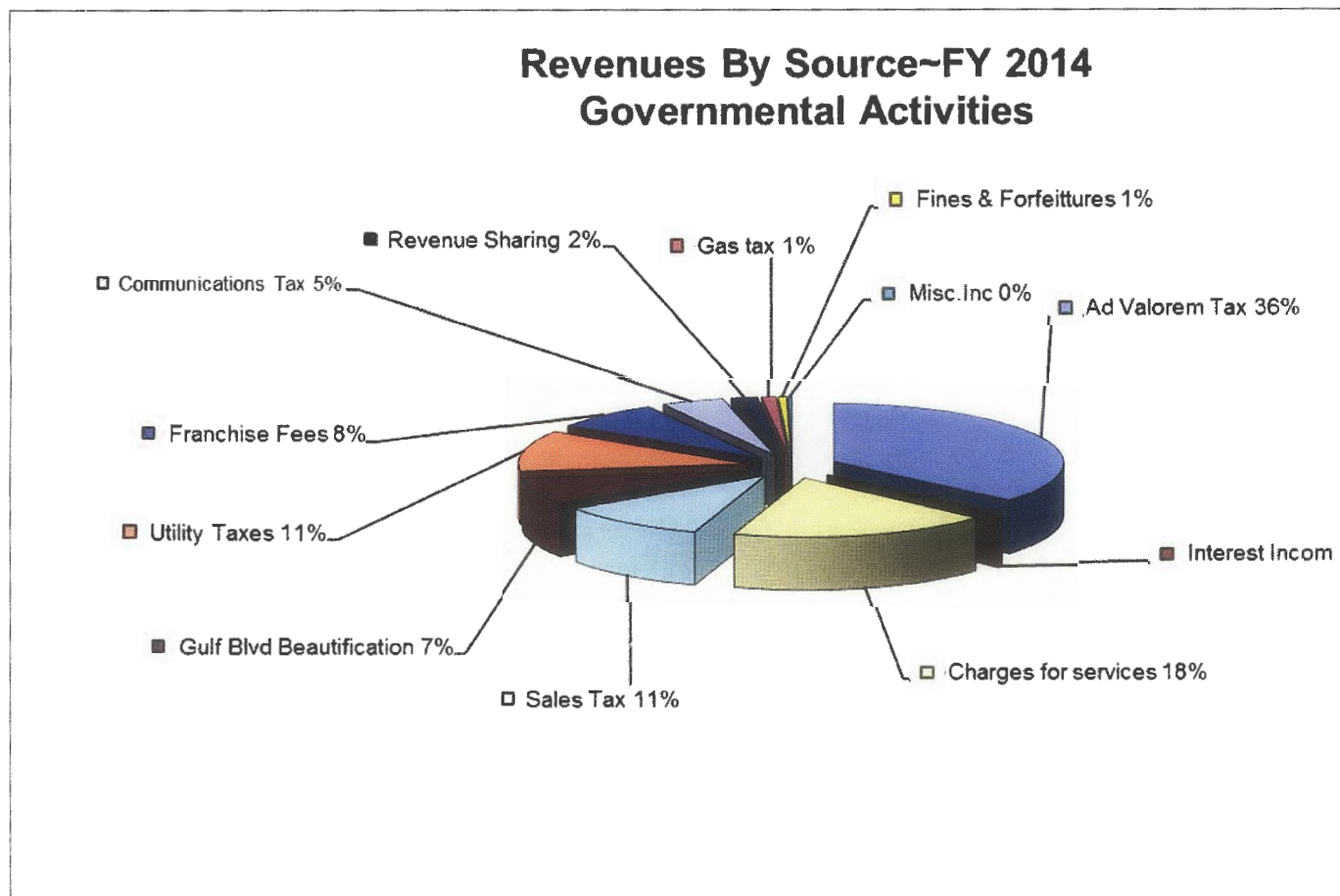
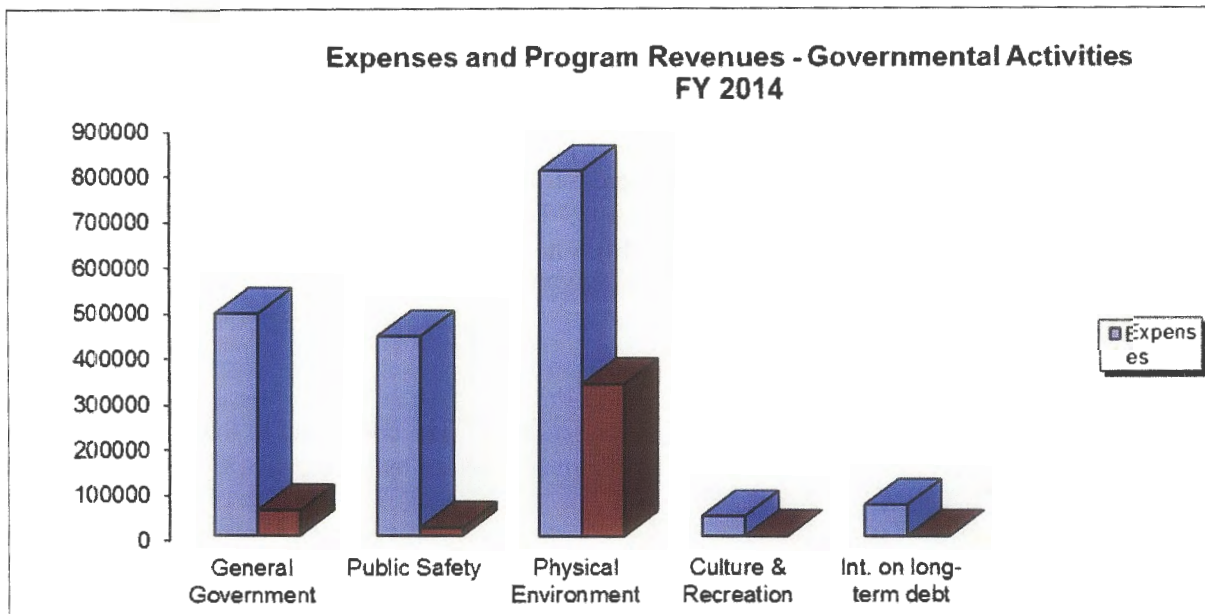
As of September 30, 2014 there are no significant external restrictions on how the City's resources may be used. The balance of unrestricted net assets of \$4,998,002 or 50.16 percent of total net assets may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Statement of Activities

The following schedule compares the revenues and expenses for the current and previous fiscal year.

| For the Year Ended September 30 | | | | | | |
|---------------------------------|-------------------------|---------------------|--------------------------|-------------------|--------------------------|--------------------|
| | Governmental Activities | | Business Type Activities | | Total Primary Government | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 418,823 | \$ 406,761 | \$ 48,955 | \$ 53,991 | \$ 461,778 | \$ 460,752 |
| Capital grants and | | | | | | |
| Contributions | 1,201 | 1,198 | - | - | 1,201 | 1,198 |
| General revenues: | | | | | | |
| Property taxes | 783,665 | 741,269 | - | - | 783,665 | 741,269 |
| Franchise Fee | 168,469 | 150,040 | - | - | 168,469 | 150,040 |
| Utility taxes | 244,522 | 221,560 | - | - | 244,522 | 221,560 |
| Sales and Other taxes | 543,711 | 427,246 | - | - | 543,711 | 427,246 |
| Miscellaneous | 9,162 | 33,447 | 553 | 869 | 9,715 | 34,316 |
| Total Revenues | 2,163,553 | 1,981,521 | 49,508 | 54,860 | 2,213,061 | 2,036,381 |
| Expenses | | | | | | |
| General Government | 557,882 | 667,396 | - | - | 557,882 | 667,396 |
| Public Safety | 438,853 | 435,287 | - | - | 438,853 | 435,287 |
| Physical Environment | 803,110 | 599,649 | - | - | 803,110 | 599,649 |
| Transportation | - | 17,279 | - | - | - | 17,279 |
| Culture and Recreation | 43,711 | 36,196 | - | - | 43,711 | 36,196 |
| Marina Slip Rental Operation | - | - | 47,190 | 51,109 | 47,190 | 51,109 |
| Total Expenses | 1,843,556 | 1,755,807 | 47,190 | 51,109 | 1,890,746 | 1,806,916 |
| Changes in net position | 319,997 | 225,714 | 2,318 | 3,751 | 322,315 | 229,465 |
| Net Position - 9/30/13 | 9,410,208 | 9,184,494 | 231,467 | 227,716 | 9,641,675 | 9,412,210 |
| Net Position - 9/30/14 | <u>\$9,730,205</u> | <u>\$ 9,410,208</u> | <u>\$233,785</u> | <u>\$ 231,467</u> | <u>\$9,963,990</u> | <u>\$9,641,675</u> |



Governmental Activities

Governmental Activities increased the City's net position by \$319,997 compared with prior year's increase of \$225,714. This fiscal year's increase accounts for 3.289 percent of the total net governmental position at year-end of \$9,730,205. Total Revenues are up primarily due to Inter-governmental Revenues and Ad Valorem. This rate of increase is higher than last fiscal year's increase due to an increase in Total Revenues of \$182,032.

Business-type Activities

Business-type activities increased the City's net assets by \$2,318 compared to the prior year's increase of \$3,751. Key elements of this increase of \$2,318 are as follows:

- The City-owned Marina generated a net operating income of \$1,765 as compared to prior year's net operating income of \$2,882. During the fiscal year 2013-2014 the Marina Fund transferred \$20,761 to the general fund, in year 2012-2013 \$27,160 was transferred the general fund to cover the costs of managing and operating the Marina. Planned capital improvement projects for fiscal year 2013-2014 included two new cat walks and decking.

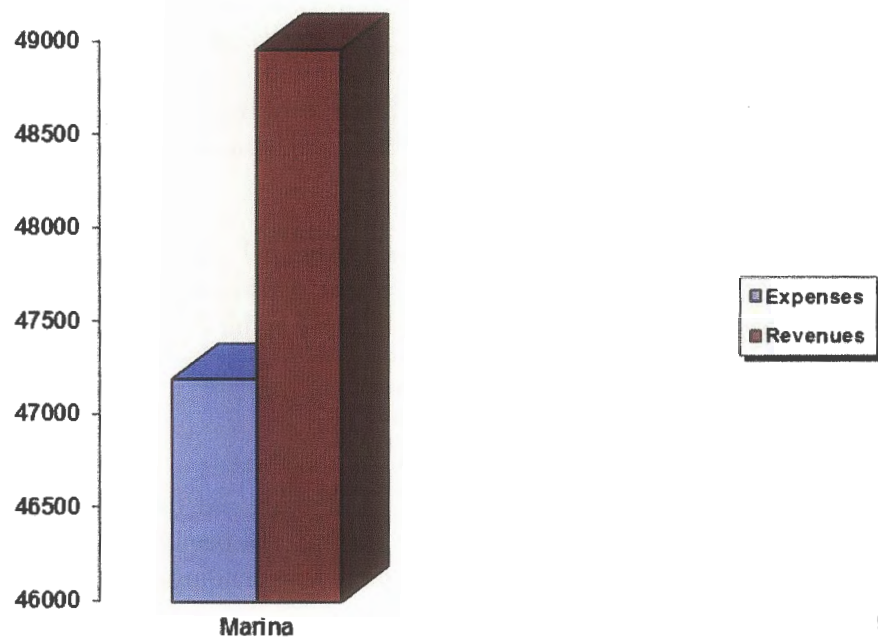
Financial Analysis of the City's Funds

As noted earlier, the City of Belleair Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

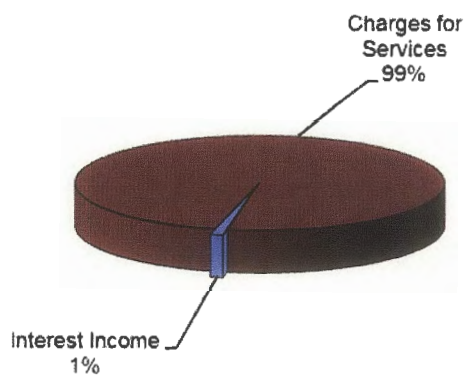
The focus of the city's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's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

Expenses and Program Revenues - Business-type Activities



9
6
3

Revenue by Sources - Business type Activites FYE 14



Governmental funds (cont'd.)

As of the end of fiscal year 2014, the city's governmental funds reported combined ending fund balances of \$4,888,995 an increase of \$197,512 in comparison with the prior year. There was an increase in total revenue by 9.19 percent as compared with the previous year due to increased revenue generated in the following areas: Ad Valorem taxes, attributed to a slight increase in taxable values; Charges for Services increased due to higher Rental Registration Fees. These were offset by lower Franchise Fees and Utility Taxes.

Expenditures, including capital improvements and principal and interest payments on the Community Center loan, increased by \$209,489, or 11.93 per cent. This is primarily due to the General Fund Physical Environment Expenditures of \$780,482. The Capital Project Fund had an interest expenditure reduction of \$5,952.

General Fund

The general fund is the chief operating fund of the City. At the end of September 30, 2014, the unassigned fund balance of the general fund, which has not been restricted, committed or assigned to specific purposes, was \$3,084,244. This is available for spending at the city's discretion.

The remainder of the general fund balance of \$902,676 is not available for new spending and has been classified as: 1) Non spendable (cannot be converted into cash) for prepaid items \$17,176, 2) Committed (per Resolution approved by City Council for catastrophic events) for \$840,000. 3) Assigned for Encumbrances, for open PO or contracts already budgeted but unexpended of \$45,500. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 201.96 percent of total general fund expenditures, while total fund balance represents 261.07 percent of that same amount.

Capital Projects Fund CPF)

The capital projects fund is used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds. This is also used for non recurring capital expenditures with an estimated useful life of at least ten years and/or a minimum cost of \$25,000 in order to avoid distortion of financial trend information in the other funds.

At the end of September 30, 2014, the unassigned fund balance of the CPF, which has not been restricted, committed or assigned to specific purposes, was \$853,075. This is available for spending for capital outlays that meet the above- mentioned criteria of minimum cost and estimated useful life.

The remainder of the capital projects fund balance of \$49,000 is not available for new spending and has been classified as Assigned, encumbrances.

Community Center construction was completed in November 2009 at a cost of \$3.927 million. Funding sources consisted of a \$3 million bank loan, infrastructure sales tax (Penny for Pinellas) and contributions from the General Fund. The loan principal balance as of September 30, 2014 was \$1.8 million.

As a measure of the capital projects fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. For the fiscal year ending September 30, 2014, unassigned fund balance of \$853,075 represents 194.36 percent of total capital projects fund expenditures of \$438,920. The capital projects fund expenditures include principal and interest payment on the Community Center loan. On the revenue side, Infrastructure Sales Tax was collected in the amount of \$136,860.

Proprietary funds

The city's *proprietary funds* provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary fund at the end of the year in comparison to prior year amounted to:

| <u>FUNDS</u> | <u>2014</u> | <u>2013</u> |
|---------------|--------------------------|--------------------------|
| Marina | <u>207,954</u> | <u>196,277</u> |
| Totals | <u><u>\$ 207,954</u></u> | <u><u>\$ 196,277</u></u> |

Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year ended September 30, 2014 the significant variances between the final amended budget and the actual results are shown below:

- Revenues are higher than budgeted amount by 37,538 primarily due to: slightly higher ad valorem taxes due to payments of prior years and fines, higher franchise fees and utility taxes and increased fines; offset by slightly lower charges for services, intergovernmental revenues and interest.
- Expenditures are lower than budgeted amount by 173,618 due to lower expenditures in the areas of Public Works, Library and Parks and Recreation and General Government.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014 amounts to \$6,765,988 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than building, equipment, marina docks and security fence and infrastructures. The decrease in the City's capital assets for the current fiscal year was \$39,290 or 0.583 percent for governmental activities and a decrease of \$9,409 or 36.43 percent for the business-type activities. The decrease includes current year's depreciation.

The increase/(decrease) in capital assets net of depreciation during the current fiscal year for governmental activities included the following:

- Buildings decreased by \$(91,469) due to full year depreciation provision for the new Community Center and other equipment.
- Administrative decreased by \$(3,478) due to a full year depreciation.
- Improvements Other than Buildings- increase of \$68,356 primarily due to additions for the Gulf Boulevard Beautification project partially offset by depreciation.
- Parks & Recreation decreased by \$(17,053) due to full year depreciation partially offset by additions of Sanibel lighting at Bayside Park.
- Legislative- decrease of \$(8,274) due to full year's depreciation of audio/ visual system for the Community Center and channel system and microphones for City Council meetings
- Public Works – decreased by \$(5,003) due to full year's depreciation.
- Information Technology – decrease of \$(2,009) for depreciation of equipment.
- Roads and Street – increased by \$19,727 for bridge repairs offset by depreciation.

City of Belleair Beach, Florida Capital Assets (net of depreciation)

| | Governmental Activities | Business-type Activities | Total |
|--------------------------------------|----------------------------|-----------------------------|---------------------------|
| Land | \$1,426,738 | \$ - | \$1,426,738 |
| Buildings | 3,642,060 | - | 3,642,060 |
| Improvements other than Buildings | 1,195,522 | 25,831 | 1,221,353 |
| Roads and streets | 338,155 | - | 338,155 |
| Parks and recreation | 120,927 | - | 120,927 |
| Equipment | <u>16,755</u> | <u>-</u> | <u>16,755</u> |
| Totals | <u>\$6,740,157</u> | <u>\$ 25,831</u> | <u>\$6,765,988</u> |

Additional information on the City's capital assets can be found on pages 49 - 51 of this report.

Long-term Debt

At the end of fiscal year 2014, the City has a total outstanding loan payable of \$1,800,000. Quarterly principal payments on the original amount of \$3.0 million have been made starting in October 2006. The proceeds of this loan were used to fund land acquisition, construction and furnishings of the new Community Center. The full balance of the loan is currently in the General Long-Term Debt Account Group. The loan interest rate is fixed at 3.72 percent annually and is payable quarterly effective October 2006 per the SunTrust Bank Amortization Schedule.

Additional information on the City's long-term debt activity can be found in Note 10 on pages 52-53 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- * The unemployment rate for the County at September 30, 2014 was 5.8 percent, which was lower than the 2013 rate of 6.70 percent.
- * Inflationary trends in the region compare favorably to the national trends.
- * The City of Belleair Beach is entirely a residential community. During the current fiscal year, property values increased by 7.10 percent as compared with a 5.94 percent increase in the prior year.
- * Amendment I, approved by voters in January 2008 had a negative impact on Ad Valorem Tax revenues. Amendment I created an additional Homestead tax exemption of \$25,000 doubling regular homestead tax exemption to \$50,000, allowed "portability of save our homes cap" and eliminated some tangible personal property from the tax rolls.
- * The Property Tax Reform House Bill 1B passed by the Florida Legislature in June 2007 mandated a 9 percent Property Tax cut for the City of Belleair Beach.
- * All of the above-mentioned factors were considered in preparing the City of Belleair Beach's budget for the 2014-2015 fiscal year.
- * The employees received a 2.0% merit increase in salaries and wages for the new Fiscal Year 2014-2015 with no cost of living allowance (COLA), as compared with the prior year when the employees received a 3% a merit increase and there was no COLA either.
- * As of the fiscal year ended September 30, 2014, unassigned fund balance in the general fund, which has not been restricted, committed or assigned to specific purposes was \$3,129,744.

REQUEST FOR INFORMATION

This financial report is designed to present users with a general overview of the City's finances to all those interested in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the City's Finance Officer at 444 Causeway Blvd., Belleair Beach, Florida 33786 or email: financeofficer@cityofbelleairbeach.com.

BASIC FINANCIAL STATEMENTS

This section contains the following subsections:

Government-Wide Financial Statements

Statement of Net Position
Statement of Activities

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds
Reconciliation of the Balance Sheet to the Statement of
Net Position - Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities -
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual:
General Fund

Proprietary Fund Financial Statements

Statement of Net Position - Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Funds
Statement of Cash Flows - Proprietary Funds

Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

| ASSETS | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|--------------|
| Cash and cash equivalents | \$ 4,653,089 | \$ 213,255 | \$ 4,866,344 |
| Receivables (net of allowance for uncollectibles) | 254,037 | - | 254,037 |
| Prepays | 17,176 | 2,061 | 19,237 |
| Capital Assets: | | | |
| Land | 1,426,738 | - | 1,426,738 |
| Buildings | 4,098,930 | - | 4,098,930 |
| Improvements other than buildings | 2,239,657 | 328,132 | 2,567,789 |
| Equipment | 515,303 | - | 515,303 |
| Accumulated depreciation | (1,540,471) | (302,301) | (1,842,772) |
| Total Assets | 11,664,459 | 241,147 | 11,905,606 |
| LIABILITIES | | | |
| Accounts payable | 9,776 | 754 | 10,530 |
| Accrued payroll | 6,950 | - | 6,950 |
| Accrued interest | 15,996 | - | 15,996 |
| Deposits | 2,800 | 5,078 | 7,878 |
| Noncurrent Liabilities: | | | |
| Due within one year | 168,025 | - | 168,025 |
| Due in more than one year | 1,714,926 | - | 1,714,926 |
| Total Liabilities | 1,918,473 | 5,832 | 1,924,305 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Local rental registrations - future year | 9,590 | - | 9,590 |
| Community Center rentals - future year | 6,191 | - | 6,191 |
| Marina rental - future year | - | 1,530 | 1,530 |
| Total Deferred Inflows of Resources | 15,781 | 1,530 | 17,311 |
| NET POSITION | | | |
| Net investment in capital assets | 4,940,157 | 25,831 | 4,965,988 |
| Unrestricted | 4,790,048 | 207,954 | 4,998,002 |
| Total Net Position | \$ 9,730,205 | \$ 233,785 | \$ 9,963,990 |

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| | | <u>Program Revenues</u> | |
|--------------------------------|---------------------|---------------------------------|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> |
| Function/Program Activities | | | |
| Primary Government: | | | |
| Governmental Activities: | | | |
| General government | \$ 488,624 | \$ 55,712 | \$ - |
| Public Safety | 438,853 | 17,857 | - |
| Physical environment | 803,110 | 334,599 | 1,201 |
| Culture and recreation | 43,711 | 306 | - |
| Interest on long-term debt | 69,258 | - | - |
| Total governmental activities | <u>1,843,556</u> | <u>408,474</u> | <u>1,201</u> |
| Business-Type Activities: | | | |
| Marina | 47,190 | 48,955 | - |
| Total business-type activities | <u>47,190</u> | <u>48,955</u> | <u>-</u> |
| Total primary government | <u>\$ 1,890,746</u> | <u>\$ 457,429</u> | <u>\$ 1,201</u> |

GENERAL REVENUES:

Property taxes
 Franchise fees
 Utility taxes
 Unrestricted Intergovernmental
 Revenue:
 State revenue sharing
 Half-cent sales tax
 Local option gas tax
 Local option sales tax
 Communications tax
 Other taxes
 Investment income
 Miscellaneous
 Total General Revenues
 Change in net position
 Net position - beginning
 Net position - ending

See Notes to Financial Statements.

| Net (Expense) Revenue and Changes in Net Position | | |
|--|-----------------------------|---------------------|
| Primary Government | | |
| Governmental Activities | Business-type Activities | Total |
| \$ (432,912) | \$ - | \$ (432,912) |
| (420,996) | - | (420,996) |
| (467,310) | - | (467,310) |
| (43,405) | - | (43,405) |
| (69,258) | - | (69,258) |
| <u>(1,433,881)</u> | <u>-</u> | <u>(1,433,881)</u> |
| - | 1,765 | 1,765 |
| - | 1,765 | 1,765 |
| (1,433,881) | 1,765 | (1,432,116) |
| 783,665 | - | 783,665 |
| 168,469 | - | 168,469 |
| 244,522 | - | 244,522 |
| 39,733 | - | 39,733 |
| 90,154 | - | 90,154 |
| 21,717 | - | 21,717 |
| 136,860 | - | 136,860 |
| 95,871 | - | 95,871 |
| 159,376 | - | 159,376 |
| 9,162 | 553 | 9,715 |
| 4,349 | - | 4,349 |
| <u>1,753,878</u> | <u>553</u> | <u>1,754,431</u> |
| 319,997 | 2,318 | 322,315 |
| 9,410,208 | 231,467 | 9,641,675 |
| <u>\$ 9,730,205</u> | <u>\$ 233,785</u> | <u>\$ 9,963,990</u> |

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

| | <u>ASSETS</u> | | |
|--|---------------------|-----------------------------|--------------------------------|
| | General Fund | Capital Projects Fund | Total Governmental Funds |
| Cash and cash equivalents | \$ 3,870,676 | \$ 782,413 | \$ 4,653,089 |
| Receivables (net of allowance for uncollectible accounts): | | | |
| Taxes: | | | |
| Franchise fees | 23,167 | - | 23,167 |
| Utility | 34,485 | - | 34,485 |
| Accounts | 48,806 | - | 48,806 |
| Intergovernmental: | | | |
| State | 21,838 | - | 21,838 |
| County | 6,079 | 119,662 | 125,741 |
| Prepaid items | 17,176 | - | 17,176 |
| Total Assets | \$ <u>4,022,227</u> | \$ <u>902,075</u> | \$ <u>4,924,302</u> |

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

| | | | |
|---|---------------------|-------------------|---------------------|
| Liabilities: | | | |
| Accounts payable | \$ 9,776 | \$ - | \$ 9,776 |
| Deposit | 2,800 | - | 2,800 |
| Accrued payroll | 6,950 | - | 6,950 |
| Total Liabilities | 19,526 | - | 19,526 |
| Deferred Inflows of Resources: | | | |
| Local rental registrations - future year | 9,590 | - | 9,590 |
| Community Center rentals - future year | 6,191 | - | 6,191 |
| Total Deferred Inflows of Resources | 15,781 | - | 15,781 |
| Fund Balances: | | | |
| Nonspendable | 17,176 | - | 17,176 |
| Committed | 840,000 | - | 840,000 |
| Unassigned | 3,129,744 | 902,075 | 4,031,819 |
| Total Fund Balances | 3,986,920 | 902,075 | 4,888,995 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ <u>4,022,227</u> | \$ <u>902,075</u> | \$ <u>4,924,302</u> |

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

Fund balances - total governmental funds \$ 4,888,995

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

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

| | | |
|-------------------------------|--------------------|-----------|
| Governmental capital assets | \$ 8,280,628 | |
| Less accumulated depreciation | <u>(1,540,471)</u> | |
| | | 6,740,157 |

Long-term liabilities, including bonds payable are not due and
payable in the current period and therefore are not reported in
the governmental funds.

| | | |
|---------------------------------------|---------------|--------------------|
| Loan payable | 1,800,000 | |
| Accrued interest payable | 15,996 | |
| Other postemployment benefits payable | 2,701 | |
| Compensated absences | <u>80,250</u> | |
| | | <u>(1,898,947)</u> |

Net position of governmental activities \$ 9,730,205

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|---|----------------------------|--------------------------------------|---|
| Revenues: | | | |
| Taxes: | | | |
| Ad valorem | \$ 783,665 | \$ - | \$ 783,665 |
| Franchise fees | 168,469 | - | 168,469 |
| Utility | 244,522 | - | 244,522 |
| Intergovernmental | 248,676 | 296,236 | 544,912 |
| Charges for services | 395,661 | - | 395,661 |
| Fines | 12,813 | - | 12,813 |
| Interest | 6,189 | 2,973 | 9,162 |
| Miscellaneous | 4,349 | - | 4,349 |
| Total Revenues | <u>1,864,344</u> | <u>299,209</u> | <u>2,163,553</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 489,309 | 147 | 489,456 |
| Public safety | 438,765 | - | 438,765 |
| Physical environment | 572,389 | 208,093 | 780,482 |
| Culture and recreation | 26,658 | - | 26,658 |
| Debt service: | | | |
| Principal | - | 160,000 | 160,000 |
| Interest | - | 70,680 | 70,680 |
| Total Expenditures | <u>1,527,121</u> | <u>438,920</u> | <u>1,966,041</u> |
| Excess of Revenues Over (Under) Expenditures | 337,223 | (139,711) | 197,512 |
| Other Financing Sources (Uses): | | | |
| Transfers in (out) | <u>(401,640)</u> | <u>401,640</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(401,640)</u> | <u>401,640</u> | <u>-</u> |
| Net change in fund balances | (64,417) | 261,929 | 197,512 |
| Fund Balance - Beginning of Year | <u>4,051,337</u> | <u>640,146</u> | <u>4,691,483</u> |
| Fund Balance - End of Year | \$ <u><u>3,986,920</u></u> | \$ <u><u>902,075</u></u> | \$ <u><u>4,888,995</u></u> |

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| | | |
|--|------------------|-----------------------|
| Net change in fund balances - total governmental funds | \$ | 197,512 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. | | |
| Expenditures for capital assets | \$ 159,294 | |
| Less current year depreciation | <u>(198,584)</u> | (39,290) |
| Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | | |
| Principal payments | 160,000 | |
| Change in accrued interest | <u>1,422</u> | 161,422 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Other post-employment benefit costs | - | |
| Change in long-term compensated absences | <u>353</u> | <u>353</u> |
| Change in net position of governmental activities | \$ | <u><u>319,997</u></u> |

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget- Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 772,528 | \$ 772,528 | \$ 783,665 | \$ 11,137 |
| Franchise fees | 157,785 | 157,785 | 168,469 | 10,684 |
| Utility | 218,500 | 218,500 | 244,522 | 26,022 |
| Intergovernmental | 251,390 | 251,390 | 248,676 | (2,714) |
| Charges for services | 402,003 | 402,003 | 395,661 | (6,342) |
| Fines | 2,950 | 2,950 | 12,813 | 9,863 |
| Interest | 17,650 | 17,650 | 6,189 | (11,461) |
| Miscellaneous | 4,000 | 4,000 | 4,349 | 349 |
| Total Revenues | <u>1,826,806</u> | <u>1,826,806</u> | <u>1,864,344</u> | <u>37,538</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government: | | | | |
| Legislative | 15,447 | 15,447 | 8,491 | 6,956 |
| Executive | 420,839 | 428,339 | 374,679 | 53,660 |
| Financial administration | 111,008 | 111,008 | 106,139 | 4,869 |
| | <u>547,294</u> | <u>554,794</u> | <u>489,309</u> | <u>65,485</u> |
| Public Safety: | | | | |
| Police | 423,490 | 423,490 | 423,346 | 144 |
| Protective inspections | 16,039 | 16,039 | 15,419 | 620 |
| | <u>439,529</u> | <u>439,529</u> | <u>438,765</u> | <u>764</u> |
| Physical Environment: | | | | |
| Public Works | 351,122 | 389,122 | 338,553 | 50,569 |
| Sanitation | 234,119 | 234,119 | 233,836 | 283 |
| | <u>585,241</u> | <u>623,241</u> | <u>572,389</u> | <u>50,852</u> |
| Transportation: | | | | |
| Streets | 24,625 | 24,625 | - | 24,625 |
| Culture and Recreation: | | | | |
| Library | 14,000 | 14,000 | 11,500 | 2,500 |
| Parks and recreation | 44,550 | 44,550 | 15,158 | 29,392 |
| | <u>58,550</u> | <u>58,550</u> | <u>26,658</u> | <u>31,892</u> |
| Total Expenditures | <u>1,655,239</u> | <u>1,700,739</u> | <u>1,527,121</u> | <u>173,618</u> |
| Excess (deficiency) of revenues over (under) expenditures | 171,567 | 126,067 | 337,223 | 211,156 |
| Other Financing Sources (uses): | | | | |
| Transfers out | (401,640) | (401,640) | (401,640) | - |
| Total other financing sources (uses) | <u>(401,640)</u> | <u>(401,640)</u> | <u>(401,640)</u> | <u>-</u> |
| Net Change in Fund Balances | (230,073) | (275,573) | (64,417) | 211,156 |
| Fund Balance, Beginning of Year | 4,051,337 | 4,051,337 | 4,051,337 | - |
| Fund Balance, End of Year | <u>\$ 3,821,264</u> | <u>\$ 3,775,764</u> | <u>\$ 3,986,920</u> | <u>\$ 211,156</u> |

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2014

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

ASSETS

| | <u>Marina</u> |
|-----------------------------------|-------------------|
| Current Assets: | |
| Cash and cash equivalents | \$ 213,255 |
| Prepaid expenses | <u>2,061</u> |
| Total Current Assets | 215,316 |
| Noncurrent Assets: | |
| Capital Assets: | |
| Improvements other than buildings | <u>328,132</u> |
| | 328,132 |
| Less accumulated depreciation | <u>302,301</u> |
| Total Noncurrent Assets | <u>25,831</u> |
| Total Assets | <u>\$ 241,147</u> |

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2014

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

LIABILITIES

| | |
|--|--------------------------|
| | <u>Marina</u> |
| Current Liabilities: | |
| Accounts payable | \$ <u>754</u> |
| Total Current Liabilities | <u>754</u> |
| Noncurrent Liabilities: | |
| Deposits | <u>5,078</u> |
| Total Noncurrent Liabilities | <u>5,078</u> |
| Total Liabilities | 5,832 |
| DEFERRED INFLOWS OF RESOURCES | |
| Marina rentals - future year | <u>1,530</u> |
| Total Deferred Inflows of Resources | <u>1,530</u> |
| NET POSITION | |
| Net investment in capital assets | 25,831 |
| Unrestricted | <u>207,954</u> |
| Total Net Position | \$ <u><u>233,785</u></u> |

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

| | <u>Marina</u> |
|----------------------------------|--------------------------|
| Operating Revenues: | |
| Charges for sales and services | \$ 48,955 |
| Operating Expenses: | |
| Materials and supplies | 26,881 |
| Utilities | 3,288 |
| Depreciation | <u>17,021</u> |
| Total operating expenses | <u>47,190</u> |
| Operating Income | 1,765 |
| Nonoperating Revenues: | |
| Interest revenue | <u>553</u> |
| Total nonoperating revenues | <u>553</u> |
| Change in Net Position | <u>2,318</u> |
| Net Position - Beginning of Year | <u>231,467</u> |
| Net Position - End of Year | \$ <u><u>233,785</u></u> |

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| | <u>Business-Type Activities - Enterprise Fund</u> |
|--|---|
| | <u>Marina</u> |
| Cash Flows From Operating Activities: | |
| Cash received from customers | \$ 46,320 |
| Cash payments to suppliers for goods and services | <u>(29,610)</u> |
| Net Cash Provided (Used) By Operating Activities | 16,710 |
| Cash Flows From Capital And Related Financing Activities: | |
| Purchase of capital assets | <u>(7,611)</u> |
| Net Cash Used For Capital And Related Financing Activities: | (7,611) |
| Cash Flows From Investing Activities: | |
| Interest income | <u>553</u> |
| Net Cash Provided (Used) For Investing Activities | <u>553</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 9,652 |
| Cash and Cash Equivalents at Beginning of Year | <u>203,603</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 213,255</u> |

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Business-Type Activities - Enterprise Fund
Marina

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES

| | |
|---|-------------------------|
| Operating income (loss): | \$ 1,765 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 17,021 |
| Change in assets and liabilities: | |
| (Increase) decrease in accounts receivable | - |
| (Increase) decrease in prepaid expenses | 143 |
| Increase (decrease) in accounts payable | 416 |
| Increase (decrease) in deferred inflows of resources | (2,667) |
| Increase (decrease) in deposits | <u>32</u> |
| Total adjustments | <u>14,945</u> |
| Net Cash Provided by Operating Activities: | \$ <u><u>16,710</u></u> |

See Notes to Financial Statements.

NOTES TO
FINANCIAL STATEMENTS

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. **Summary of Significant Accounting Policies**

The City of Belleair Beach (City) maintains its accounting records in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

Reporting Entity - The City is a political subdivision of the State of Florida, located in Pinellas County in the west central portion of the State. The City was incorporated in 1950. The original Charter was revised in 1959. This revised Charter was recorded on May 18, 1959 in the Municipal Charter Book IV. The Charter was revised in 1968 and again in 2004. The amended Charter (effective as of March 10, 2004) adopted the council-manager form of government. The City is approximately .484 square miles in area. The City is a full service municipality providing its citizens with a full complement of municipal services. In addition, the City owns and operates an enterprise activity for the marina.

In evaluating how to define the City of Belleair Beach, Florida (the primary government), for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14.

This governmental accounting standard requires that this financial statement present the City of Belleair Beach (the primary government) and its component unit. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

The City has no component units as of September 30, 2014.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements - The City has adopted the provisions of GASB Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the same page or the page following each statement, which briefly explains the adjustments necessary to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

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

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. **Summary of Significant Accounting Policies (Continued)**

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

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The *Capital Projects Fund* which is a governmental fund that accumulates resources for the construction of capital projects.

The *Marina Fund* accounts for the assets, operations and maintenance of the City-owned marina.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the Marina Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net Position or Equity:

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

The City's investment policy is to maintain funds in investments which yield the highest possible efficiency and return within the limitations established by Florida Statutes, Chapter 166.261. Provisions of those statutes authorize the City to invest in:

- a) Florida State Board of Administration Local Government Pooled Investment Fund.
- b) Bonds, notes or other obligations of the United States or for which the credit of the United States is pledged for the payment thereof.
- c) Interest-bearing time deposits, savings accounts or collective investment funds in banks or savings and loan associations organized under the laws of the United States.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. **Summary of Significant Accounting Policies (Continued)**

- d) Obligations of the federal farm credit banks and the Federal Home Loan Mortgage Corporation.
- e) Obligations of the Federal National Mortgage Association and the Government National Mortgage Association.

Investments in fixed income securities are stated at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Receivables and payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All tax, accounts and intergovernmental receivables are shown net of an allowance for uncollectibles. Trade accounts receivables in excess of 180 days compromise the trade accounts receivable allowance for uncollectible including those for the Marina Enterprise Fund.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. **Summary of Significant Accounting Policies (Continued)**

Property Taxes - Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector.

The tax levy of the City is established by the City Council prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the City's millages into the total tax levy, which includes the Pinellas County School Board tax requirements. The City is permitted by state law to levy taxes up to ten mills of assessed valuation, exclusive of taxes levied for the payment of bonds. The 2014 millage rate assessed by the City was 2.0394.

All property is reassessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

Because of the Pinellas County Tax Collector's Office efficient system for selling tax certificates and remitting the proceeds to the City any delinquent or uncollected property taxes at year end are immaterial. The City's tax calendar is as follows:

| | |
|-----------------|---------------------------|
| Valuation Date: | January 1 |
| Levy Date: | November 1 |
| Due Date: | March 31, succeeding year |
| Lien Date: | April 1, succeeding year |

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 or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. **Summary of Significant Accounting Policies (Continued)**

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|------------------------------|--------------|
| Buildings | 45-55 |
| Building improvements | 20-30 |
| Public domain infrastructure | 45-55 |
| Machinery and equipment | 5-15 |

Long-term obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Compensated Absences - It is the City's policy to permit employees to accumulate earned but unused annual leave and sick pay benefits. Regular, full-time, and permanent part-time employees earn annual leave and sick leave after three months of employment. Part-time regular employees earn annual and sick leave on a proportionate basis in relation to that earned by full-time regular employees.

Annual leave is earned based on years of continuous and credible service as follows:

| <u>Total Years of Service</u> | <u>Days Per Year</u> |
|-------------------------------|----------------------|
| 1 | 5 |
| 2 to 4 | 10 |
| 5 to 10 | 15 |
| 10 years and over | 20 |

A maximum amount of annual leave an employee may have to their credit at any time is forty days.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. **Summary of Significant Accounting Policies (Continued)**

An employee who has served six months or more and who terminates employment with the City is paid for any unused annual leave accumulated to the time of termination up to the maximum. This is provided that a two week written notice is given.

Sick leave for regular full-time employees is earned at the rate of eight hours for each month of service (at the completion of three months of continuous service) and may be accrued with no maximum. Upon termination, the employee is entitled to a lump-sum payment for accrued unused sick leave (up to a maximum of 720 hours).

Upon termination, providing that the employee has given the department head no less than two weeks prior written notice, the following amount of sick pay leave will be received:

| <u>Years of Service</u> | <u>% of Accrued Hours (With Maximum of 720 Hours)</u> |
|-------------------------|---|
| Less than 10 years | 25% |
| 10 years or more | 100% |

Vested or accumulated annual leave and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No expenditure is reported for these amounts. Vested or accumulated annual leave and sick leave of the proprietary fund is recorded as an expense and liability of those funds as the benefits accrue to employees.

All annual leave and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. **Summary of Significant Accounting Policies (Continued)**

Deferred Outflows of Resources/Deferred Inflows of Resources -Government Accounting Standards Board (GASB) Concept Statement No. 4, "Elements of Financial Statements", introduced two new elements of the financial statements in addition to Assets, Liabilities and Net Assets (changed to Net Position) which are:

Deferred Outflows of Resources is a consumption of net assets by the government that is applicable to a future reporting period.

Deferred Inflows of Resources is an acquisition of net assets by the government that is applicable to a future reporting period.

Government Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" provide financial reporting guidance for Deferred Outflows of Resources and Deferred Inflows of Resources and also identifies Net Position (replacing Net Assets) as the residual of all the elements (Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflow of Resources) presented in a statement of financial position.

Government Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities" establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In implementing GASB Statement No. 65, the City established that Local Rental Registrations and Community Center Rentals that were all billed in fiscal year 2014, but are revenues of the subsequent year fiscal year 2015, are to be classified as Deferred Inflows of Resources.

Net Position:

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components - net investment in capital assets, restricted and unrestricted.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. **Summary of Significant Accounting Policies (Continued)**

Net Position (Continued)

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

Restricted - This component consists of net position that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or law or regulations of other governments) or by law through constitutional provisions or enabling legislation.

Unrestricted - This component consists of net position that does not meet the definition of "net investment in capital assets" and "restricted".

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance:

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Subsequent Events - Management has adopted the provisions set forth in GASB Statement Number 56, *Subsequent Events*, and considered subsequent events through the date of the audit report.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds and net position - governmental activities* as reported in the government-wide statement of net assets. The detail of this \$4,841,210 difference is as follows:

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

| | | |
|-------------------------------|--------------------|-----------|
| Governmental capital assets | \$ 8,280,628 | |
| Less accumulated depreciation | <u>(1,540,471)</u> | |
| | | 6,740,157 |

Long-term liabilities are not due and payable in the current period therefore are not reported in the governmental funds.

| | | |
|---------------------------------------|---------------|--------------------|
| Revenue note payable | 1,800,000 | |
| Accrued interest payable | 15,996 | |
| Other postemployment benefits payable | 2,701 | |
| Compensated absences | <u>80,250</u> | |
| | | <u>(1,898,947)</u> |

Net adjustment to increase *fund balance - total Governmental funds* to arrive at *net position - Governmental activities*

\$ 4,841,210

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses." The details of this \$122,485 difference are as follows:

| | | |
|--|-----------------------------|-------------------|
| Capital outlay | \$ 159,294 | |
| Depreciation expense | <u>(198,584)</u> | (39,290) |
| Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of the repayments for the fiscal year. | | |
| Principal payments | 160,000 | |
| Change in accrued interest | 1,422 | |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | - | |
| Other post-employment benefit costs | 353 | |
| Change in long-term compensated absences | <u> </u> | <u>161,775</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net assets of governmental activities | | <u>\$ 122,485</u> |

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

3. **Stewardship, Compliance, and Accountability**

Budget Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the enterprise fund and are controlled on a fund and department level. On or before May 31 of each year, all departments of the City submit requests for appropriation to the Finance Officer so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. All annual appropriations lapse at fiscal year end.

The proposed budget is presented by the City Manager to the City Council for review in July. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Finance Officer or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

Expenditures may not legally exceed budgeted appropriations at the departmental level. During the year there were no supplementary appropriations.

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Establishment/Elimination of Funds - No funds were established or eliminated during the fiscal year ended September 30, 2014.

4. **Cash and Cash Equivalents**

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

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

5. Deposits

At year-end the carrying amount of the City's deposits was \$4,866,344 and the bank balance was \$4,909,842 . The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

6. Investments

Interest Rate Risk - The City manages its exposure to fair value losses arising from increasing interest rates through its adopted investment policies. The City limits the effective duration of its investment portfolio through the adoption of nationally recognized risk measure bench marks such as the Lehman Brothers Aggregate Bond Index.

The City has adopted a written investment policy in accordance with Florida Statute 218(16). That statute is intended to minimize interest rate and credit risk by directing the City to invest only in authorized investments summarized as follows:

- (a) The Local Government Surplus Funds Trust Fund or any Intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.
- (d) Direct obligations of the United States Treasury.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

6. Investments (Continued)

- (e) Federal agencies and instrumentalities.
- (f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

Credit Risk - Consistent with chapter 218 of the Florida Statutes the City's investment guidelines limit its fixed income investments to a quality rating of 'A' or equivalent as rated by one or more recognized bond rating service at the time of purchase. Fixed income investments which are downgraded to 'BAA' or equivalent must be liquidated within a reasonable period of time not to exceed twelve months. Fixed income investments which are downgraded below 'BAA' shall be liquidated immediately.

As of September 30, 2014 the City closed their accounts in the Florida State Board of Administration (SBA).

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

7. Receivables

Receivables at September 30, 2014, consist of the following:

| | General Fund | Capital Projects Fund | Total |
|---------------------------------------|-------------------|-----------------------------|-------------------|
| Receivables: | | | |
| Taxes | \$ 57,652 | \$ - | \$ 57,652 |
| Accounts | 48,806 | - | 48,806 |
| Intergovernmental | 27,917 | 119,662 | 147,579 |
| | <hr/> | <hr/> | <hr/> |
| Gross receivables | 134,375 | 119,662 | 254,037 |
| Less: Allowance for uncollectibles | <hr/> - | <hr/> - | <hr/> - |
| Net total receivables | \$ <u>134,375</u> | <u>119,662</u> | \$ <u>254,037</u> |

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

8. Capital Assets

Capital assets activity for the year ended September 30, 2014 was as follows:

| | Balance October 1, 2013 | Increases | Decreases | Balance September 30, 2014 |
|--|-------------------------------|-------------|-----------|----------------------------------|
| <u>Governmental activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,426,738 | \$ - | \$ - | \$ 1,426,738 |
| Total capital assets, not being depreciated | 1,426,738 | - | - | 1,426,738 |
| Capital assets, being depreciated: | | | | |
| Buildings | 4,098,930 | - | - | 4,098,930 |
| Improvements other than buildings | 2,088,363 | 151,294 | - | 2,239,657 |
| Equipment | 507,303 | 8,000 | - | 515,303 |
| Total capital assets, being depreciated | 6,694,596 | 159,294 | - | 6,853,890 |
| Less accumulated depreciation for: | | | | |
| Buildings | (365,401) | (91,469) | - | (456,870) |
| Improvements other than buildings | (642,769) | (63,211) | - | (705,980) |
| Equipment | (333,717) | (43,904) | - | (377,621) |
| Total accumulated depreciation | (1,341,887) | (198,584) | - | (1,540,471) |
| Total capital assets, being depreciated, net | 5,352,709 | (39,290) | - | 5,313,419 |
| Governmental activities | | | | |
| Capital assets, net | \$ 6,779,447 | \$ (39,290) | \$ - | \$ 6,740,157 |

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

8. Capital Assets (Continued)

| | Balance October 1, 2013 | Increases | Decreases | Balance September 30, 2014 |
|---|-------------------------------|-------------------|-------------|----------------------------------|
| <u>Business-type activities:</u> | | | | |
| Capital assets, being depreciated: | | | | |
| Improvements other than buildings | \$ 320,520 | \$ 7,612 | \$ - | \$ 328,132 |
| Total capital assets, being depreciated | 320,520 | 7,612 | - | 328,132 |
| Less accumulated depreciation for: | | | | |
| Improvements other than buildings | (285,280) | (17,021) | - | (302,301) |
| Total accumulated depreciation | (285,280) | (17,021) | - | (302,301) |
| Total capital assets, being depreciated, net | 35,240 | (9,409) | - | 25,831 |
| Business-type activities capital assets, net | <u>\$ 35,240</u> | <u>\$ (9,409)</u> | <u>\$ -</u> | <u>\$ 25,831</u> |

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

8. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

| | |
|------------------------|---------------|
| General government | \$ 150,691 |
| Public safety | 88 |
| Physical environment | 22,752 |
| Culture and recreation | <u>25,053</u> |

Total depreciation expenses - governmental activities \$ 198,584

Business-type activities:

| | |
|--------|------------------|
| Marina | \$ <u>17,021</u> |
|--------|------------------|

Total depreciation expense - business-type activities \$ 17,021

9. Risk Management

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

The City continues to carry commercial insurance for risks of loss including health, life, building and contents, employee bonds, mobile property, flood, windstorm and employee accident insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City has not had any significant coverage reductions under these policies from the prior years.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

10. Long-Term Debt

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended September 30, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 80,603 | \$ 49,763 | \$ 50,116 | \$ 80,250 | \$ 8,025 |
| Revenue note | 1,960,000 | - | 160,000 | 1,800,000 | 160,000 |
| Other post-employment benefits (OPEB) | <u>2,701</u> | <u>-</u> | <u>-</u> | <u>2,701</u> | <u>-</u> |
| Governmental activity long-term liabilities | <u>\$ 2,043,304</u> | <u>\$ 49,763</u> | <u>\$ 210,116</u> | <u>\$ 1,882,951</u> | <u>\$ 168,025</u> |

Compensated absences are generally liquidated by the General Fund from Governmental Activities.

Revenue Note

On October 3, 2005, the City Council adopted Resolution 2005-24 to approve a loan agreement with SunTrust Bank providing for a \$3,000,000 loan to finance the construction of a new City Hall.

Pledged revenue for this loan is all nonadvalorem revenue for the General Fund and the Capital Projects Fund.

SunTrust Loan Agreement:

Term: October 4, 2005 through October 4, 2025

Amount borrowed: \$3,000,000

Principal payments: \$40,000 quarterly

Interest rate: 3.72%

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

10. Long-Term Debt (Continued)

Debt service requirements to maturity are as follows:

| | <u>Governmental Activities</u> | |
|-------------|--------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2015 | \$ 160,000 | \$ 65,627 |
| 2016 | 160,000 | 59,593 |
| 2017 | 160,000 | 53,558 |
| 2018 | 160,000 | 47,523 |
| 2019 | 160,000 | 41,488 |
| 2020 - 2025 | 800,000 | 109,755 |
| 2026 | <u>200,000</u> | <u>12,821</u> |
| | <u>\$ 1,800,000</u> | <u>\$ 390,365</u> |

Revenue note balance as of September 30, 2014 was \$1,800,000 .

11. Intra-Governmental Charges

The costs of certain general and administrative functions of the City are recorded and controlled in the General Fund. These administrative costs have been allocated to the City's Marina Fund for the year ended September 30, 2014, as shown in the following table:

| <u>Enterprise Fund</u> | <u>Administrative Costs Allocated</u> |
|----------------------------|---|
| Marina | \$ <u>20,761</u> |

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

12. Fund Balance/Net Position Policy

Restricted

Restricted represents the amount that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), service/contractual agreement, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. This may be budgeted and reported in either the General Fund or the Capital Projects Fund. Reserved fund balances indicate those portions of fund balances that are legally segregated for a specific use or not available for appropriation or expenditure.

Committed

Commitment may be made for such purposes as, (a) major maintenance and repair projects; (b) meeting future obligations resulting from a natural disaster; © accumulating resources pursuant to stabilization arrangements; (d) establishing reserves for disasters; and/or (e) for setting aside amounts for specific projects.

As of August 31, 2011, there is a committed fund balance in the General Fund, per Resolution 2008-04 approved by City Council to cover emergency purchases arising from catastrophic events such as hurricanes and other destructive natural disaster.

Assigned

Assigned may or may not be appropriated for expenditures during the budget process and in the subsequent year depending on the timing of the project/reserve for which it was assigned. This reflects management's (City Manager, Committee or Department Head) intended use of resources and does not need further action by City Council.

Non-Spendable

Non-spendable is established to report items that are not expected to be converted to cash such as inventory and prepaid items; items not currently in cash form such as the long-term amount of loans and notes receivable as well as property acquired for resale; and items legally or contractually required to be maintained intact such as the corpus (or principal) of a permanent fund.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

12. Fund Balance/Net Position Policy (Continued):

Minimum Level of Unassigned Fund Balance

Unassigned fund balance is the residual classification for the General Fund and represents fund balance that has not been restricted, committed or assigned to specific purposes within the general fund.

If, after the annual audit, prior committed or assigned fund balance causes the unassigned fund balance to fall below 20% of general fund operating expenditures, the City Manager will so advise City Council in order for the necessary action to be taken to restore the unassigned fund balance to at least 20% of General Fund operating expenditures.

The City Manager and Finance Officer will prepare and submit a plan for committed and/or assigned fund balance reduction, expenditure reduction and/or revenue increase to City Council. The City shall take action necessary to restore the unassigned fund balance to acceptable levels within two years.

13. Committed Fund Balances

Whenever necessary, the City Council hereby establishes the following committed fund balance:

- a) Disaster Committed Fund Balance - The disaster fund balance will be committed by City Council and will be reviewed periodically and included in the annual budget process to ensure the maintenance of services to the public during disaster situations such as, but not limited to, hurricanes.
- b) Environmental Initiative Committed Fund Balance - The environmental initiative fund balance will be committed by City Council to be reviewed periodically and included in the annual budget process to ensure services are available to address environmental damage.
- c) Insurance Deductible Committed Fund Balance - The insurance deductible fund balance will be committed by City Council, reviewed periodically and included in the annual budget process to ensure coverage of the City's deductible on its insured properties and equipment.

Assigned Fund Balance - The assigned fund balance with the details will be reviewed and updated periodically and included in the annual budget process.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

13. Committed Fund Balances (Continued)

Details of constraints on fund balances of governmental funds:

| | <u>General Fund</u> | <u>Capital Project Fund</u> | <u>Total</u> |
|--------------------------------|-------------------------|-------------------------------------|-------------------------|
| Fund balances: | | | |
| Nonspendable: | | | |
| Prepays | \$ 17,176 | \$ - | \$ 17,176 |
| Committed to: | | | |
| Contingencies | 840,000 | - | 840,000 |
| Unassigned: | <u>3,129,744</u> | <u>902,075</u> | <u>4,031,819</u> |
| Total fund balances | <u>\$ 3,986,920</u> | <u>\$ 902,075</u> | <u>\$ 4,888,995</u> |

14. Budgetary - GAAP Reporting Reconciliation

The accompanying financial statements present comparisons of the legally adopted budget with actual data on a GAAP (generally accepted accounting principles) basis. Accounting principles applied by the City for purposes of developing data on a budgetary basis did not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles for the year ended September 30, 2014.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

15. Contingent Liabilities

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

The City did not receive federal grant funds during the fiscal year ended September 30, 2014, and is not, therefore, subject to the program compliance audit by the grantee under the Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations".

As of October 2012 the City had a three year cancelable operations lease for the copier equipment. Lease expense during the year ended September 30, 2014 was \$6,383.

The City has not entered into any operating leases with scheduled rent increases as of September 30, 2014.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

16. Employee Retirement Systems

The City maintains a defined contribution 401(a) plan which covers the City's general employees hired on or after January 1, 1996. General employees hired prior to January 1, 1996 participate in the Florida Retirement System (System), a non-contributory cost-sharing multiple-employer public employee retirement system (PERS).

Florida Retirement System

Plan Description:

All of the City's general employees hired before January 1, 1996 participate in the Florida Retirement System (FRS), a non-contributory cost-sharing, multiple-employer public employee retirement system.

The City of Belleair Beach contributes to the FRS which is administered by the Florida Department of Management Services, Division of Retirement. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 121 of the Florida Statutes, which may be amended by the Florida Legislature, assigns the authority to establish and amend benefit provisions to the Department of Management Services through the Division of Retirement. The FRS issues a publicly available financial report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to:

State of Florida
Division of Retirement
3639-C North Monroe Street
Tallahassee, Florida 32399-1560

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

16. Employee Retirement Systems (Continued)

Funding Policy:

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. Future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

Retirement benefits and the City's contribution rates are summarized as follows:

| Membership Category | Retirement Benefit | Vesting | City Contributions Rate Actuarially Determined | |
|------------------------|--|---|---|--|
| | | | Employer Contribution Rates through June 30, 2014 | Employer Contribution Rates Beginning July 1, 2014 |
| Regular | 1.6% times years of service times average compensation (5 highest years) if age 62 or 30 years of service at any age. | After 6 years of creditable service. | 6.95% of covered payroll | 7.37% of covered payroll |
| Drop from FRS | - | - | 4.42% of covered payroll | 4.42% of covered payroll |

Participants in FRS contribute 3% of salary.

The City's contributions include 1.11% for a post-retirement health insurance subsidy.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

16. Employee Retirement Systems (Continued)

Deferred Retirement Option Program:

The FRS Deferred Retirement Option Program (DROP) is available to a member when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. During DROP participation, the member's retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the FRS Trust Fund and earn monthly interest equivalent to an annual rate of 6.5%. (The DROP interest rate is reduced to 1.3% for members who enter DROP on or after 7/1/11.) The member must cease employment after a maximum of 60 months, must satisfy the termination requirements for retirement, and is subject to reemployment restrictions thereafter. The member's DROP accumulation may be paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. Employers must pay contributions at a rate of 4.42% of salary for all DROP participants. FRS also provides disability and survivors benefits. Benefits are established by Florida State Statute.

The contribution requirements of employers are established and may be amended by the Division of Retirement. The City's contributions and its required contributions for the prior ten fiscal years are summarized as follows:

| <u>Year Ended</u> | <u>Required Contribution</u> | <u>Percentage Contributed</u> |
|--------------------|------------------------------|-------------------------------|
| September 30, 2005 | \$ 30,892 | 100.0% |
| September 30, 2006 | 35,879 | 100.0 |
| September 30, 2007 | 21,716 | 100.0 |
| September 30, 2008 | 4,027 | 100.0 |
| September 30, 2009 | 4,195 | 100.0 |
| September 30, 2010 | 4,558 | 100.0 |
| September 30, 2011 | 4,351 | 100.0 |
| September 30, 2012 | 3,604 | 100.0 |
| September 30, 2013 | 4,006 | 100.0 |
| September 30, 2014 | 3,335 | 100.0 |

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

16. Employee Retirement Systems (Continued)

Florida Retirement System (Continued)

Funding Policy (Continued):

Deferred Retirement Option Program (Continued)

Employees' 401(a) Fund

The City provides retirement benefits for all of its full-time employees not covered under the Florida Retirement System through a defined contribution 401(a) plan administered by the Florida League of Cities, Inc. under their prototype Profit-Sharing Plan and Trust Agreement. At September 30, 2014 there were six plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after ninety days of employment. The Plan requires the City contribute ten percent of their compensation. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the City's current-period contribution requirement. Plan provisions and contribution requirements are established and may be amended by the City Council.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

16. Employee Retirement Systems (Continued)

Employees' 401(a) Fund (Continued)

The City's total payroll in fiscal year 2014 was \$393,762. The City's contributions were calculated using the participants' salary amount of \$317,853. The City made the required contributions summarized as follows:

| | <u>Contribution Amount</u> | <u>Percentage of Current Covered Payroll</u> |
|---------------------|--------------------------------|--|
| Required: | | |
| City | \$ 31,785 | 10.0 % |
| Forfeitures applied | <u>-</u> | <u>-</u> |
| Total contributions | <u>\$ 31,785</u> | <u>10.0 %</u> |

On November 5, 2001, the City Council adopted a resolution establishing this defined contribution for the City's general employees. This resolution authorizes participation in the Florida Municipal Pension Trust Funds.

Resolution 2012-06 amended the eligibility period from one year to ninety days.

The plan has not issued an audited stand-alone financial report for the year ended September 30, 2014.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

17. Deferred Compensation Plan

The City maintains a deferred compensation plan (plan) under the provisions of Section 457 of the Internal Revenue Code, as amended. This law stipulates that all assets and income of the plan must be held in trust for the exclusive benefit of the Plan participants and their beneficiaries. The City's plan is administered by the Florida League of Cities, Inc. and provides the plan participants with the option to invest in thirteen different registered investment funds (mutual funds). Although the City is the Trustee of the plan, the City has no administrative involvement and performs no investing function for the plan and has not therefore, reported the plan in this financial report.

18. Post-Employment Health Care Benefits

Postemployment health care benefits are made available to the City's terminated employees in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Under COBRA, the City is required to offer an election to deceased or terminated participants, their spouses or dependents, to continue coverage in the health plan provided by the City. The cost of coverage which the City may charge the participant may not exceed 102% of the applicable premium.

GASB Statement No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB), established new accounting standards for postretirement benefits. The new standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation. The effective date for implementation of GASB 45 by the City of Belleair Beach is October 1, 2008.

Plan Description and Funding Policy

Employees who retire from the City of Belleair Beach (City), and eligible dependents and survivors, are eligible to continue to participate in the City's health insurance programs at the "blended" employee group rate which is determined annually by the City and approved by the City Council. Retirees have 31 days to elect to enroll in the City's health insurance plan in which they were participating at the time of retirement unless otherwise stated in a plan document or collective bargaining agreement. As of September 30, 2014, there were no eligible retirees and dependents participating in the City's health program.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

18. Post-Employment Health Care Benefits

The City provides no funding for any portion of the premiums after retirement. However, the City recognizes that there is an "implicit subsidy" arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund as an irrevocable trust has not been established to fund the plan. The plan does not issue a separate financial report.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The City's annual OPEB cost for its plan for the fiscal years ended September 30, 2013 (date of last actuarial report) and 2012 are as follows:

| | Annual OPEB Cost | |
|--|------------------|-----------------|
| | <u>9/30/13</u> | <u>9/30/12</u> |
| Annual required contribution (ARC) | \$ 734 | \$ 1,981 |
| Interest on net OPEB obligation | 79 | - |
| Adjustment to ARC | <u>(93)</u> | <u>-</u> |
| Annual OPEB cost | 720 | 1,981 |
| Contributions made (pay-as-you-go basis) | <u>-</u> | <u>-</u> |
| Increase in net OPEB obligation | 720 | 1,981 |
| Net OPEB obligation, beginning of year | <u>1,981</u> | <u>-</u> |
| Net OPEB obligation, end of year | <u>\$ 2,701</u> | <u>\$ 1,981</u> |

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

18. Post-Employment Health Care Benefits (Continued)

Required Supplementary Information

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2013 and 2012, was as follows:

| | Funded Status | |
|--|------------------------|------------------------|
| | <u>9/30/13</u> | <u>9/30/12</u> |
| Actuarial accrued liability | \$ 4,465 | \$ 7,245 |
| Actuarial value of plan assets | <u>-</u> | <u>-</u> |
| Unfunded actuarial accrued liability | <u><u>\$ 4,465</u></u> | <u><u>\$ 7,245</u></u> |
| Funded ratio | <u>0%</u> | <u>0%</u> |
| Covered payroll | <u>N/A</u> | <u>N/A</u> |
| Unfunded actuarial accrued liability as a percentage of covered payroll | <u>N/A</u> | <u>N/A</u> |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

19. Recently Issued and Implemented Accounting Pronouncements

Government Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus" amends GASB No. 14 and GASB No. 34 to modify certain requirements for inclusion of component units in the financial reporting entity, to amend the criteria for reporting component units as if they were part of the primary government (i.e., blending) in certain circumstances and clarifies the reporting of equity interests in legally separate organization. The requirements of GASB No. 61 were effective in fiscal year 2013. The City implemented this statement in fiscal year 2013. Its implementation did not have any effect on the City's financial statements.

Government Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" amends GASB No. 34. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position by distinguishing them from assets and liabilities. Net position replaces the terminology net assets in the Statement of Net Position. The requirements of GASB No. 63 were effective in fiscal year 2013. Its implementation has introduced the new elements mentioned above to the Statement of Net Position and Balance Sheet.

INDIVIDUAL FUND
FINANCIAL STATEMENTS
AND SCHEDULES

ENTERPRISE FUND

CITY OF BELLEAIR BEACH, FLORIDA

MARINA FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| | ORIGINAL AND FINAL BUDGETED AMOUNTS | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE) |
|----------------------------------|--|--------------------------|--|
| Operating Revenues: | | | |
| Service charges | \$ 54,842 | \$ 48,955 | \$ (5,887) |
| Operating Expenses: | | | |
| Materials and supplies | 36,311 | 26,881 | 9,430 |
| Utilities | 3,700 | 3,288 | 412 |
| Depreciation | <u>16,281</u> | <u>17,021</u> | <u>(740)</u> |
| Total Operating Expenses | <u>56,292</u> | <u>47,190</u> | <u>9,102</u> |
| Operating Income | (1,450) | 1,765 | 3,215 |
| Nonoperating Revenues: | | | |
| Interest revenue | <u>1,450</u> | <u>553</u> | <u>(897)</u> |
| Total Nonoperating Revenues | <u>1,450</u> | <u>553</u> | <u>(897)</u> |
| Change in Net Position | - | 2,318 | 2,318 |
| Net Position - Beginning of Year | <u>231,467</u> | <u>231,467</u> | - |
| Net Position - End of Year | \$ <u><u>231,467</u></u> | \$ <u><u>233,785</u></u> | \$ <u><u>2,318</u></u> |

CAPITAL ASSETS
USED IN THE OPERATIONS
OF GOVERNMENTAL FUNDS

CITY OF BELLEAIR BEACH, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE⁽¹⁾

SEPTEMBER 30, 2014 AND 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| Governmental Funds Capital Assets: | | |
| Land | \$ 1,426,738 | \$ 1,426,738 |
| Buildings | 4,098,930 | 4,098,930 |
| Improvements other than buildings | 2,239,657 | 2,088,363 |
| Equipment | <u>515,303</u> | <u>507,303</u> |
| Total Governmental Funds Capital Assets | <u>\$ 8,280,628</u> | <u>\$ 8,121,334</u> |
| | | 8,121,334 |
| Governmental Funds Capital Assets by Source: | | |
| General Fund revenues | \$ 7,750,913 | \$ 7,591,619 |
| Federal revenue sharing entitlements | 57,906 | 57,906 |
| Donations | 55,500 | 55,500 |
| Grants | <u>416,309</u> | <u>416,309</u> |
| Total Governmental Funds Capital Assets | <u>\$ 8,280,628</u> | <u>\$ 8,121,334</u> |

⁽¹⁾ This schedule presents only the capital asset balances related to governmental funds.

CITY OF BELLEAIR BEACH, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY FUNCTION AND ACTIVITY⁽¹⁾

SEPTEMBER 30, 2014 AND 2013

| Function and Activity | 2014 | | | | |
|--------------------------|---------------------|---------------------|---------------------|---|-------------------|
| | Total | Land | Buildings | Improvements Other Than Buildings | Equipment |
| General Government: | | | | | |
| Control: | | | | | |
| Administrative | \$ 7,793,767 | \$ 1,426,738 | \$ 4,098,930 | \$ 2,239,657 | \$ 28,442 |
| Executive | 25,629 | - | - | - | 25,629 |
| Legislative | <u>54,942</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>54,942</u> |
| Total General Government | 7,874,338 | 1,426,738 | 4,098,930 | 2,239,657 | 109,013 |
| Public Safety: | | | | | |
| Police protection | 754 | - | - | - | 754 |
| Public Works | 97,020 | - | - | - | 97,020 |
| Recreation | <u>308,516</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>308,516</u> |
| Total Governmental Funds | | | | | |
| Capital Assets | <u>\$ 8,280,628</u> | <u>\$ 1,426,738</u> | <u>\$ 4,098,930</u> | <u>\$ 2,239,657</u> | <u>\$ 515,303</u> |

⁽¹⁾ This schedule represents only the capital asset balances related to governmental funds.

CITY OF BELLEAIR BEACH, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY FUNCTION AND ACTIVITY⁽¹⁾

SEPTEMBER 30, 2014 AND 2013

| 2013 | | | | | |
|--------------------------|---------------------|---------------------|---------------------|---|-------------------|
| Function and Activity | Total | Land | Buildings | Improvements Other Than Buildings | Equipment |
| General Government: | | | | | |
| Control: | | | | | |
| Administrative | \$ 7,642,473 | \$ 1,426,738 | \$ 4,098,930 | \$ 2,088,363 | \$ 28,442 |
| Executive | 25,629 | - | - | - | 25,629 |
| Legislative | 54,942 | - | - | - | 54,942 |
| Total General Government | 7,723,044 | 1,426,738 | 4,098,930 | 2,088,363 | 109,013 |
| Public Safety: | | | | | |
| Police protection | 754 | - | - | - | 754 |
| Public Works | 97,020 | - | - | - | 97,020 |
| Recreation | 300,516 | - | - | - | 300,516 |
| Total Governmental Funds | | | | | |
| Capital Assets | <u>\$ 8,121,334</u> | <u>\$ 1,426,738</u> | <u>\$ 4,098,930</u> | <u>\$ 2,088,363</u> | <u>\$ 507,303</u> |

⁽¹⁾ This schedule represents only the capital asset balances related to governmental funds.

CITY OF BELLEAIR BEACH, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY⁽¹⁾

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| <u>Function and Activity</u> | <u>Governmental Fund Capital Assets October 1, 2013</u> | <u>Additions</u> | <u>Deductions</u> | <u>Governmental Fund Capital Assets September 30, 2014</u> |
|--|---|-------------------|-------------------|--|
| General Government: | | | | |
| Control: | | | | |
| Administrative | \$ 7,642,473 | \$ 151,294 | \$ - | \$ 7,793,767 |
| Executive | 25,629 | - | - | 25,629 |
| Legislative | <u>54,942</u> | <u>-</u> | <u>-</u> | <u>54,942</u> |
| Total General Government | 7,723,044 | 151,294 | - | 7,874,338 |
| Public Safety: | | | | |
| Police protection | 754 | - | - | 754 |
| Public Works | 97,020 | - | - | 97,020 |
| Recreation | <u>300,516</u> | <u>8,000</u> | <u>-</u> | <u>308,516</u> |
| Total Governmental Funds Capital Assets | <u>\$ 8,121,334</u> | <u>\$ 159,294</u> | <u>\$ -</u> | <u>\$ 8,280,628</u> |

⁽¹⁾ This schedule represents only the capital asset balances related to governmental funds.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Belleair Beach, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

| Content | Page |
|---|------|
| Financial Trends | 72 |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 84 |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 90 |
| <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue debt in the future.</i> | |
| Demographic and Economic Information | 95 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i> | |
| Operating Information | 97 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> | |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

FINANCIAL TRENDS

CITY OF BELLEAIR BEACH, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS⁽¹⁾

(accrual basis of accounting)

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets: | | | | | | | | | | |
| Restricted | \$ 4,940,157 | \$ 4,819,447 | \$ 4,815,617 | \$ 4,763,065 | \$ 4,722,478 | \$ 4,587,744 | \$ 3,139,937 | \$ 2,559,896 | \$ 2,464,996 | \$ 2,371,713 |
| Unrestricted | 4,790,048 | 4,590,761 | 4,368,877 | 4,255,462 | 4,127,774 | 4,043,190 | 1,182,201 | 454,279 | 262,133 | 2,840,161 |
| Total governmental activities net position | <u>\$ 9,730,205</u> | <u>\$ 9,410,208</u> | <u>\$ 9,184,494</u> | <u>\$ 9,018,527</u> | <u>\$ 8,850,252</u> | <u>\$ 8,630,934</u> | <u>\$ 8,223,503</u> | <u>\$ 7,370,663</u> | <u>\$ 6,272,959</u> | <u>\$ 5,657,251</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets: | | | | | | | | | | |
| Unrestricted | \$ 25,831 | \$ 35,240 | \$ 44,694 | \$ 57,108 | \$ 60,135 | \$ 73,888 | \$ 84,076 | \$ 86,445 | \$ 98,945 | \$ 111,931 |
| Unrestricted | 207,954 | 196,227 | 183,022 | 168,879 | 162,100 | 151,614 | 130,888 | 116,821 | 105,087 | 101,820 |
| Total business-type activities net position | <u>\$ 233,785</u> | <u>\$ 231,467</u> | <u>\$ 227,716</u> | <u>\$ 225,987</u> | <u>\$ 222,235</u> | <u>\$ 225,502</u> | <u>\$ 214,964</u> | <u>\$ 203,266</u> | <u>\$ 204,032</u> | <u>\$ 213,751</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets: | | | | | | | | | | |
| Restricted | \$ 4,965,988 | \$ 4,854,687 | \$ 4,860,311 | \$ 4,820,173 | \$ 4,782,613 | \$ 4,661,632 | \$ 3,224,013 | \$ 2,646,341 | \$ 2,563,941 | \$ 2,483,644 |
| Unrestricted | 4,998,002 | 4,786,988 | 4,551,899 | 4,424,521 | 4,289,874 | 4,194,804 | 1,313,089 | 571,100 | 367,220 | 2,942,021 |
| Total primary government net position | <u>\$ 9,963,990</u> | <u>\$ 9,641,675</u> | <u>\$ 9,412,210</u> | <u>\$ 9,244,694</u> | <u>\$ 9,072,487</u> | <u>\$ 8,856,436</u> | <u>\$ 8,438,467</u> | <u>\$ 7,573,929</u> | <u>\$ 6,476,991</u> | <u>\$ 5,871,042</u> |

CITY OF BELLEAIR BEACH, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS⁽¹⁾
(accrual basis of accounting)

| EXPENSES | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Governmental Activities: | | | | | | | | | | |
| General government | \$ 488,624 | \$ 591,967 | \$ 583,354 | \$ 583,919 | \$ 501,968 | \$ 313,594 | \$ 195,665 | \$ 390,901 | \$ 360,528 | \$ 443,380 |
| Public safety | 438,853 | 435,287 | 445,486 | 443,474 | 431,952 | 419,268 | 417,458 | 490,816 | 584,333 | 523,570 |
| Physical environment | 803,110 | 599,649 | 602,300 | 549,682 | 553,091 | 574,679 | 560,193 | 557,199 | 497,346 | 276,863 |
| Transportation | - | 17,279 | 11,585 | 12,212 | 136,755 | 217,185 | 262,146 | 137,129 | 311,106 | 33,276 |
| Culture and recreation | 43,711 | 36,196 | 39,198 | 35,074 | 37,074 | 36,168 | 20,384 | 26,081 | 24,144 | 182,263 |
| Interest on long-term debt | 69,258 | 75,429 | 80,661 | 84,564 | 92,144 | 101,843 | 107,042 | 109,479 | 44,308 | 6,396 |
| Total governmental activities expenses | 1,843,556 | 1,755,807 | 1,762,584 | 1,708,925 | 1,752,984 | 1,662,737 | 1,562,888 | 1,711,605 | 1,821,765 | 1,465,748 |
| Business-type activities: | | | | | | | | | | |
| Sewer | * - | * - | * - | * - | * - | * - | * - | * - | - | 44,472 |
| Marina | 47,190 | 51,109 | 52,763 | 50,982 | 58,908 | 50,034 | 49,528 | 59,659 | 59,693 | 60,092 |
| Total business-type activities expenses | 47,190 | 51,109 | 52,763 | 50,982 | 58,908 | 50,034 | 49,528 | 59,659 | 59,693 | 104,564 |
| Total primary government expenses | \$ 1,890,746 | \$ 1,806,916 | \$ 1,815,347 | \$ 1,759,907 | \$ 1,811,892 | \$ 1,712,771 | \$ 1,612,416 | \$ 1,771,264 | \$ 1,881,458 | \$ 1,570,312 |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| ** Charges for services | | | | | | | | | | |
| Solid Waste | \$ 334,599 | \$ 331,772 | \$ 325,513 | \$ 320,743 | \$ 288,623 | \$ 265,995 | \$ 266,875 | \$ 258,681 | \$ - | \$ - |
| Administrative Fees | 73,875 | 74,989 | 90,751 | 60,471 | 52,274 | 55,106 | 59,322 | 92,191 | 361,931 | 363,467 |
| Operating grants and contributions | 1,201 | 1,198 | 5,439 | 2,417 | - | 1,922 | 100,000 | 96,000 | 1,726 | 79,814 |
| Total governmental activities program revenues | 409,675 | 407,959 | 421,703 | 383,631 | 340,897 | 323,023 | 426,197 | 446,872 | 363,657 | 443,281 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sewer | - | - | - | - | - | - | - | - | - | - |
| Marina | 48,955 | 51,109 | 53,538 | 53,300 | 53,660 | 57,548 | 58,368 | 54,611 | 46,256 | 51,144 |
| Total business-type activities revenues | 48,955 | 51,109 | 53,538 | 53,300 | 53,660 | 57,548 | 58,368 | 54,611 | 46,256 | 51,144 |
| Total primary government program revenues | \$ 458,630 | \$ 459,068 | \$ 475,241 | \$ 436,931 | \$ 394,557 | \$ 380,571 | \$ 484,565 | \$ 501,483 | \$ 409,913 | \$ 494,425 |
| Net Revenue/(Expense) | | | | | | | | | | |
| Governmental activities | \$ (1,433,881) | \$ (1,347,848) | \$ (1,340,881) | \$ (1,325,294) | \$ (1,412,087) | \$ (1,339,714) | \$ (1,136,691) | \$ (1,264,733) | \$ (1,022,467) | \$ (1,068,374) |
| Business-type activities | 1,765 | 2,882 | 775 | 2,318 | (5,248) | 7,514 | 8,840 | (5,048) | (53,420) | 6,190 |
| Total primary government net expense | \$ (1,432,116) | \$ (1,344,966) | \$ (1,340,106) | \$ (1,322,976) | \$ (1,417,335) | \$ (1,332,200) | \$ (1,127,851) | \$ (1,269,781) | \$ (1,075,887) | \$ (1,062,184) |

*The Sewer Fund was closed as of September 30, 2005

**The City is in the process of breaking down the prior year charges for services

CITY OF BELLEAIR BEACH, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS⁽¹⁾
 (accrual basis of accounting)

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Revenues and Other | | | | | | | | | | |
| Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 783,665 | \$ 741,269 | \$ 734,011 | \$ 711,981 | \$ 768,538 | \$ 911,776 | \$ 1,021,943 | \$ 1,165,311 | \$ 977,480 | \$ 830,173 |
| Franchise fees | 168,469 | 150,040 | 154,559 | 166,415 | 180,420 | 164,765 | 146,165 | 152,068 | 150,551 | 130,496 |
| Sales taxes | 227,014 | 216,612 | 206,577 | 196,877 | 212,810 | 265,551 | 286,035 | 300,874 | 315,005 | 300,473 |
| Other taxes | 521,486 | 344,195 | 327,205 | 339,537 | 350,912 | 331,363 | 313,270 | 322,628 | 341,696 | 313,121 |
| State revenue sharing | 39,733 | 42,905 | 42,569 | 42,273 | 42,091 | 41,889 | 42,630 | 43,608 | 43,230 | 43,190 |
| Investment earnings | 9,162 | 25,210 | 35,011 | 32,479 | 59,254 | 25,427 | 159,666 | 365,983 | 226,842 | 99,896 |
| Miscellaneous | 4,349 | 53,331 | 6,736 | 4,187 | 17,380 | 6,374 | 19,822 | 11,965 | 19,012 | 11,207 |
| Transfers | - | - | - | - | - | - | - | - | - | 1,077,745 |
| Total governmental activities | <u>1,753,878</u> | <u>1,573,562</u> | <u>1,506,668</u> | <u>1,493,749</u> | <u>1,631,405</u> | <u>1,747,145</u> | <u>1,989,531</u> | <u>2,362,437</u> | <u>2,073,816</u> | <u>2,806,301</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 553 | 869 | 954 | 1,434 | 1,981 | 3,024 | 2,858 | 4,282 | 3,678 | 9,740 |
| Transfers | - | - | - | - | - | - | - | - | - | (1,091,627) |
| Gain on sale of assts | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities | <u>553</u> | <u>869</u> | <u>954</u> | <u>1,434</u> | <u>1,981</u> | <u>3,024</u> | <u>2,858</u> | <u>4,282</u> | <u>3,678</u> | <u>(1,081,887)</u> |
| Total primary government | <u>\$ 1,754,431</u> | <u>\$ 1,574,431</u> | <u>\$ 1,507,622</u> | <u>\$ 1,495,183</u> | <u>\$ 1,633,386</u> | <u>\$ 1,750,169</u> | <u>\$ 1,992,389</u> | <u>\$ 2,366,719</u> | <u>\$ 2,077,494</u> | <u>\$ 1,724,414</u> |
| CHANGE IN NET POSITION | | | | | | | | | | |
| Governmental activities: | \$ 319,997 | \$ 225,714 | \$ 165,787 | \$ 168,455 | \$ 340,897 | \$ 407,431 | \$ 852,840 | \$ 1,097,704 | \$ 615,708 | \$ 1,783,834 |
| Business-type activities | <u>2,318</u> | <u>3,751</u> | <u>1,729</u> | <u>3,752</u> | <u>53,660</u> | <u>10,538</u> | <u>11,698</u> | <u>(766)</u> | <u>(9,759)</u> | <u>(1,135,307)</u> |
| Total primary government | <u>\$ 322,315</u> | <u>\$ 229,465</u> | <u>\$ 167,516</u> | <u>\$ 172,207</u> | <u>\$ 394,557</u> | <u>\$ 417,969</u> | <u>\$ 864,538</u> | <u>\$ 1,096,938</u> | <u>\$ 605,949</u> | <u>\$ 648,527</u> |

CITY OF BELLEAIR BEACH, FLORIDA

PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS⁽¹⁾
 (accrual basis of accounting)

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| FUNCTION/PROGRAM | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 55,712 | \$ 63,421 | \$ 75,562 | \$ 38,662 | \$ 29,209 | \$ 34,092 | \$ 22,218 | \$ 8,024 | \$ 10,636 | \$ 25,738 |
| Public safety | 17,857 | 10,754 | 14,641 | 21,216 | 19,606 | 11,000 | 16,233 | 43,167 | 77,819 | 83,948 |
| Physical environment | 334,599 | 331,772 | 325,513 | 320,743 | 288,623 | 274,656 | 277,661 | 289,144 | 258,721 | 308,777 |
| Transportation | - | 398 | 168 | 231 | 3,068 | 1,255 | 7,519 | 10,052 | 16,088 | 18,102 |
| Culture and recreation | 306 | 416 | 380 | 362 | 391 | 98 | 2,566 | 485 | 393 | 6,716 |
| Subtotal general governmental activities | <u>408,474</u> | <u>406,761</u> | <u>416,264</u> | <u>381,214</u> | <u>340,897</u> | <u>321,101</u> | <u>326,197</u> | <u>350,872</u> | <u>363,657</u> | <u>443,281</u> |
| Business-type activities: | | | | | | | | | | |
| Sewer* | - | - | - | - | - | - | - | - | - | - |
| Marina | 48,955 | 53,991 | 53,538 | 53,300 | 53,660 | 57,548 | 58,368 | 54,611 | 46,256 | 51,144 |
| Total business-type activities | <u>48,955</u> | <u>53,991</u> | <u>53,538</u> | <u>53,300</u> | <u>53,660</u> | <u>57,548</u> | <u>58,368</u> | <u>54,611</u> | <u>46,256</u> | <u>51,144</u> |
| Total primary government | <u>\$ 457,429</u> | <u>\$ 460,752</u> | <u>\$ 469,802</u> | <u>\$ 434,514</u> | <u>\$ 394,557</u> | <u>\$ 378,649</u> | <u>\$ 384,565</u> | <u>\$ 405,483</u> | <u>\$ 409,913</u> | <u>\$ 494,425</u> |

*The Sewer fund was closed during the fiscal year ended
 September 30, 2005

CITY OF BELLEAIR BEACH, FLORIDA

GENERAL GOVERNMENTAL REVENUES BY SOURCE⁽¹⁾

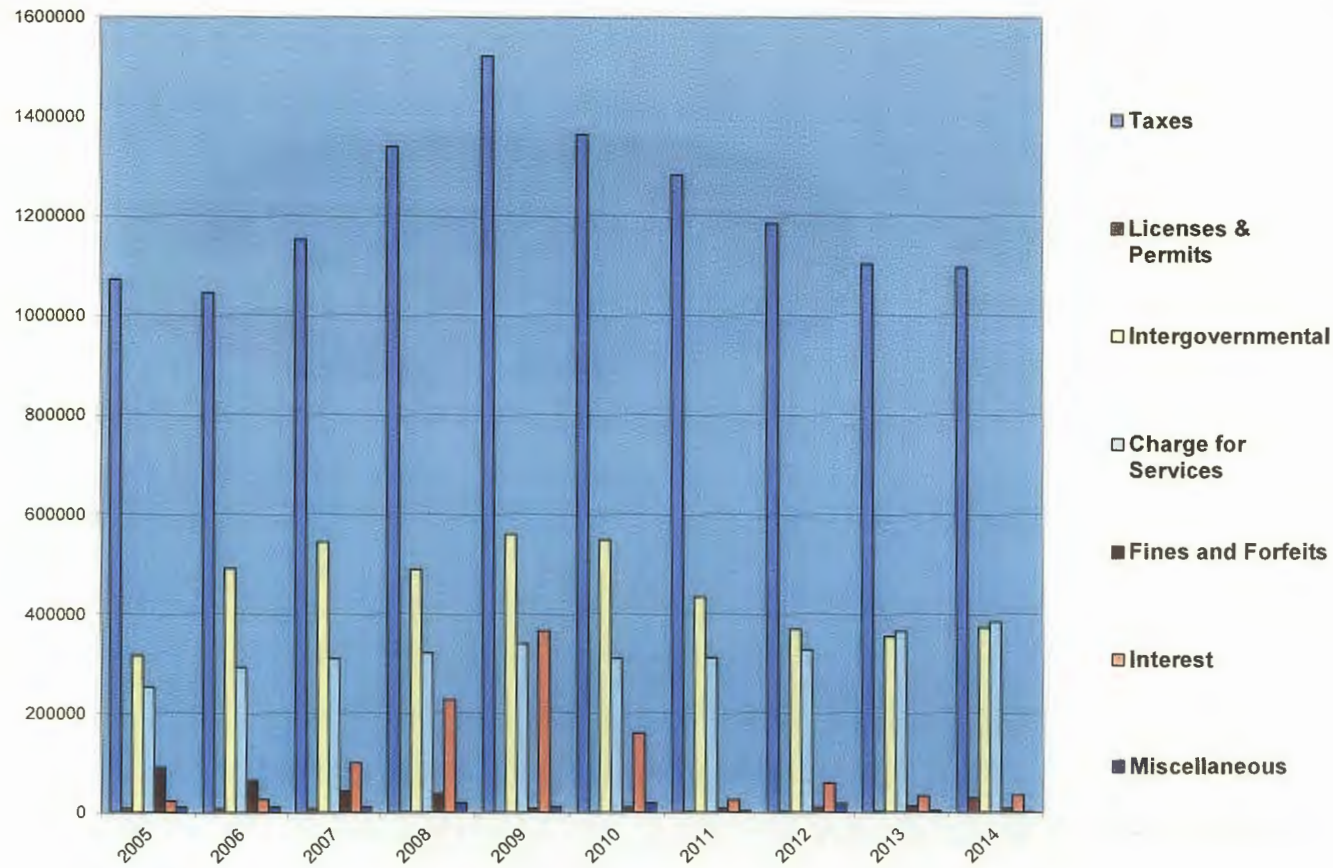
| <u>Fiscal Year</u> | <u>Taxes</u> | <u>Licenses and Permits</u> | <u>Intergovernmental</u> | <u>Charge for Services</u> | <u>Fines and Forfeits</u> | <u>Interest</u> | <u>Miscellaneous</u> | <u>Total</u> |
|--------------------|--------------|-----------------------------|--------------------------|----------------------------|---------------------------|-----------------|----------------------|--------------|
| 2005 | \$ 1,152,815 | \$ 8,185 | \$ 545,305 | \$ 311,381 | \$ 43,048 | \$ 99,896 | \$ 11,207 | \$ 2,171,837 |
| 2006 | 1,340,927 | 1,190 | 489,760 | 322,332 | 37,410 | 226,842 | 19,012 | 2,437,473 |
| 2007 | 1,521,709 | 875 | 560,765 | 340,480 | 8,408 | 365,983 | 11,089 | 2,809,309 |
| 2008 | 1,364,437 | 920 | 549,727 | 311,230 | 10,846 | 159,666 | 18,902 | 2,415,728 |
| 2009 | 1,282,856 | 1,692 | 434,410 | 312,529 | 8,572 | 25,427 | 4,682 | 2,070,168 |
| 2010 | 1,185,158 | 2,500 | 369,613 | 328,482 | 9,915 | 59,254 | 17,380 | 1,972,302 |
| 2011 | 1,103,922 | 2,719 | 355,578 | 365,672 | 12,823 | 32,479 | 4,187 | 1,877,380 |
| 2012 | 1,096,444 | 28,795 | 373,916 | 379,305 | 8,164 | 35,011 | 6,736 | 1,928,371 |
| 2013 | 1,112,869 | 33,264 | 383,350 | 370,205 | 3,292 | 25,210 | 53,331 | 1,981,521 |
| 2014 | 1,196,656 | 38,711 | 544,912 | 356,950 | 12,813 | 9,162 | 4,349 | 2,163,553 |

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE⁽¹⁾

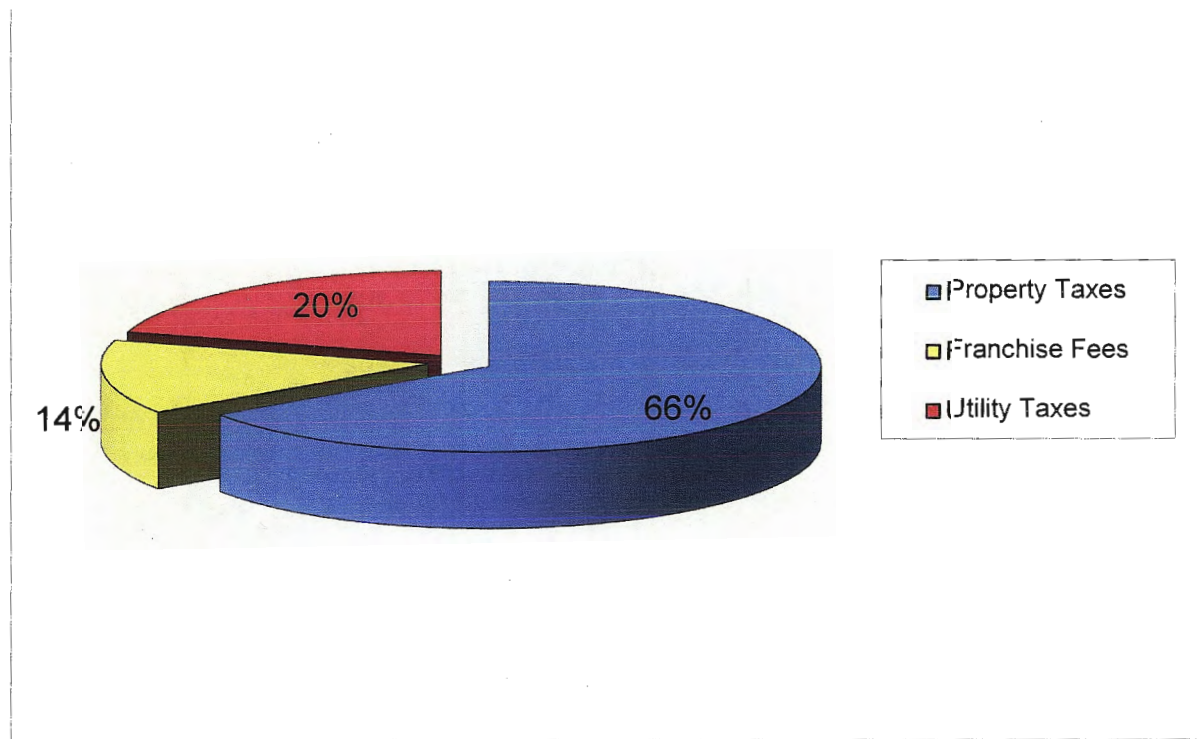
| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Franchise Fee</u> | <u>Utility Tax</u> | <u>Total</u> |
|--------------------|---------------------|----------------------|--------------------|--------------|
| 2005 | \$ 830,173 | \$ 130,496 | \$ 192,146 | \$ 1,152,815 |
| 2006 | 977,480 | 150,551 | 212,896 | 1,340,927 |
| 2007 | 1,165,311 | 152,068 | 204,330 | 1,521,709 |
| 2008 | 1,021,943 | 146,165 | 196,329 | 1,364,437 |
| 2009 | 911,776 | 164,765 | 206,315 | 1,282,856 |
| 2010 | 768,538 | 180,420 | 236,200 | 1,185,158 |
| 2011 | 711,981 | 166,415 | 225,526 | 1,103,922 |
| 2012 | 734,011 | 154,559 | 207,874 | 1,096,444 |
| 2013 | 741,269 | 150,040 | 221,560 | 1,112,869 |
| 2014 | 783,665 | 168,469 | 244,522 | 1,196,656 |

⁽¹⁾ Includes general fund and capital projects fund.

CITY OF BELLEAIR BEACH, FLORIDA
GENERAL GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years



CITY OF BELLEAIR BEACH, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Fiscal Year Ended September 30, 2014



CITY OF BELLEAIR BEACH, FLORIDA

FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ 17,176 | \$ 7,762 | \$ 15,031 | \$ 14,592 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | 134 | - | - | - | - | - | - |
| Committed | 840,000 | 840,000 | 840,000 | 840,000 | - | - | - | - | - | - |
| Assigned | - | - | - | 6,442 | 14,498 | 167,935 | 125,967 | 322,751 | 119,806 | 891,094 |
| Unassigned | <u>3,129,744</u> | <u>3,203,575</u> | <u>3,043,820</u> | <u>2,927,858</u> | <u>3,644,598</u> | <u>3,352,901</u> | <u>3,330,773</u> | <u>2,841,530</u> | <u>3,017,718</u> | <u>1,933,810</u> |
| Total general fund | <u>\$ 3,986,920</u> | <u>\$ 4,051,337</u> | <u>\$ 3,898,851</u> | <u>\$ 3,789,026</u> | <u>\$ 3,659,096</u> | <u>\$ 3,520,836</u> | <u>\$ 3,456,740</u> | <u>\$ 3,164,281</u> | <u>\$ 3,137,524</u> | <u>\$ 2,824,904</u> |
| All Other Governmental Funds: | | | | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | 2,597 | \$ - | 10,779 | \$ - | 3,515 | \$ - | - |
| Assigned | - | 49,000 | - | - | - | - | - | - | - | - |
| Unassigned | <u>902,075</u> | <u>591,146</u> | <u>567,663</u> | <u>547,616</u> | <u>537,964</u> | <u>581,728</u> | <u>3,901,365</u> | <u>4,352,973</u> | <u>3,446,862</u> | <u>583,280</u> |
| Total all other governmental funds | <u>\$ 902,075</u> | <u>\$ 640,146</u> | <u>\$ 567,663</u> | <u>\$ 547,616</u> | <u>\$ 537,964</u> | <u>\$ 581,728</u> | <u>\$ 3,901,365</u> | <u>\$ 4,352,973</u> | <u>\$ 3,446,862</u> | <u>\$ 583,280</u> |

CITY OF BELLEAIR BEACH, FLORIDA

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

| REVENUES | 2014 | 2013 | 2012 | 2011 |
|---|-------------------|-------------------|-------------------|-------------------|
| Taxes | \$ 1,196,656 | \$ 1,112,869 | \$ 1,096,444 | \$ 1,103,922 |
| Licenses, fees and permits | 38,711 | 33,264 | 28,795 | 2,719 |
| Intergovernmental | 544,912 | 383,350 | 373,916 | 355,578 |
| Charges for services | 356,950 | 370,205 | 379,305 | 365,672 |
| Fines and forfeits | 12,813 | 3,292 | 8,164 | 12,823 |
| Interest earnings | 9,162 | 25,210 | 35,011 | 32,479 |
| Miscellaneous | 4,349 | 53,331 | 6,736 | 4,187 |
| Total revenues | <u>2,163,553</u> | <u>1,981,521</u> | <u>1,928,371</u> | <u>1,877,380</u> |
| EXPENDITURES | | | | |
| General government | 489,456 | 472,378 | 494,227 | 464,941 |
| Public safety | 438,765 | 435,136 | 445,335 | 443,323 |
| Physical environment | 780,482 | 575,203 | 581,239 | 547,066 |
| Transportation | | 17,279 | 11,585 | 12,212 |
| Culture and recreation | 26,658 | 19,924 | 26,126 | 19,123 |
| Debt service: | | | | |
| Principal | 160,000 | 160,000 | 160,000 | 160,000 |
| Interest | 70,680 | 76,632 | 82,584 | 88,536 |
| Total expenditures | <u>1,966,041</u> | <u>1,756,552</u> | <u>1,801,096</u> | <u>1,735,201</u> |
| Excess of revenues over (under) expenditures | 197,512 | 224,969 | 127,275 | 142,179 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds loan | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 197,512</u> | <u>\$ 224,969</u> | <u>\$ 127,275</u> | <u>\$ 142,179</u> |
| Debt service as a percentage of noncapital expenditures | <u>13%</u> | <u>15%</u> | <u>15%</u> | <u>17%</u> |

CITY OF BELLEAIR BEACH, FLORIDA

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

| <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|------------------|-----------------------|---------------------|-------------------|---------------------|---------------------|
| \$ 1,185,158 | \$ 1,282,856 | \$ 1,364,437 | \$ 1,521,709 | \$ 1,340,927 | \$ 1,152,815 |
| 2,500 | 1,692 | 920 | 875 | 1,190 | 8,185 |
| 369,613 | 434,318 | 549,727 | 560,765 | 489,760 | 545,305 |
| 328,482 | 312,621 | 311,230 | 340,480 | 322,332 | 311,381 |
| 9,915 | 8,572 | 10,846 | 8,408 | 37,410 | 43,048 |
| 59,254 | 25,427 | 159,666 | 365,983 | 226,842 | 99,896 |
| 17,380 | 4,682 | 18,902 | 11,089 | 19,012 | 11,207 |
| <u>1,972,302</u> | <u>2,070,168</u> | <u>2,415,728</u> | <u>2,809,309</u> | <u>2,437,473</u> | <u>2,171,837</u> |
| 498,225 | 3,838,389 | 872,724 | 407,238 | 416,466 | 756,570 |
| 431,952 | 419,959 | 415,718 | 535,451 | 554,081 | 510,228 |
| 550,581 | 567,678 | 561,814 | 554,707 | 491,839 | 270,807 |
| 136,755 | 217,185 | 262,146 | 413,384 | 311,106 | 33,276 |
| 17,419 | 16,948 | 198,053 | 24,823 | 17,876 | 171,899 |
| 160,000 | 160,000 | 160,000 | 80,000 | 200,000 | 117,681 |
| 93,653 | 101,845 | 108,173 | 107,323 | 19,903 | 6,464 |
| <u>1,888,585</u> | <u>5,322,004</u> | <u>2,578,628</u> | <u>2,122,926</u> | <u>2,011,271</u> | <u>1,866,925</u> |
| 83,717 | (3,251,836) | (162,900) | 686,383 | 426,202 | 304,912 |
| - | - | - | 250,000 | 2,750,000 | - |
| - | 7,074 | - | - | - | - |
| - | - | - | - | - | 1,187,745 |
| - | - | - | - | - | (110,000) |
| <u>-</u> | <u>7,074</u> | <u>-</u> | <u>250,000</u> | <u>2,750,000</u> | <u>1,077,745</u> |
| \$ <u>83,717</u> | \$ <u>(3,244,762)</u> | \$ <u>(162,900)</u> | \$ <u>936,383</u> | \$ <u>3,176,202</u> | \$ <u>1,382,657</u> |
| <u>13%</u> | <u>13%</u> | <u>12%</u> | <u>10%</u> | <u>12%</u> | <u>7%</u> |

CITY OF BELLEAIR BEACH, FLORIDA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION⁽¹⁾

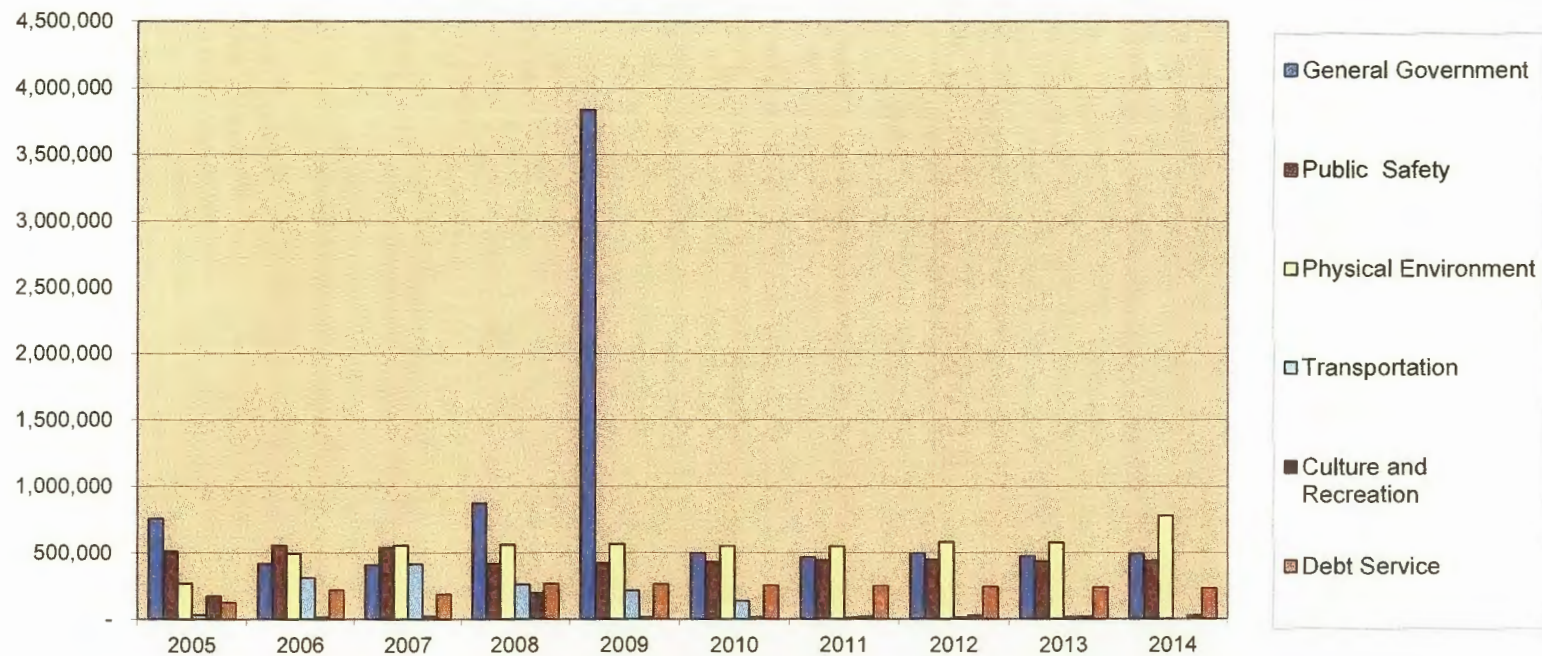
LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>General Government</u> | <u>Public Safety</u> | <u>Physical Environment</u> | <u>Transportation</u> | <u>Culture and Recreation</u> | <u>Debt Service</u> | <u>Total</u> |
|------------------------|-------------------------------|--------------------------|---------------------------------|-----------------------|-----------------------------------|-------------------------|--------------|
| 2005 | \$ 756,570 | \$ 510,228 | \$ 270,807 | \$ 33,276 | \$ 171,899 | \$ 124,145 | 1,866,925 |
| 2006 | 416,466 | 554,081 | 491,839 | 311,106 | 17,876 | 219,903 | 2,011,271 |
| 2007 | 407,238 | 535,451 | 554,707 | 413,384 | 24,823 | 187,323 | 2,122,926 |
| 2008 | 872,724 | 415,718 | 561,814 | 262,146 | 198,053 | 268,173 | 2,578,628 |
| 2009 | 3,838,389 | 419,959 | 567,678 | 217,185 | 16,948 | 261,845 | 5,322,004 |
| 2010 | 498,225 | 431,952 | 550,581 | 136,755 | 17,419 | 253,653 | 1,888,585 |
| 2011 | 464,941 | 443,323 | 547,066 | 12,212 | 19,123 | 248,536 | 1,735,201 |
| 2012 | 494,227 | 445,335 | 581,239 | 11,585 | 26,126 | 242,584 | 1,801,096 |
| 2013 | 472,378 | 435,136 | 575,203 | 17,279 | 19,924 | 236,632 | 1,756,552 |
| 2014 | 489,456 | 438,765 | 780,482 | - | 26,658 | 230,680 | 1,966,041 |

⁽¹⁾ Includes general fund and capital projects fund.

CITY OF BELLEAIR BEACH, FLORIDA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION - LAST TEN FISCAL YEARS



REVENUE CAPACITY

CITY OF BELLEAIR BEACH, FLORIDA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

| Fiscal Year | Real Property | Personal Property | Total Taxable | Total Exempt | Total All | Total Direct Tax Rate | Percentage | | |
|----------------|------------------|----------------------|------------------|-----------------|----------------|-----------------------------|---|-----------------|---------|
| | | | | | | | Assessed Value to Estimated Market | Yearly Increase | |
| | | | | | | | | Taxable | Total |
| 2005 | \$ 351,567,000 | \$ 3,465,470 | \$ 355,032,470 | \$ 135,116,430 | \$ 490,148,900 | 19.2565 | 100 | 12.83 | 15.47 |
| 2006 | 414,977,900 | 3,495,160 | 418,473,060 | 175,389,930 | 593,862,990 | 18.2578 | 100 | 17.87 | 21.16 |
| 2007 | 516,306,159 | 3,346,080 | 519,652,239 | 246,626,011 | 766,278,250 | 16.6793 | 100 | 24.18 | 29.03 |
| 2008 | 471,468,196 | 2,967,934 | 474,436,130 | 167,891,070 | 642,327,200 | 16.9901 | 100 | (8.70) | (16.18) |
| 2009 | 398,288,459 | 2,335,681 | 400,624,140 | 99,726,445 | 500,350,585 | 17.2306 | 100 | (15.56) | (22.10) |
| 2010 | 368,903,562 | 2,466,880 | 371,370,442 | 75,725,566 | 447,096,008 | 17.2172 | 100 | (7.30) | (10.64) |
| 2011 | 380,980,811 | 2,304,900 | 383,285,711 | 81,472,380 | 464,758,091 | 17.3276 | 100 | 3.21 | 3.95 |
| 2012 | 372,308,501 | 2,019,596 | 374,328,097 | 63,895,719 | 438,223,816 | 17.6333 | 100 | (2.34) | (5.98) |
| 2013 | 394,583,151 | 1,940,046 | 396,523,197 | 79,546,569 | 476,069,766 | 17.6488 | 100 | 5.93 | 8.64 |
| 2014 | 420,484,232 | 1,960,977 | 422,445,209 | 157,845,919 | 580,291,128 | 17.7508 | 100 | 7.10 | 21.89 |

Source: Pinellas County Property Appraiser.

CITY OF BELLEAIR BEACH, FLORIDA

PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| City of Belleair Beach | | | | |
| Operating | <u>2.4100</u> | <u>2.3100</u> | <u>1.9800</u> | <u>1.9800</u> |
| Total City millage | 2.4100 | 2.3100 | 1.9800 | 1.9800 |
| Pinellas County School Board: | | | | |
| Operating | 8.3900 | 8.2100 | 7.7310 | 8.0610 |
| Pinellas County: | | | | |
| Operating | 6.1410 | 5.4700 | 4.8730 | 4.8108 |
| EMS | 0.6600 | 0.6300 | 0.5832 | 0.5832 |
| Debt services | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total County millage | 6.8010 | 6.1000 | 5.4562 | 5.3940 |
| County-wide millage set by other taxing authorities: | | | | |
| -Pinellas County | | | | |
| Planning Council | 0.0218 | 0.0195 | 0.0170 | 0.0170 |
| -Juvenile Welfare Board | 0.8117 | 0.7963 | 0.7384 | 0.7915 |
| -South West Florida Water Management District | 0.4220 | 0.4220 | 0.3866 | 0.3866 |
| -Pinellas County Anclote River Basin | <u>0.4000</u> | <u>0.4000</u> | <u>0.3701</u> | <u>0.3600</u> |
| Total County-wide millage | <u>1.6555</u> | <u>1.6378</u> | <u>1.5121</u> | <u>1.5551</u> |
| TOTAL | <u><u>19.2565</u></u> | <u><u>18.2578</u></u> | <u><u>16.6793</u></u> | <u><u>16.9901</u></u> |

Source: Pinellas County Tax Collector.

| <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>1.9800</u> | <u>1.9800</u> | <u>1.9800</u> | <u>2.0394</u> | <u>2.0394</u> | <u>2.0394</u> |
| 1.9800 | 1.9800 | 1.9800 | 2.0394 | 2.0394 | 2.0394 |
| 8.3460 | 8.3400 | 8.3850 | 8.3020 | 8.1222 | 8.1222 |
| 4.8108 | 4.8730 | 4.8730 | 5.0727 | 5.2755 | 5.2755 |
| 0.5832 | 0.5832 | 0.8506 | 0.9158 | 0.9158 | 0.9158 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 5.3940 | 5.4562 | 5.7236 | 5.9885 | 6.1913 | 6.1913 |
| 0.0125 | 0.0125 | 0.0125 | 0.0125 | 0.0160 | 0.0160 |
| 0.7915 | 0.7915 | 0.8337 | 0.8981 | 0.8981 | 0.8981 |
| 0.3866 | 0.3770 | 0.3928 | 0.3928 | 0.3818 | 0.3818 |
| <u>0.3200</u> | <u>0.2600</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>1.5106</u> | <u>1.4410</u> | <u>1.2390</u> | <u>1.3034</u> | <u>1.2959</u> | <u>1.2959</u> |
| <u>17.2306</u> | <u>17.2172</u> | <u>17.3276</u> | <u>17.6333</u> | <u>17.6488</u> | <u>17.6488</u> |

CITY OF BELLEAIR BEACH, FLORIDA
ASSESSED VALUATIONS MILLAGE AND TAXES LEVIED AND COLLECTED

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total valuations | \$ 490,148,900 | \$ 593,862,990 | \$ 766,278,250 | \$ 642,327,200 | \$ 500,350,585 | \$ 447,096,008 | \$ 464,758,091 | \$ 438,223,816 | \$ 476,069,766 | \$ 580,291,128 |
| Real estate exemptions: | | | | | | | | | | |
| Government exemptions | 10,247,730 | 13,331,830 | 18,746,430 | 15,878,930 | 10,467,679 | 10,175,185 | 9,621,087 | 9,245,039 | 9,578,326 | 10,260,480 |
| Institutional exemption | 1,000 | 8,000 | 8,000 | - | - | - | - | - | - | - |
| Assessment differential (F.S. 193.155) ⁽¹⁾ | 106,715,600 | 143,917,300 | 209,700,183 | 118,546,917 | 56,481,330 | 33,061,220 | 39,954,488 | 23,709,958 | 38,911,319 | 115,815,715 |
| Individual or homestead exemptions | 18,152,100 | 18,132,800 | 18,171,398 | 33,465,223 | 32,777,436 | 32,489,161 | 31,896,805 | 30,940,722 | 31,056,924 | 31,769,724 |
| Total exemptions and adjustments | 135,116,430 | 175,389,930 | 246,626,011 | 167,891,070 | 99,726,445 | 75,725,566 | 81,472,380 | 63,895,719 | 79,546,569 | 157,845,919 |
| Total valuation | \$ 355,032,470 | \$ 418,473,060 | \$ 519,652,239 | \$ 474,436,130 | \$ 400,624,140 | \$ 371,370,442 | \$ 383,285,711 | \$ 374,328,097 | \$ 396,523,197 | \$ 422,445,209 |
| Millage levied | 2.410 | 2.410 | 2.310 | 1.980 | 1.980 | 1.980 | 1.980 | 2.0394 | 2.0394 | 2.0394 |
| Total taxes levied | \$ 855,628 | \$ 1,008,520 | \$ 1,200,397 | \$ 1,050,252 | \$ 941,519 | \$ 795,786 | \$ 736,633 | \$ 759,895 | \$ 764,292 | \$ 810,195 |
| Less: Adjustments and discounts | 25,455 | 31,040 | 35,086 | 28,309 | 29,970 | 27,327 | 25,764 | 26,459 | 25,863 | 26,607 |
| Net taxes levied | \$ 830,173 | \$ 977,480 | \$ 1,165,311 | \$ 1,021,943 | \$ 911,549 | \$ 768,459 | \$ 710,869 | \$ 733,436 | \$ 738,429 | \$ 783,588 |
| Net collected ⁽¹⁾⁽²⁾ | \$ 827,146 | \$ 975,877 | \$ 1,161,597 | \$ 1,021,943 | \$ 911,549 | \$ 768,459 | \$ 710,869 | \$ 733,436 | \$ 738,430 | \$ 783,588 |

Source: Pinellas County Tax Collector.

(1) Florida Statutes provide for a discount of up to four percent for early payment of ad valorem taxes.
All unpaid taxes become delinquent on April 1, and are sold at auction on June 1 or each year as tax certificates.
The City, after all tax certificates are sold, has fully collected all ad valorem revenues.

(2) Net collected includes penalties or late payments.

(3) Florida Statutes provide for a three percent maximum increase in annual taxable property values.

CITY OF BELLEAIR BEACH, FLORIDA

PRINCIPAL TAXPAYERS

September 30, 2014

| | | | |
|--------------------------------|----------------------|----|--------------|
| Marion, Joel G | \$ 5,561,557 | 1 | 1.32% |
| Saint Antonio's Investment LLC | 3,210,681 | 2 | 0.76% |
| Arfman, Dale C. | 1,900,494 | 3 | 0.45% |
| Steslicki, Sarah L. | 1,890,683 | 4 | 0.45% |
| Brinton, Anthony J. | 1,833,366 | 5 | 0.43% |
| Prescott, Douglas S | 1,831,819 | 6 | 0.43% |
| Gagnon, Karen | 1,792,707 | 7 | 0.42% |
| G & G Suncoast Development LLC | 1,757,835 | 8 | 0.42% |
| Emanuel, James | 1,715,385 | 9 | 0.41% |
| Ewing, Owen C | <u>1,615,324</u> | 10 | <u>0.38%</u> |
| | \$ <u>23,109,851</u> | | <u>5.47%</u> |
| Total Valuation from pg 84 | 422,445,209 | | |

Source: Pinellas County Property Appraiser.

CITY OF BELLEAIR BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

| Fiscal Year | | | Total Assessed Valuation | Taxable Assessed Valuation | Levy | Collection Within the Fiscal Year of Levy | | Collections in Subsequent Years | Collections to Date | |
|-------------|----|--|--------------------------|----------------------------|------------|---|-----------------------------------|---------------------------------|---------------------|--------------------|
| | | | | | | Amount | Percentage ⁽¹⁾ of Levy | | Amount | Percentage of Levy |
| 2005 | \$ | | 490,148,900 | \$ 355,032,470 | \$ 855,628 | \$ 827,146 | 97 | N/A | \$ 830,173 | 97 % |
| 2006 | | | 593,862,990 | 418,473,060 | 1,008,520 | 975,877 | 97 | N/A | 975,877 | 97 |
| 2007 | | | 766,278,250 | 519,652,239 | 1,200,397 | 1,161,597 | 97 | N/A | 1,161,597 | 97 |
| 2008 | | | 642,327,200 | 474,436,130 | 1,050,252 | 1,021,943 | 97 | N/A | 1,021,943 | 97 |
| 2009 | | | 500,350,585 | 400,624,140 | 941,519 | 911,549 | 97 | N/A | 911,776 | 97 |
| 2010 | | | 447,096,008 | 371,370,442 | 795,786 | 768,459 | 97 | N/A | 768,538 | 97 |
| 2011 | | | 464,758,091 | 383,285,711 | 736,633 | 710,869 | 97 | N/A | 711,981 | 97 |
| 2012 | | | 438,223,816 | 374,328,097 | 759,895 | 733,436 | 97 | N/A | 734,011 | 97 |
| 2013 | | | 476,069,766 | 396,523,197 | 763,299 | 738,430 | 97 | N/A | 741,269 | 97 |
| 2014 | | | 580,291,128 | 422,445,209 | 808,699 | 783,588 | 97 | N/A | 783,665 | 97 |

(1) Florida Statutes provide for a discount of up to four percent for early payment of ad valorem taxes.
All unpaid taxes become delinquent on April 1, and are sold at auction on June 1 of each year as tax certificates.
The City, after all tax certificates are sold, has fully collected all ad valorem tax revenues.

Source: Pinellas County Property Appraiser.
Pinellas County Tax Collector.

DEBT CAPACITY

CITY OF BELLEAIR BEACH, FLORIDA

OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | | Total Primary Government | Per Capita |
|----------------|--------------------------------|-----------------|-------------------|--------------------------|-------------------------------|-------------------|--------------------------------|---------------|
| | General Obligation Bonds | Revenue Loan | Capital Leases | Revenue Loan | General Obligation Bond | Capital Leases | | |
| 2004 | \$ - | \$ 317,680 | \$ 11,041 | \$ 82,320 | \$ - | \$ - | \$ 411,041 | \$ 251 |
| 2005 | - | 200,000 | 3,995 | - | - | - | 203,995 | 117 |
| 2006 | - | 2,750,000 | - | - | - | - | 2,750,000 | 1,699 |
| 2007 | - | 2,920,000 | - | - | - | - | 2,920,000 | 1,806 |
| 2008 | - | 2,760,000 | - | - | - | - | 2,760,000 | 1,721 |
| 2009 | - | 2,600,000 | - | - | - | - | 2,600,000 | 1,618 |
| 2010 | - | 2,440,000 | - | - | - | - | 2,440,000 | 1,517 |
| 2011 | - | 2,280,000 | - | - | - | - | 2,280,000 | 1,459 |
| 2012 | - | 2,120,000 | - | - | - | - | 2,120,000 | 1,361 |
| 2013 | - | 1,960,000 | - | - | - | - | 1,960,000 | 1,269 |
| 2014 | - | 1,800,000 | - | - | - | - | 1,800,000 | 1,164 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Population 1,547 per esri demographics

CITY OF BELLEAIR BEACH, FLORIDA

RATIOS OF GENERAL REVENUE AND CAPITAL LEASE DEBT OUTSTANDING
LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>General Revenue and Capital Lease Debt</u> | <u>Percentage of Estimated Actual Taxable Value¹ of Property</u> | <u>Per Capita²</u> |
|------------------------|---|---|-----------------------------------|
| 2005 | 203,995 | 0.04% | 117 |
| 2006 | 2,750,000 | 0.66% | 1,699 |
| 2007 | 2,920,000 | 0.56% | 1,806 |
| 2008 | 2,760,000 | 0.58% | 1,721 |
| 2009 | 2,600,000 | 0.65% | 1,618 |
| 2010 | 2,440,000 | 0.66% | 1,517 |
| 2011 | 2,280,000 | 0.59% | 1,459 |
| 2012 | 2,120,000 | 0.56% | 1,361 |
| 2013 | 1,960,000 | 0.49% | 1,269 |
| 2014 | 1,800,000 | 0.43% | 1,164 |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 84 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 95.

CITY OF BELLEAIR BEACH, FLORIDA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS⁽²⁾

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

| | <u>Net General Obligation Bonded Debt Outstanding</u> | <u>Net General Non-Self Supporting Revenue Debt</u> | <u>Total</u> | <u>Percentage Applicable to City of Belleair Beach</u> | <u>Amount Applicable to City of Belleair Beach</u> |
|--------------------------------------|---|---|--------------|--|--|
| Direct Debt: | | | | | |
| City of Belleair Beach | \$ - | \$ 1,800,000 | \$ 1,800,000 | 100% | \$ 1,800,000 |
| Overlapping Debt: | | | | | |
| Pinellas County School Board(1) | 19,075,000 | - | 19,075,000 | 0.71% | <u>135,433</u> |
| Total Direct and Overlapping Debt | | | | | <u>\$ 1,935,433</u> |
| RATIO: | | | | | |
| Overall debt to 2014 taxable value | | | | <u>0.46%</u> | |
| Overall debt per capita | | | | \$ <u>1,251</u> | |

⁽¹⁾ The City's share is calculated based on the ratio of the 2014 County Taxable Value of \$ 59,761,190,167 to the City's Taxable Value of \$ 422,445,209.

⁽²⁾ The City has no direct general obligation bonded debt.

CITY OF BELLEAIR BEACH, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN

September 30, 2014

The Constitution of the State of Florida, Florida Statute 200.181
and the Charter of the City of Belleair Beach, Florida
has no set legal debt margin.

CITY OF BELLEAIR BEACH, FLORIDA

PLEDGED-REVENUE COVERAGE
CURRENT FISCAL YEAR

| | | Revenue Loan | | | |
|------------------------------|----|------------------|-----------------|-----------|----------|
| | | Pledged Revenues | Debt Service(1) | | |
| | | Non-Advalorem | | | |
| | | Revenue | Principal | Interest | Coverage |
| | | | \$ 160,000 | \$ 70,680 | 100.00 % |
| <u>General Fund</u> | | | | | |
| Local Option Gas Tax | \$ | 21,716 | | | |
| Franchise Fees | | 168,469 | | | |
| Public Service Tax | | 244,522 | | | |
| Communications Service Tax | | 95,871 | | | |
| Rental Registration | | 19,800 | | | |
| Revenue Sharing | | 129,887 | | | |
| BOCC-Garbage | | 281,812 | | | |
| Fines & Forfeitures | | 12,813 | | | |
| Parking Fees | | 38,711 | | | |
| Rental CC Income | | 29,293 | | | |
| All Other | | 31,596 * | | | |
| | | <u>1,074,490</u> | | | |
| <u>Capital Projects Fund</u> | | | | | |
| Infrastructure Sales Tax | | 136,860 | | | |
| | | <u>136,860</u> | | | |
| Total | \$ | <u>1,211,350</u> | | | |

⁽¹⁾ Interest expense was for the full Fiscal Year 2014.

* All other made up of Foreclosure, Lot mowing, Claim of Lien, Tennis court rental, NPDES fees, Misc revenue and Enterprise fund contribution

DEMOGRAPHIC AND ECONOMIC
INFORMATION

CITY OF BELLEAIR BEACH, FLORIDA

DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN YEARS

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-------------|------------|--|----------------------------------|---------------|---|----------------------|----------------------|
| Fiscal Year | Population | Personal Income (Amounts Expressed in thousands) | Per Capita Personal Income | Median Age | Education Level in Years of Formal Schooling | School Enrollment | Unemployment Rate |
| 2014 | 1,547 | \$ 83,433 | \$ 55,454 | 59 | 16 | 148 | 5.80% |
| 2013 | 1,544 | \$ 90,306 | \$ 73,750 | 60 | 16 | 151 | 6.70% |
| 2012 | 1,558 | 70,862 | 50,820 | 58 | 13.9 | 67 | 8.50% |
| 2011 | 1,563 | 77,778 | 63,475 | 59.5 | 16 | 71 | 10.80% |
| 2010 | 1,608 | 82,422 | 66,894 | 59.5 | 16 | 75 | 12.40% |
| 2009 | 1,607 | n/a | n/a | n/a | n/a | 84 | 11.80% |
| 2008 | 1,604 | n/a | n/a | n/a | n/a | 80 | 7.10% |
| 2007 | 1,617 | 56,354 | 58,734 | 54 | 14.5 | 97 | 4.30% |
| 2006 | 1,619 | 46,583 | 58,734 | 52.4 | 13.4 | 90 | 3.20% |
| 2005 | 1,619 | 31,122 | 34,380 | 52.4 | 13.4 | 81 | 3.70% |
| 2004 | 1,632 | 30,850 | 33,844 | 52.4 | 13.4 | 78 | 4.40% |

Data Sources

- (1) Bureau of the Census - Belleair Beach populations estimates, University of Florida Bureau of Economic & Business Research
- (2) Pinellas County Economic Development Research (727) 464-7332 catha@pinellascounty.org
- (3) Pinellas County Economic Development Research (727) 464-7332 catha@pinellascounty.org
- (4) Pinellas County Economic Development Research (727) 464-7332 catha@pinellascounty.org
- (5) Pinellas County Economic Development Research (727) 464-7332 catha@pinellascounty.org
- (6) Pinellas County School Board - Accounting & Research Dept (727) 588-5190 Belleair Beach
- (7) U.S. Department of Labor Bureau of Statistics for the Tampa-St. Pete-Clearwater Metro Area

CITY OF BELLEAIR BEACH, FLORIDA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND PRIOR YEAR

| | 2014 | | | 2013 | | |
|------------------------------|----------------------------|------|--|----------------------------|------|--|
| | Number of Employers | Rank | Percentage of Total City Employment | Number of Employers | Rank | Percentage of Total City Employment |
| City of Belleair Beach | 7 full time 1 part time | 1 | 47.0% | 7 full time 1 part time | 1 | 47.0% |
| Nautical Watch Time Share | 3 full time 2 part time | 2 | 29.5% | 3 full time 2 part time | 2 | 29.5% |
| Belleair Beach Club | 1 full time 3 part time | 3 | 23.5% | 1 full time 3 part time | 3 | 23.5% |

OPERATING
INFORMATION

CITY OF BELLEAIR BEACH, FLORIDA

FULL-TIME EQUIVALENT
CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS

| FUNCTION | Full-Time Equivalent Employees as of September 30. | | | | | | | | | |
|------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General Government | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers | - | - | - | - | - | - | - | - | 10.00 | 9.50 |
| Civilians | - | - | - | - | - | - | - | - | - | - |
| Highways and streets | | | | | | | | | | |
| Maintenance | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Culture and recreation | - | - | - | - | - | - | - | - | - | - |
| Total | <u>7.00</u> | <u>7.00</u> | <u>7.00</u> | <u>7.00</u> | <u>7.00</u> | <u>7.00</u> | <u>7.00</u> | <u>7.00</u> | <u>18.00</u> | <u>17.50</u> |

CITY OF BELLEAIR BEACH, FLORIDA

SCHEDULE OF INSURANCE IN FORCE

September 30, 2014

| <u>To be updated</u> | | | | | | | |
|---|-----------------------|---------------------------------------|------------------|-----------|----------|----------|------------------|
| Type of Coverage | Policy Number | Company | Co-insurance | Amount | From | To | Original Premium |
| Comprehensive General & Professional Liability: | 105176598 FMIT#042 | Cities Florida League of Cities | - | 1,000,000 | 10/01/13 | 10/01/14 | 10,920 |
| General Liability: | | | | | | | |
| - Broad Form Property Damage | | | - | Per Form | | | incl. |
| - Extra Contractual Legal Expense | | | - | 25,000 | | | incl. |
| - Fire Legal Liability | | | | 500,000 | | | incl. |
| - Malpractice Liability | | | | 1,000,000 | | | incl. |
| Errors & Omissions Liability | | | | 1,000,000 | | | incl. |
| - Employment Practices Liability | | | | 1,000,000 | | | incl. |
| - Employee Benefits Program | | | | | | | |
| Administration Liability | | | | 1,000,000 | | | incl. |
| - Employee Bond | | | | 15,000 | | | incl. |
| Automobile (2) Liability | FMIT#042 | Florida League of Cities | | 1,000,000 | | | 993 |
| - Uninsured Motorists | | | | 35,000 | | | incl. |
| - Personal Injury Protection | | | | 10,000 | | | incl. |
| - Medical Payments | | | | N/A | | | N/A |
| - Physical Damage | | | | N/A | | | incl. |
| PROPERTY: | FMIT#042 | Florida League of Cities | | | 10/01/13 | 10/01/14 | 15,151 |
| Real Property Limit | | | deductible 1,000 | 2,896,553 | | | |
| Personal Property Limit | | | deductible 1,000 | 550,000 | | | |
| Real Property-details in Property Schedule on file | | | | | | | |
| - City Hall/Community Center | | | | 2,168,000 | | | incl. |
| 444 Causeway Blvd | | | | 8,000 | | | incl. |
| - Bayside Park | | | | | | | |
| Tennis Courts 2 w/ fencing | | | | 75,438 | | | incl. |
| Modular Play System | | | | 42,313 | | | incl. |
| Boardwalks 3 with stairs | | | | 15,000 | | | incl. |
| Pavilion/ picnic tables | | | | 8,151 | | | incl. |
| Climber animal, caboose, jeep, train | | | | 15,250 | | | incl. |
| All other (includes fishing dock 5,000) | | | | 22,502 | | | incl. |
| - Marina | | | | | | | |
| Boat Docks 11- 2 side | | | | 82,500 | | | incl. |
| Fence, poles, signs | | | | 10,650 | | | incl. |
| CALE Parking meter | | | | 11,600 | | | incl. |
| - Hibiscus Park/Belle Isle/GCA | | | | 3,057 | | | incl. |
| - Morgan Park | | | | | | | |
| CALE Parking Meter | | | | 10,600 | | | incl. |
| Restroom | | | | 37,804 | | | incl. |
| Pavilion | | | | 14,607 | | | incl. |
| Webscape Activity Net | | | | 8,356 | | | incl. |
| Misc other | | | | 1,962 | | | incl. |
| - Crossman | | | | 1,281 | | | incl. |
| - 16th Street Park (includes fishing dock 5,000) | | | | 7,438 | | | incl. |
| - 7th Street Park (includes fishing/ boat launch 7,000) | | | | 8,175 | | | incl. |
| - Harbor Park (includes fishing dock 5,000) | | | | 6,075 | | | incl. |
| - South Park | | | | 1,394 | | | incl. |
| - 1001 Cedar Dr. (Public Works storage facilities) | | | | 280,944 | | | incl. |
| Personal Property | | | | | | | |
| - City Hall/Community Center | | | | 500,000 | | | incl. |
| - 1001 Cedar Dr. (Public Works storage facilities) | | | | 50,000 | | | incl. |
| Time Element | | | | | | | |
| Business Income | | | | | | | |
| Extra Expense | | | | | | | |
| Inland Marine | | | | 98,497 | | | incl. |
| Crime Bond | | | | | | | |
| -Honesty Blanket Bond | | | deductible 100 | 2,500 | | | incl. |
| Subtotal carried forward | | | | | | | \$ 27,064 |

CITY OF BELLEAIR BEACH, FLORIDA

SCHEDULE OF INSURANCE IN FORCE

September 30, 2014

(Continued)

| Type of Coverage | Policy Number | Company | Co-insurance | Amount | From | To | Original Premium |
|--|---------------|---------------------------------|--------------------------------------|--|----------|----------|------------------|
| Subtotal brought forward | | | | | | | \$ 27,064 |
| Marina Operators B-2 Gen/Legal Liab Essex Ins Co. | 9CC7052-3 | Florida League of Cities | deductible 2500 | 2,000,000 | 07/20/14 | 07/20/15 | 2,568 |
| Windstorm - new Community Center | 1481780 | Weston Insurance Company | deductible 30,000 or 3% | 1,000,000 | 9/14/14 | 9/14/15 | 5,597 |
| Basic Term Life, Accidental Death and Dismemberment - General Employees | G-411552 - 89 | Guardian Life Insur | | annual earnings 60,000 maximum | 9/30/14 | 9/30/15 | 5,600 |
| - Long term Disability | | | | 60% of earnings 5,000 monthly maximum | | | 3,723 incl |
| Worker's Compensation | FMIT #0042 | Western Insurance Company | | | | | 5,280 |
| -Bodily Injury by Accident each accident | | | | \$ 1,000,000 | 10/1/13 | 10/1/14 | |
| -Bodily Injury by Disease | | | | 1,000,000 | | | |
| -Bodily Injury Aggregate By Disease | | | | 1,000,000 | | | |
| Flood Insurance -Community Center 444 Causeway -Contents | AB00069036 | Wright National Flood Insurance | deductible 1,250 deductible 1,250 | 500,000 500,000 | 9/13/14 | 9/13/15 | 1,622 incl |
| Flood Insurance -1001 Cedar Dr. -Contents | 09 7701226989 | Wright National Flood | deductible 2000 deductible 2000 | 184,700 57,900 | 3/6/2014 | 3/6/2015 | 2,539 |
| | | Total | | | | | \$ <u>53,993</u> |

CITY OF BELLEAIR BEACH, FLORIDA

MISCELLANEOUS STATISTICAL DATA

September 30, 2014

| | |
|----------------------------|--|
| Date of Incorporation | 1950 |
| Form of Government: | Council/City Manager |
| Number of Employees: | 7 FT, 1 PT |
| Population (U.S. Censurs): | |
| 1960 | 563 |
| 1970 | 952 |
| 1980 | 1,643 |
| 1990 | 2,070 |
| 2000 | 1,633 |
| 2007 | 1,617 (University of Florida) |
| 2008 | 1,604 (University of Florida) |
| 2009 | 1,607 (University of Florida) |
| 2010 | 1,608 (University of Florida) |
| 2011 | 1,563 (University of Florida) |
| 2012 | 1,558 (University of Florida) |
| 2013 | 1,544 (U.S. Census Bureau) |
| 2014 | 1,547 (www.esri demographic estimates) |

Area in Square Miles:

| | |
|------|----------------|
| Land | 2 square miles |
|------|----------------|

City of Belleair Beach Facilities/services:

Law Enforcement:

Effective June 1, 2007-was contracted out to the Pinellas County Sheriff's Office

Transportation:

| | |
|---------------|-----------|
| Paved Streets | 8.5 miles |
|---------------|-----------|

Recreation Facilities:

| | |
|---|-------------------------------|
| Parks | 11 and access to additional 3 |
| Playgrounds | 2 |
| Beaches | 4,500 feet |
| Tennis | 2 courts |
| Tennis clinics- free introductory lessons and regular class schedules for children/adults | |
| Basketball Outdoor | 1 court |
| Picnic Areas | 3 |
| Marina | 20 Boat Slips |
| Boat Ramp | 1 |
| Fishing Docks | 4 |
| Sunset/Sunrise Viewing Areas | 7 |

FIT FOREVER-weight/strength training, yoga, offered at Community Center

pilates and stretching for full body workout

YOGA-stretch/ flex class to increase flexibility offered at Community Center

ZUMBA!- music/dance moves to improve rhythm, exercise and help lower blood pressure offered at Community Center

Wedding, party and seminar venue available at Community Center overlooking the Intracoastal Waterway

Power is provided by Duke Energy.

Water, reclaimed water and sewer systems are owned and maintained by Pinellas County Utilities.

Garbage and recycling services are provided by Waste Management.

Telephone service is provided by Bright House Networks and Verizon Florida.

Cable Television and Internet Service are provided by Bright House, Verizon and Knology.

CITY OF BELLEAIR BEACH, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

| FUNCTION | Fiscal Year | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-------------|-------------|-----------|----------|----------|----------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Public Safety * | | | | | | | | | | |
| Police arrests | 56 | 44 | 40 | 55 | 48 | 29 | 44 | N/A | 38 | 36 |
| Parking violations | 227 | 102 | 307 | 402 | 177 | 134 | 128 | N/A | 180 | 206 |
| Traffic violations | 176 | 143 | 107 | 168 | 287 | 270 | 297 | N/A | 582 | 1,105 |
| Warning citation | 422 | 373 | 356 | 353 | 139 | 43 | - | N/A | - | - |
| Highways and streets: | | | | | | | | | | |
| Street Drainage Improvement completed (number of streets/ linear feet) | | 200 LF | - | - | 1 ST | 3 ST | - | 500 LF | - | - |
| Street resurfacing/curb work started/ completed (number of streets / linear feet) | | | 3 ST | - | 1 ST | 5 ST | 7 ST | 729 LF | - | - |
| curb work | | | 2,640 LF | - | 1751 LF | 167 LF | - | - | - | - |
| Valley Curb | 400 LF | | 260 LF | 1,602 LF | - | - | - | - | - | - |
| Street name signs upgrade | - | - | - | - | 2 | - | city wide | - | - | - |
| Pedestrian Crosswalk Beacon/Signals installed | - | - | - | - | - | 2 | - | 8 | - | - |
| Pothole & street repaired | city wide | city wide | city wide | city wide | city wide | 5 | - | - | - | - |
| Bridges: | | | | | | | | | | |
| Harrison Ave Bridge superstructure | - | - | - | - | 1 | - | - | - | - | - |
| 22nd Street Bridge repair | 1 | 1 | - | 1 | 1 | - | - | - | - | - |
| Culture and Recreation: | | | | | | | | | | |
| Beach Parking Permits & Stickers issued ** | 629 | 548 | 732 | 1,152 | 1,123 | 478 | 460 | 437 | 482 | N/A |
| Library cards*** | 115 | 119 | 122 | 131 | 140 | 137 | 122 | 147 | 140 | 127 |
| Beaches (feet) | 4,500 | 4,500 LF | 4,500 LF | 4,500 LF | 4,500 LF | 4,500 LF | 4,500 LF | 4,500 LF | 4,500 LF | 4,500 LF |
| New docks constructed/existing dock repaired | 1 | 1 | 1 | 1 | - | 4 pt | 2 pt | 2 pt | - | - |
| Landscape curbing on planter beds (linear feet) | - | - | - | - | - | - | 475 LF | - | - | - |
| Park upgrades | | | | | | | | | | |
| Bayside Park landscape project | - | - | - | - | 1 | - | - | - | - | - |
| new pedestal fountain | - | - | - | - | 1 | - | - | - | - | - |
| new Basketball back board | - | - | - | - | 1 | - | - | - | - | - |
| Bayside Park tennis courts resurfaced/ | 1 | - | - | - | - | - | - | - | - | - |
| bench canopy | - | - | - | - | - | - | 2 | - | - | - |
| Harrison Ave. landscape project | - | - | - | - | 1 | - | - | - | - | - |
| new Morgan Park Pavilion | - | - | - | - | - | - | 1 | - | - | - |
| new Morgan Park Restroom | - | - | - | - | - | - | 1 | - | - | - |
| Park improvements | | | | | | 9 ** | | | | |
| 32 gallon FPL waste shroud | - | - | - | - | 5 | - | - | - | - | - |
| Parking meter - Morgan Park | - | - | - | - | 1 | - | - | - | - | - |
| Parking meter - Marina | - | - | - | 1 | - | - | - | - | - | - |
| Outdoor showers - 6th St, 12th St, 19th St, Morgan Park | - | - | - | 4 | - | - | - | - | - | - |
| 4' bench custom logo - Crossman Park, Causeway | - | - | - | 3 | - | - | - | - | - | - |
| 4' x 3' Park sign - Morgan Park | - | - | - | 1 | - | - | - | - | - | - |
| Cul de Sac improvements | - | - | - | - | - | 7 ** | - | - | - | - |
| Park irrigation systems upgraded | - | - | - | - | city wide | 4 | - | 2 | - | - |
| Seawall repaired | - | - | 1 | 1 | 1 | - | 1 | 2 | - | - |
| Buoy replacement | - | 30 | - | - | all beaches | all beaches | - | - | - | - |
| Marina | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Boat Slips | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |

* Effective June 1, 2007 law enforcement was contracted out to the Pinellas County Sheriff's Office

** Includes beach parking permits for owners, renters, marina and temporary permits

*** The City of Belleair Beach offers payment for residents' Library cards either by direct payment to a Pinellas Public Library Cooperative or by reimbursement to a resident

**** Parks improvements were made at these locations: Crossman Park, 20th St. Park, Bayside Park, 7th St. Park, 12th St. Park, 19th St. Park, Hibiscus Park East, County Stormwater Pond and Marina

***** Installed crushed shells at all Cul de Sacs: 14th, 15th, 16th, 17th, 18th, Howard and Harrison Ave

CITY OF BELLEAIR BEACH, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

| FUNCTION | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | - | - | - | - * | - * | - * | - * | - * | 1 | 1 |
| Patrol units | - | - | - | - * | - * | - * | - * | - * | 4 | 3 |
| Highways and streets | | | | | | | | | | |
| Bridges | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Street (miles) | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Curb (miles) | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Streetlights | 21 | 21 | 21 | 21 | 21 | 21 | 20 | 20 | 20 | 20 |
| Intersection traffic signal- Gulf Blvd/Causeway | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Flashing traffic signals- Morgan, 6th, 12th, 19th, Harrison North | 5 | 5 | 5 | 5 | 5 | | | | | |
| Pedestrian beacons/crosswalk | 10 | 10 | 10 | 10 | 10 | 10 | 8 | 8 | - | - |
| Culture and Recreation | | | | | | | | | | |
| Cul de Sac | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | n/a |
| Docks | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | n/a |
| Park acreage | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Parks | 11 ** | 11 ** | 11 ** | 11 ** | 11 ** | 11 ** | 11 ** | 12 ** | 12 ** | 12 ** |
| Tennis Courts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Marina | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Boat slips | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |

* Effective June 1, 2007 law enforcement service was contracted out to the Pinellas County Sheriff's Office

** City of Belleair Beach residents are allowed access to additional 3 parks at Belleair Shore and 1 at Bayside Park. These parks are maintained by the City of Belleair Beach.

OTHER REPORTS



CITY OF BELLEAIR BEACH, FLORIDA

**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

MANAGEMENT LETTER

AND

MANAGEMENT MEMORANDUM
ON REVIEW OF INTERNAL CONTROL STRUCTURE

September 30, 2014

DAVIDSON, JAMIESON & CRISTINI, P.L.
Certified Public Accountants

Davidson, Jamieson & Cristini, P.L.
Certified Public Accountants

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The Honorable Mayor
and City Council
City of Belleair Beach, Florida

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund and the aggregate remaining fund information of the City of Belleair Beach, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Belleair Beach, Florida's (City) basic financial statements, and have issued our report thereon dated January 16, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

The Honorable Mayor
and City Council
City of Belleair Beach, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 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.

Davidson, Jamieson & Crutcher, P.C.

January 16, 2015

MANAGEMENT LETTER

Davidson, Jamieson & Cristini, P.L.
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The Honorable Mayor
and City Council
Belleair Beach, Florida

We have audited the financial statements of the City of Belleair Beach, Florida as of and for the fiscal year ended September 30, 2014 and have issued our report thereon dated January 16, 2015.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the AICPA Professional Standards AT Sections 601.55 and 601.56. 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 Financial Statements performed in accordance with Government Audit Standards and Chapter 10.550 Rules of the Florida Auditor General.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information which is not included in the aforementioned auditor's reports or schedule:

Section 10.554(1)(i)1, Rules of the Auditor General require that we address in the management letter, if not already addressed in the auditor's report on internal controls and compliance (Rules 10.557(3)(b) or (c), 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 on internal control and compliance issues during the preceding annual financial audit.

As required by the Rules of the Auditor General (Section 10.554(1)(i)(2)), the scope of our audit included a review of possible recommendations to improve the local government entity's financial management. In connection with our audit we did not have any such recommendations.

The Honorable Mayor
and City Council
Belleair Beach, Florida

The Rules of the Auditor General (Section 10.554(1)(i)(3)) requires address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. Note: Fraud, noncompliance with provisions of laws or regulations and contracts or grant agreements, or abuse that does not warrant the attention of those charged with governance or internal control deficiencies that are not material weaknesses or significant deficiencies may be reported in the management letter based on professional judgment. In connection with our audit, we did not have any findings which warranted the attention of those charged with governance.

The Rules of the Auditor General (Section 10.554(1)(i)(4)) requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity as defined in publications cited in Rule 10.553 unless disclosed in the notes to the financial statements. Legal authority includes the general law, special acts, ordinances, resolutions, or other means by which the local government entity was created and is governed. This disclosure has been included in the City's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014.

The Rules of the Auditor General (Section 10.554(1)(i)5.a. requires that the auditor state whether or not the governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes and identify the specific condition or conditions met. During the course of our audit of the City's financial statements for the fiscal year ended September 30, 2014, we found that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)5.b. requires a statement as to whether or not the financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the current audit period. We determined that the Comprehensive Annual Financial Report for the City for the fiscal year ended September 30, 2014 is in agreement with the annual financial report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2014.

The Rules of the Auditor General (Section 10.554(1)(i)5(c)(1) and 10.556(8)) requires that we apply financial condition assessment procedures. It is management's responsibility to monitor the City'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 them.

The Honorable Mayor
and City Council
Belleair Beach, Florida

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Davidson, Jamieson & Cristini, P.L.

January 16, 2015

MANAGEMENT MEMORANDUM
ON REVIEW
OF INTERNAL CONTROL STRUCTURE

Davidson, Jamieson & Cristini, P.L.
Certified Public Accountants

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January 16, 2015

The Honorable Mayor
and City Council
City of Belleair Beach, Florida

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund and the aggregate remaining fund information which collectively comprise the basic financial statements of the City of Belleair Beach, Florida as of and for the year ended September 30, 2014, and have issued our report thereon dated January 16, 2015.

We have issued our Report on Compliance and Internal Accounting Controls in Accordance with *Government Auditing Standards* dated January 16, 2015. Disclosures in that report, if any, should be considered in conjunction with this management memorandum.

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

In planning and performing our audit of the financial statements of City of Belleair Beach, Florida we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we observed a matter that is an opportunity for strengthening internal control and operating efficiency.

2013-2014

A. Accounting and Financial Reporting for Pensions

2013-2014

A. Accounting and Financial Reporting for Pensions

Effective for the fiscal year ending September 30, 2015, the City will implement GASB Statement 68 which is an amendment of GASB Statement 27.

Under this Standard, the City is required to report a liability on the government-wide statement of net position.

The information for this liability and the related note disclosures for the City's CAFR will be provided by the Florida Retirement System.

We recommend that the City Council become familiar with this new standard. There will be significant changes to the notes to the financial statements in next year's comprehensive annual financial report for GASB 68.

* * * * *

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

We appreciate the courtesy and assistance provided to us by the City's personnel during our audit. We will review the status of the above comments during our next audit engagement. We have already discussed many of these comments and suggestions with City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

DAVIDSON, JAMIESON & CRISTINI, P.L.

MANAGEMENT RESPONSE



March 5, 2015

The Honorable Mayor
and City Council
City of Belleair Beach, Florida

This is in response to the Management Memorandum on Review of Internal Control Structure prepared by the City's independent auditor Davidson, Jamieson & Cristini, P.L., Certified Public Accountants.

CURRENT YEAR

There were no instances of weakness or areas of internal control that could be improved upon noted in the auditor's report for the current year.

PRIOR YEAR – 2012-2013

The following note was in last year's audit report and has been addressed. It is being noted in the auditor's report again because of the required implementation period of September 30, 2015.

Accounting and Financial Reporting for Pensions

The Governmental Accounting Standards Board (GASB) was established "to promulgate standards of financial accounting and reporting with respect to activities and transactions of state and local government entities." The GASB has issued Statement No. 68 which requires the City to report a liability on the government-wide statement of net position.

The City of Belleair Beach will implement GASB Statement 68 on "Accounting and Financial Reporting for Pensions" and this will be reflected in the City's audited financial statements for the year ended September 30, 2015. This information only pertains to one city employee who is nearing retirement. The information regarding to the liability the City is responsible for this will be provided by the Florida Retirement System and will be included in future CAFRs.

Sincerely yours,

Melanie M. Kruszona
Melanie M. Kruszona
Finance Officer