

CITY OF BELLEAIR BEACH, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED SEPTEMBER 30, 2018

CITY OF BELLEAIR BEACH, FLORIDA

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by the
Department of Finance

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

CITY COUNCIL

Leslie Notaro, Mayor

Glenn Gunn, Vice-Mayor

Todd Harper, Council-Member

Wanda Schwerer, Council-Member

John Pietrowski, Council-Member

Marv Behm, Council-Member

Jody Shirley, Council-Member

CHARTER OFFICERS

City Manager

Lynn Rives

City Treasurer

City Clerk

Melanie M. Kruszona

Patricia A. Gentry

INTRODUCTORY SECTION

CITY OF BELLEAIR BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

INTRODUCTORY SECTION

Table of Contents i
Letter of Transmittal v
Certificate of Achievement..... x
Organizational Chart 1
Listing of City of Belleair Beach Officials 2

FINANCIAL SECTION

Independent Auditor’s Report..... 3
Management’s Discussion and Analysis 6
Basic Financial Statements
 Government-Wide Financial Statements:
 Statement of Net Position 19
 Statement of Activities 20
 Fund Financial Statements:
 Balance Sheet - Governmental Funds 22
 Reconciliation of the Balance Sheet to the Statement of
 Net Position - Governmental Funds..... 23
 Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds 24
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities -
 Governmental Funds 25

CITY OF BELLEAIR BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED)

Basic Financial Statements (Continued)

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual:
 General Fund 26
Statement of Net Position - Proprietary Funds 27
Statement of Revenues, Expenses, and Changes in Net Position -
 Proprietary Funds 29
Statement of Cash Flows - Proprietary Funds 30
Reconciliation of Operating Income (Loss) to Net Cash Provided
 (Used) by Operating Activities 31
Notes to Financial Statements 32

Individual Fund Financial Statements and Schedules

Enterprise Funds:
 Schedule of Revenues, Expenses and Changes in
 Net Position - Budget and Actual:
 Marina Fund 62
Capital Assets Used in the Operation of Governmental Funds:
 Schedule by Source 63
 Schedule by Function and Activity 65
 Schedule of Changes by Function and Activity 66

CITY OF BELLEAIR BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED)

STATISTICAL SECTION

Financial Trends:

Net Position by Component	67
Changes in Net Position	68
Program Revenues by Function/Program	70
General Governmental Revenues by Source	71
General Governmental Tax Revenue by Source	71
Graph of General Governmental Revenues by Source	72
Graph of Governmental Tax Revenues by Source	73
Fund Balances Governmental Funds	74
Changes in Fund Balances Governmental Funds	75
General Governmental Expenditures by Function	77
Graph of General Governmental Expenditures by Function	78

Revenue Capacity:

Assessed and Estimated Actual Value of Taxable Property	79
Property Tax Rates - Direct and Overlapping Governments (Per \$1,000)	80
Assessed Valuations Millage and Taxes Levied and Collected	82
Principal Taxpayers	83
Property Tax Levies and Collection	84

CITY OF BELLEAIR BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

STATISTICAL SECTION (CONTINUED)

Debt Capacity:

Outstanding Debt by Type	85
Ratios of General Revenue and Capital Lease Debt Outstanding	85
Computation of Direct and Overlapping Debt General Obligation Bonds	87
Computation of Legal Debt Margin	88
Pledged-Revenue Coverage	89

Demographic and Economic Information:

Demographics and Economic Statistics	90
Principal Employers	91

Operating Information:

Full-Time Equivalent City Government Employees by Function.	92
Schedule of Insurance In Force.	93
Miscellaneous Statistical Data	95
Operating Indicators By Function.	96
Capital Assets Statistics By Function	97

CITY OF BELLEAIR BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

Other Reports:

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 <i>Government Auditing Standards</i>	98
Management Letter	100
Attestation Report	103
Memorandum on Review of Internal Control Structure	104
Management Response	108

LETTER OF TRANSMITTAL



February 12, 2019

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, 2018.

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, 2018, 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 unmodified opinion that the City of Belleair Beach, Florida's financial statements for the fiscal year ended September 30, 2018 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 an estimated population of 1,588 as of 2018. 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 the government's city manager, city clerk, treasurer 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 even 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 odd 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 62.

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 an improved economic environment. The City of Belleair Beach, Florida is a residential community with a marina. The most recent estimate of property values shows a 5.76 percent increase in taxable values for 2018 as compared with 2017 values. In the Tampa Bay area, the unemployment rate of 2.90% in September 2018 is an improvement from 3.30% in 2017, as the overall economy throughout the country is 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: Infrastructure sales taxes and state revenue sharing are expected to increase by approximately 15% and 1.5% respectively, due to improved consumer spending. Legislation enacted in Tallahassee in the prior year has negatively impact the Communication Services Tax for local municipalities. After significant reduction the CST this tax should remain about the same for the coming year. Ad Valorem should increase again this year as the local real estate market continues to 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, and seawall repairs). The city's long-range financial plan has provided approximately \$8,763,530 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. The undergrounding of utilities for the Belleview Estates Island project, has an estimated project cost

of \$2 Million and is being funded through a non-ad valorem special assessment to the residents of the improved area. This funding was provided by Center Bank and has a term of 20 years.

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, 2018 is \$1.160 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 surplus cash needed in the short term is invested with the SBA to maximize earnings. 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 MacNeill Group Insurance for flood insurance. The City is insured with Wright 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 City of Belleair Beach, Florida 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 matching 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.

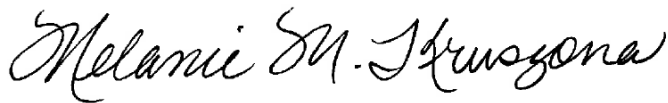
Acknowledgements

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,



Lynn Rives,
City Manager



Melanie M. Kruszona, MPA
Finance Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Belleair Beach
Florida**

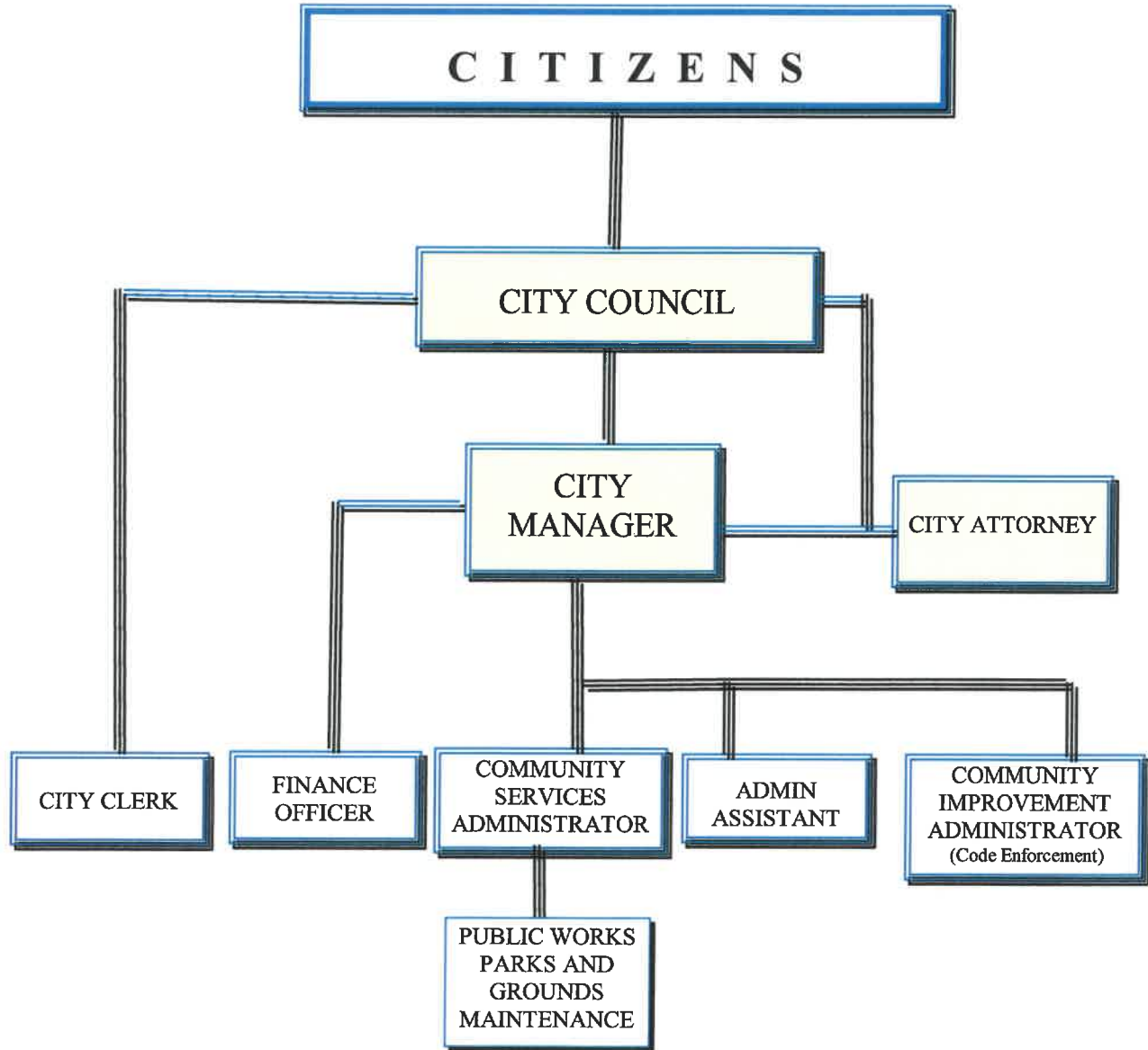
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

**CITY OF BELLEAIR BEACH, FLORIDA
ORGANIZATIONAL CHART
FYE 2018**



CITY OF BELLEAIR BEACH, FLORIDA

LISTING OF CITY OFFICIALS

ELECTED OFFICIALS

FISCAL YEAR 2018

Mayor	Leslie Notaro
Vice-Mayor	Glenn Gunn
Council-Member	Marv Behm
Council-Member	Todd Harper
Council-Member	John Pietrowski
Council-Member	Wanda Schwerer
Council-Member	Jody Shirley

APPOINTED OFFICIALS

Paul J. Marino	City Attorney
----------------	---------------

CHARTER OFFICERS

Lynn Rives	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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Harry B. Jamieson, CPA
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Karen Curran, CPA, CVA

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, 2018, 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, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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. 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, the budgetary comparisons for the general fund, and the aggregate remaining fund information of the City of Belleair Beach, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Accounting Standards*, we have also issued our report dated January 10, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Davidson, Jamieson & Cristine, P.L.

January 10, 2019

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is on pages *v-viii* 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 \$12,606,941 (*net position*). Of this amount, \$6,951,014 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.

*At September 30, 2018, the City's governmental activities fund balance reported an ending fund balance of \$6,758,349 an increase of \$1,707,181 or 33.80% in comparison with the prior year.

*The business-type activities operating revenue increased by \$3,095 or 4.93% as compared with the prior year. This increase is primarily due to an increase in parking revenues. There was an increase in net position by \$9,719 attributed to lower operating costs.

*At September 30, 2018, the unassigned fund balance of the General Fund (not restricted, committed or assigned to any specific purpose) was \$2,253,167 or 125.37% of total general fund expenditures of \$1,797,267.

*Governmental fund revenues increased by \$605,709, or 24.97 percent over the prior fiscal year. This is primarily due to increases in Inter-governmental revenue by \$471,519 or 85.22% and increases in fines and interest 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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during fiscal year 2018. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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, roads and streets, sanitation, and parks 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 include 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 three categories: governmental funds, proprietary funds, and fiduciary 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 32-61 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 62-66 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 \$12,606,941 at the close of fiscal year ended September 30, 2018. 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</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other Assets	\$7,187,784	\$5,265,236	\$263,284	\$256,594	\$ 7,451,068	\$ 5,521,830
Capital Assets (net of Allowance)	<u>8,599,504</u>	<u>7,523,405</u>	<u>42,489</u>	<u>46,549</u>	<u>8,641,993</u>	<u>7,569,954</u>
Total Assets	<u>15,787,288</u>	<u>12,788,641</u>	<u>305,773</u>	<u>303,2143</u>	<u>16,093,061</u>	<u>13,091,784</u>
Current and other Liabilities	442,787	225,935	8,829	15,918	451,616	241,853
Long-term liabilities outstanding						
Due within one year	219,263	161,214	-	-	219,263	161,214
Due in more than one year	<u>2,815,241</u>	<u>1,170,930</u>	<u>-</u>	<u>-</u>	<u>2,815,241</u>	<u>1,170,930</u>
Total Liabilities	3,477,291	1,558,079	8,829	15,918	3,486,120	1,573,997
Net Position						
Net Investment in Capital Assets	5,613,438	6,203,405	42,489	46,549	5,655,927	6,249,954
Restricted	-	-	-	-	-	-
Unrestricted	<u>6,696,559</u>	<u>5,027,157</u>	<u>254,455</u>	<u>240,676</u>	<u>6,951,014</u>	<u>5,267,833</u>
Total Net Position	<u>\$12,309,997</u>	<u>\$11,230,562</u>	<u>\$296,944</u>	<u>\$287,225</u>	<u>\$12,606,941</u>	<u>\$11,517,787</u>

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

At September 30, 2018, a considerable portion of the City's net position is invested in capital assets (e.g., land, buildings, equipment and marina docks) at 53.70% 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 46.30% 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, 2018, there are no significant external restrictions on how the City's resources may be used. The balance of unrestricted net position of \$6,951,014 or 55.14% of total net position may be used to meet the government's ongoing obligations to citizens and creditors.

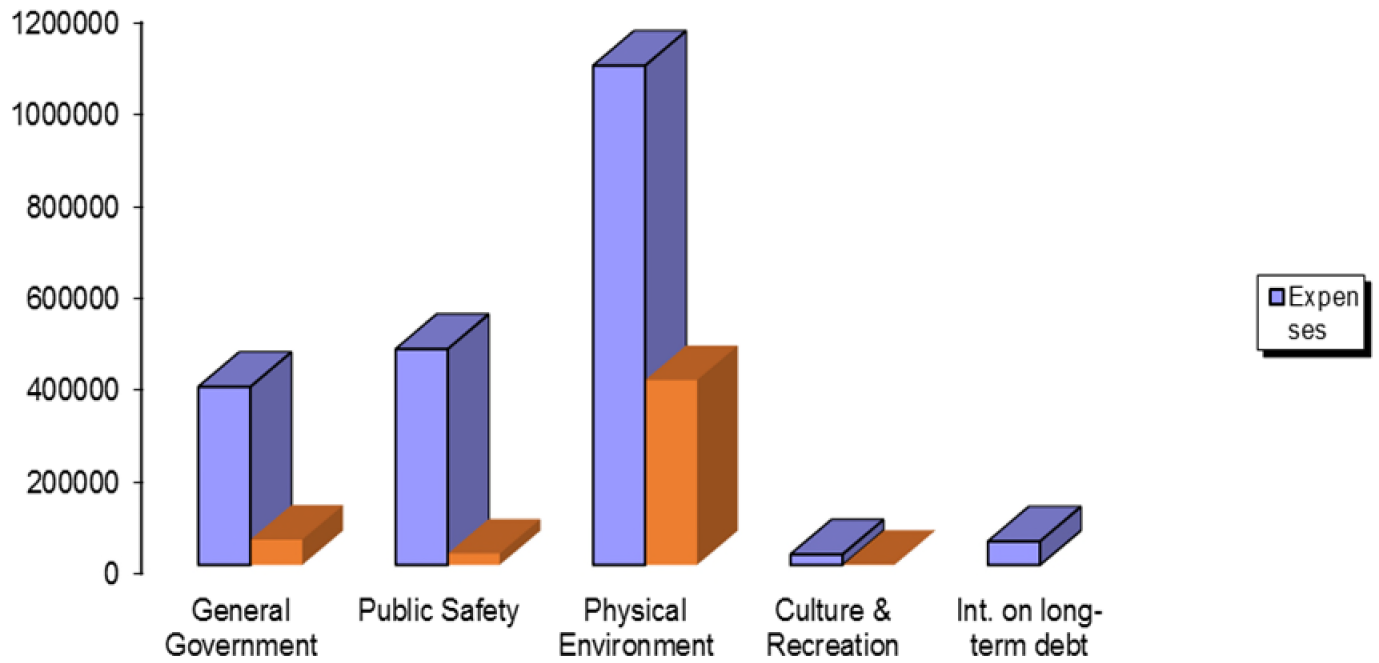
At the end of the current fiscal year, the City reports positive balances in all three categories of net position for the government as a whole; as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Statement of Activities

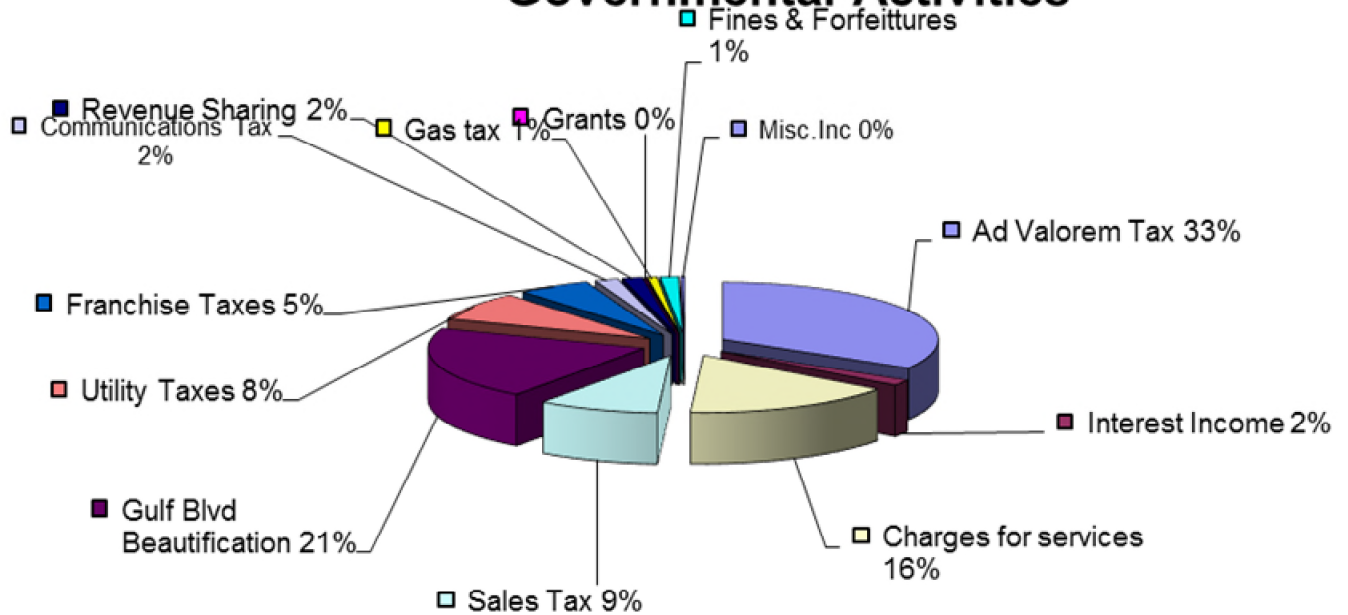
The following schedule compares the revenues and expenses for the current and previous fiscal year.

	For the Year Ended September 30					
	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program revenues:						
Charges for services	\$ 522,831	\$ 519,199	\$ 65,845	\$ 62,750	\$ 588,676	\$ 581,949
Capital grants and Contributions	4,836	1,166	-	-	4,836	1,166
General revenues:						
Property taxes	1,014,430	926,891	-	-	1,014,430	926,891
Franchise Fee	165,829	157,015	-	-	165,829	157,015
Utility taxes	244,621	240,235	-	-	244,621	240,235
Sales and Other taxes	1,019,953	552,104	-	-	1,019,953	552,104
Miscellaneous	<u>58,647</u>	<u>28,828</u>	<u>1,668</u>	<u>967</u>	<u>60,315</u>	<u>29,795</u>
Total Revenues	3,031,147	2,425,438	67,513	63,717	3,098,660	2,489,155
Expenses						
General Government	866,874	439,132	-	-	866,874	439,132
Public Safety	492,171	469,979	-	-	492,171	469,979
Physical Environment	561,055	1,086,669	-	-	561,055	1,086,669
Culture and Recreation	31,612	23,050	-	-	31,612	23,050
Operating Expenses	<u>-</u>	<u>-</u>	<u>57,794</u>	<u>49,985</u>	<u>57,794</u>	<u>49,985</u>
Total Expenses	<u>1,951,712</u>	<u>2,018,830</u>	<u>57,794</u>	<u>49,985</u>	<u>2,009,506</u>	<u>2,068,815</u>
Excess of revenues over (under) expenditures	1,079,435	406,608	9,719	13,732	1,089,154	420,340
Changes in net position	1,079,435	406,608	9,719	13,732	1,089,154	430,340
Net Position – beginning	<u>11,230,562</u>	<u>10,823,954</u>	<u>287,225</u>	<u>273,493</u>	<u>11,517,787</u>	<u>11,097,447</u>
Net Position - ending	<u>\$12,309,997</u>	<u>\$ 11,230,562</u>	<u>\$296,944</u>	<u>\$ 287,225</u>	<u>\$12,606,941</u>	<u>\$11,517,787</u>

Expenses and Program Revenues - Governmental Activities FY 2018



Revenues By Source ~FY 2018 Governmental Activities



Governmental Activities

Governmental Activities increased the City's net position by \$1,079,435 compared with prior year's increase of \$406,608. This fiscal year's increase accounts for 8.77% of the total net governmental position at year-end of \$12,309,997. Total Revenues are up primarily due to Intergovernmental revenue, Ad Valorem revenue, and Fines income. This rate of increase is higher than last fiscal year's increase due to an increase in Total Revenues of \$605,709.

Business-type Activities

Business-type activities increased the City's net assets by \$9,719 compared to the prior year's increase of \$13,732. Key elements of this increase of \$9,719 are as follows:

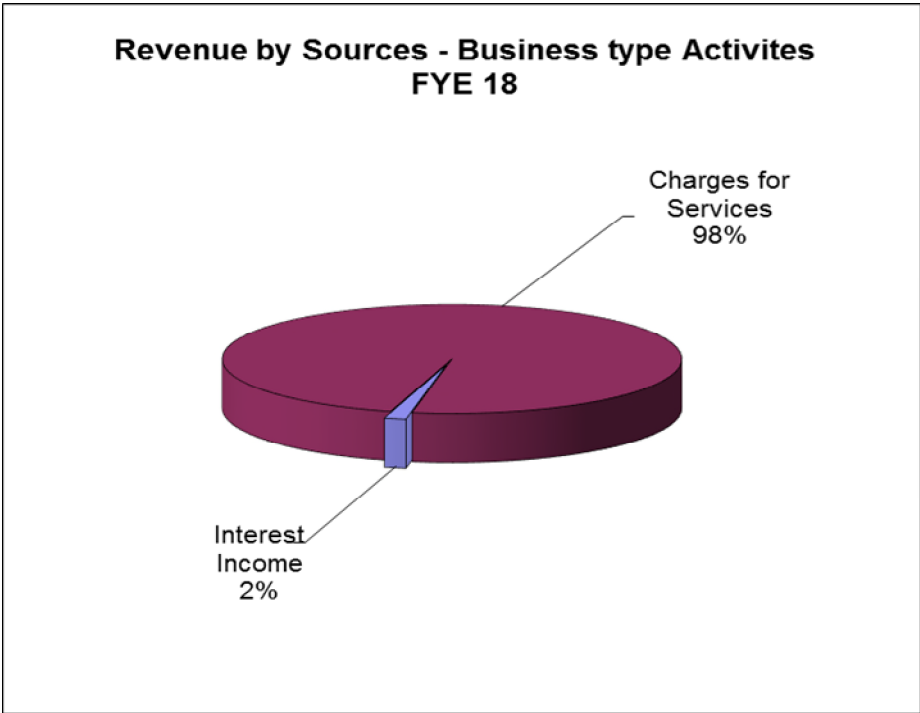
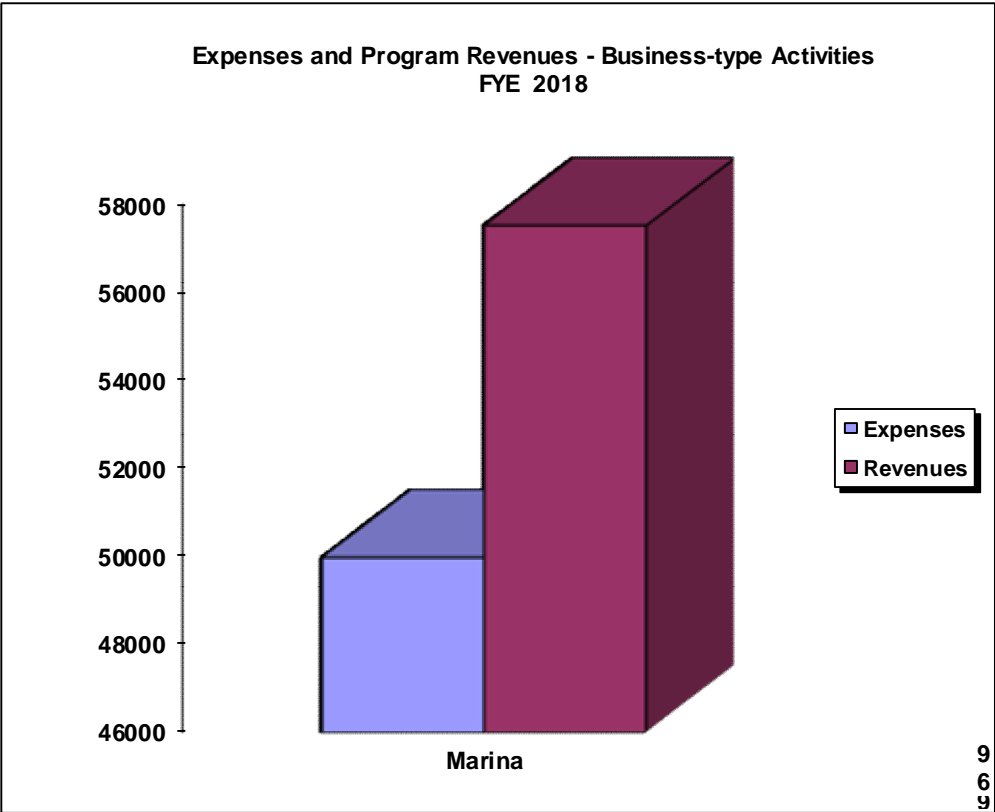
- The City-owned Marina generated a net operating income of \$8,051 as compared to prior year's net operating income of \$12,765. During the fiscal year 2017-2018 the Marina Fund transferred \$43,125 to the general fund, in year 2016-2017 \$34,532 was transferred to the general fund to cover the costs of managing and operating the Marina.

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.



Governmental funds (cont'd.)

As of the end of fiscal year 2018, the city's governmental funds reported combined ending fund balances of \$6,758,349 an increase of \$1,707,181 in comparison with the prior year. There was an increase in total revenue by 24.97% as compared with the previous year due to increased revenue generated in the following areas: Inter-governmental, Ad Valorem, Fines, Interest, Franchise Fees, Charges for Services revenues. These were offset by lower Miscellaneous revenues.

Expenditures, including capital improvements and principal and interest payments on the Community Center loan, increased by \$726,155, or 29.96%. This is primarily due to the Capital Projects Fund Expenditures of \$551,861 for Gulf Boulevard beautification and Stormwater improvements. The Capital Project Fund had an interest expenditure reduction of \$979.

General Fund

The general fund is the chief operating fund of the City. At the end of September 30, 2018, the unassigned fund balance of the general fund, which has not been restricted, committed or assigned to specific purposes, was \$2,253,167. This is available for spending at the city's discretion.

The remainder of the general fund balance of \$1,008,069 is not available for new spending and has been classified as: 1) Non spendable (cannot be converted into cash) for prepaid items \$8,069, and 2) Committed (per Resolution approved by City Council for catastrophic events) for \$1,000,000. 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 125.37 percent of total general fund expenditures, while total fund balance represents 181.46 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, 2018, the fund balance of the CPF is \$3,497,113 and is considered committed and has been identified for expenditure in the Capital Projects Budget and CIP plan.

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, 2018 was \$1,160,000.

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 \$172,646.

Proprietary funds

The city's *proprietary fund* provides 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>FUND</u>	<u>2018</u>	<u>2017</u>
Marina	254,455	240,676

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, 2018 the significant variances between the final amended budget and the actual results are shown below:

- Revenues are higher than budgeted amount by \$197,649 primarily due to: increased ad valorem, fines, charges for services, franchise fees, and interest income.
- Expenditures are lower than budgeted amount by \$171,167 due to lower expenditures in the areas of Public Works, Code Enforcement 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, 2018 amounts to \$8,641,993 (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 increase in the City's capital assets for the current fiscal year was \$1,076,285 or 14.30% for governmental activities and a decrease of \$4,060 or 8.72% for the business-type activities. The increase 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 increased by \$12,812 due to the completion of the Public Works Building
- Administrative decreased by \$(733) due to depreciation.
- Improvements Other than Buildings- increase of \$351,321 primarily due to additions for storm-water improvements partially offset by depreciation.
- Information Technology increased by \$11,191 for the redesign of the city website.
- Parks & Recreation increased by \$619,388 due to improvements for Gulf Boulevard Beautification.
- Public Works – increased by \$9,790 for the purchase of the gravely mower offset by depreciation.
- Roads and Street – increased by \$72,516 for bridge repairs offset by depreciation.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$1,426,738	\$ -	\$1,426,738
Buildings	3,396,495	-	3,396,495
Improvements other than Buildings	2,330,510	42,489	2,372,999
Roads and streets	558,885		558,885
Parks and recreation	801,721		801,721
Equipment	<u>85,155</u>	<u>-</u>	<u>85,155</u>
Totals	<u>\$8,599,504</u>	<u>\$ 42,489</u>	<u>\$8,641,993</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 2018, the City has a total outstanding loan payable of \$1,160,000. 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 loan interest rate is fixed at 3.72% annually and is payable quarterly effective October 2006 per the SunTrust Bank Amortization Schedule.

During the fiscal year ended September 30, 2018, the City issued Special Assessment Revenue Bonds, Series 2018. At the end of the fiscal year 2018, the City had total outstanding bonds payable of \$1,826,066. The bonds were issued for utility undergrounding and will be paid by special assessments from the property owners.

Additional information on the City's long-term debt activity can be found in Note 10 on pages 52-54 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- * The unemployment rate for the County at September 30, 2018 was 2.9 %, which was lower than the 2017 rate of 3.3%.
- * 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 5.76% as compared with a 7.48% 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.
- * All of the above-mentioned factors were considered in preparing the City of Belleair Beach's budget for the 2017-2018 fiscal year.
- * The employees received a 3.0% merit increase in salaries and wages for the new Fiscal Year 2017-2018 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, 2018, unassigned fund balance in the general fund, which has not been restricted, committed or assigned to specific purposes was \$2,253,167.

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, 2018

ASSETS	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 4,821,442	\$ 261,171	\$ 5,082,613
Investments	2,190,799	-	2,190,799
Receivables (net of allowance for uncollectibles)	167,474	-	167,474
Prepays	8,069	2,113	10,182
Capital Assets:			
Land	1,426,738	-	1,426,738
Buildings	4,202,073	-	4,202,073
Improvements other than buildings	3,976,025	364,682	4,340,707
Equipment	1,321,347	-	1,321,347
Accumulated depreciation	<u>(2,326,679)</u>	<u>(322,193)</u>	<u>(2,648,872)</u>
Total Assets	<u>15,787,288</u>	<u>305,773</u>	<u>16,093,061</u>
LIABILITIES			
Accounts payable	26,261	189	26,450
Accrued payroll	3,091	-	3,091
Accrued interest	13,352	-	13,352
Deposits	1,200	5,614	6,814
Unearned revenue	398,883	3,026	401,909
Noncurrent Liabilities:			
Due within one year	219,263	-	219,263
Due in more than one year	<u>2,815,241</u>	<u>-</u>	<u>2,815,241</u>
Total Liabilities	<u>3,477,291</u>	<u>8,829</u>	<u>3,486,120</u>
NET POSITION			
Net investment in capital assets	5,613,438	42,489	5,655,927
Unrestricted	<u>6,696,559</u>	<u>254,455</u>	<u>6,951,014</u>
Total Net Position	<u>\$ 12,309,997</u>	<u>\$ 296,944</u>	<u>\$ 12,606,941</u>

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

		<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	\$ 813,544	\$ 51,164	\$ -
Public Safety	492,171	53,443	-
Physical environment	561,055	417,794	4,836
Culture and recreation	31,612	430	-
Interest on long-term debt	53,330	-	-
Total governmental activities	<u>1,951,712</u>	<u>522,831</u>	<u>4,836</u>
Business-Type Activities:			
Marina	<u>57,794</u>	<u>65,845</u>	<u>-</u>
Total business-type activities	<u>57,794</u>	<u>65,845</u>	<u>-</u>
Total primary government	<u>\$ 2,009,506</u>	<u>\$ 588,676</u>	<u>\$ 4,836</u>

GENERAL REVENUES:

Property taxes
 Franchise taxes
 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
\$ (762,380)	\$ -	\$ (762,380)
(438,728)	-	(438,728)
(138,425)	-	(138,425)
(31,182)	-	(31,182)
(53,330)	-	(53,330)
(1,424,045)	-	(1,424,045)
-	8,051	8,051
-	8,051	8,051
(1,424,045)	8,051	(1,415,994)
1,014,430	-	1,014,430
165,829	-	165,829
244,621	-	244,621
44,529	-	44,529
101,983	-	101,983
22,373	-	22,373
172,646	-	172,646
53,435	-	53,435
624,987	-	624,987
49,691	1,668	51,359
8,956	-	8,956
2,503,480	1,668	2,505,148
1,079,435	9,719	1,089,154
11,230,562	287,225	11,517,787
\$ 12,309,997	\$ 296,944	\$ 12,606,941

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

ASSETS

	General Fund	Capital Projects Fund	Total Governmental Funds
Cash and cash equivalents	\$ 2,754,548	\$ 2,066,894	\$ 4,821,442
Investments	403,233	1,787,566	2,190,799
Receivables (net of allowance for uncollectible accounts):			
Taxes:			
Franchise	16,053	-	16,053
Utility	25,113	-	25,113
Accounts	57,344	-	57,344
Intergovernmental:			
State	19,954	-	19,954
County	8,206	40,804	49,010
Prepaid items	8,069	-	8,069
Total Assets	<u>\$ 3,292,520</u>	<u>\$ 3,895,264</u>	<u>\$ 7,187,784</u>

LIABILITIES AND FUND BALANCES

Liabilities:			
Accounts payable	\$ 19,288	\$ 6,973	\$ 26,261
Deposit	1,200	-	1,200
Accrued payroll	3,091	-	3,091
Unearned revenue	7,705	391,178	398,883
Total Liabilities	31,284	398,151	429,435
Fund Balances:			
Nonspendable	8,069	-	8,069
Committed	1,000,000	3,497,113	4,497,113
Unassigned	2,253,167	-	2,253,167
Total Fund Balances	<u>3,261,236</u>	<u>3,497,113</u>	<u>6,758,349</u>
Total Liabilities and Fund Balances	<u>\$ 3,292,520</u>	<u>\$ 3,895,264</u>	<u>\$ 7,187,784</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, 2018

Fund balances - total governmental funds	\$ 6,758,349
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	8,599,504
Long-term liabilities, including bonds payable and compensated absences that are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(3,047,856)</u>
Net position of governmental activities	<u>\$ 12,309,997</u>

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, 2018

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes:			
Ad valorem	\$ 1,014,430	\$ -	\$ 1,014,430
Franchise taxes	165,829	-	165,829
Utility	244,621	-	244,621
Intergovernmental	227,155	797,634	1,024,789
Charges for services	481,032	-	481,032
Fines	41,799	-	41,799
Interest	40,974	8,717	49,691
Miscellaneous	8,956	-	8,956
	<hr/>	<hr/>	<hr/>
Total Revenues	2,224,796	806,351	3,031,147
Expenditures:			
Current:			
General government	605,378	-	605,378
Public safety	492,171	-	492,171
Physical environment	686,004	571,161	1,257,165
Culture and recreation	13,714	569,759	583,473
Debt service:			
Principal	-	160,000	160,000
Interest	-	51,845	51,845
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,797,267	1,352,765	3,150,032
Excess of Revenues Over (Under) Expenditures	427,529	(546,414)	(118,885)
Other Financing Sources (Uses):			
Proceeds from bond issuance	-	1,826,066	1,826,066
Transfers in (out)	(858,772)	858,772	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(858,772)	2,684,838	1,826,066
Net change in fund balances	(431,243)	2,138,424	1,707,181
Fund Balance - Beginning of Year	3,692,479	1,358,689	5,051,168
	<hr/>	<hr/>	<hr/>
Fund Balance - End of Year	\$ 3,261,236	\$ 3,497,113	\$ 6,758,349
	<hr/>	<hr/>	<hr/>

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, 2018

Net change in fund balances - total governmental funds	\$	1,707,181
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		
		1,076,099
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.		
		<u>(1,703,845)</u>
Change in net position of governmental activities	\$	<u><u>1,079,435</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, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem	\$ 999,992	\$ 999,992	\$ 1,014,430	\$ 14,438
Franchise taxes	129,000	129,000	165,829	36,829
Utility	222,700	222,700	244,621	21,921
Intergovernmental	214,810	214,810	227,155	12,345
Charges for services	422,145	422,145	481,032	58,887
Fines	7,300	7,300	41,799	34,499
Interest	26,600	26,600	40,974	14,374
Miscellaneous	4,600	4,600	8,956	4,356
Total Revenues	<u>2,027,147</u>	<u>2,027,147</u>	<u>2,224,796</u>	<u>197,649</u>
Expenditures:				
Current:				
General Government:				
Legislative	20,064	20,064	19,091	973
Executive	475,673	475,673	468,752	6,921
Financial administration	121,282	121,282	117,535	3,747
	<u>617,019</u>	<u>617,019</u>	<u>605,378</u>	<u>11,641</u>
Public Safety:				
Police	461,420	461,420	461,385	35
Protective inspections	50,023	50,023	30,786	19,237
	<u>511,443</u>	<u>511,443</u>	<u>492,171</u>	<u>19,272</u>
Physical Environment:				
Public Works	469,303	589,303	451,043	138,260
Sanitation	235,019	235,019	234,961	58
	<u>704,322</u>	<u>824,322</u>	<u>686,004</u>	<u>138,318</u>
Culture and Recreation:				
Library	13,000	13,000	11,900	1,100
Parks and recreation	2,650	2,650	1,814	836
	<u>15,650</u>	<u>15,650</u>	<u>13,714</u>	<u>1,936</u>
Total Expenditures	<u>1,848,434</u>	<u>1,968,434</u>	<u>1,797,267</u>	<u>171,167</u>
Excess (deficiency) of revenues over (under) expenditures	178,713	58,713	427,529	368,816
Other Financing Sources (uses):				
Transfers out	<u>(858,772)</u>	<u>(858,772)</u>	<u>(858,772)</u>	<u>-</u>
Total other financing sources (uses)	<u>(858,772)</u>	<u>(858,772)</u>	<u>(858,772)</u>	<u>-</u>
Net Change in Fund Balances	(680,059)	(800,059)	(431,243)	368,816
Fund Balance, Beginning of Year	<u>3,692,479</u>	<u>3,692,479</u>	<u>3,692,479</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,012,420</u>	<u>\$ 2,892,420</u>	<u>\$ 3,261,236</u>	<u>\$ 368,816</u>

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2018

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

ASSETS

	<u>Marina</u>
Current Assets:	
Cash and cash equivalents	\$ 261,171
Prepaid expenses	<u>2,113</u>
Total Current Assets	263,284
Noncurrent Assets:	
Capital Assets:	
Improvements other than buildings	<u>364,682</u>
	364,682
Less accumulated depreciation	<u>322,193</u>
Total Noncurrent Assets	<u>42,489</u>
Total Assets	<u>\$ 305,773</u>

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2018

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

LIABILITIES

	<u>Marina</u>
Current Liabilities:	
Accounts payable	\$ 189
Unearned revenue	<u>3,026</u>
Total Current Liabilities	3,215
Noncurrent Liabilities:	
Deposits	<u>5,614</u>
Total Noncurrent Liabilities	<u>5,614</u>
Total Liabilities	8,829
 NET POSITION	
Net investment in capital assets	42,489
Unrestricted	<u>254,455</u>
Total Net Position	\$ <u><u>296,944</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, 2018

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

	<u>Marina</u>
Operating Revenues:	
Charges for sales and services	\$ 65,845
Operating Expenses:	
Materials and supplies	48,384
Utilities	5,350
Depreciation	<u>4,060</u>
Total operating expenses	<u>57,794</u>
Operating Income	8,051
Nonoperating Revenues:	
Interest revenue	<u>1,668</u>
Total nonoperating revenues	<u>1,668</u>
Change in Net Position	<u>9,719</u>
Net Position - Beginning of Year	<u>287,225</u>
Net Position - End of Year	<u>\$ 296,944</u>

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Marina</u>
Cash Flows From Operating Activities:	
Cash received from customers	\$ 65,536
Cash payments to suppliers for goods and services	<u>(54,715)</u>
Net Cash Provided (Used) By Operating Activities	10,821
Cash Flows From Investing Activities:	
Interest income	<u>1,668</u>
Net Cash Provided (Used) For Investing Activities	<u>1,668</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,489
Cash and Cash Equivalents at Beginning of Year	<u>248,682</u>
Cash and Cash Equivalents at End of Year	<u>\$ 261,171</u>

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Business-Type Activities - Enterprise Fund
Marina

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

Operating income (loss):	\$	8,051
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		4,060
Change in assets and liabilities:		
(Increase) decrease in prepaid expenses		5,799
Increase (decrease) in accounts payable		(6,780)
Increase (decrease) in unearned revenue		(309)
Increase (decrease) in deposits		<u>-</u>
Total adjustments		<u>2,770</u>
Net Cash Provided by Operating Activities:	\$	<u><u>10,821</u></u>

See Notes to Financial Statements.

NOTES TO
FINANCIAL STATEMENTS

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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, 2018.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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 position and the statement of changes in net position) report information on all of the activities of the primary government. 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, 2018

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 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.

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, 2018

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, 2018

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, 2018

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 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, 2018

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 the date of acquisition.

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

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, 2018

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 position.

Compensated Absences - It is the City's policy to permit employees to accumulate earned but unused annual leave and sick pay benefits. Regular and full-time employees earn annual leave and sick leave after three months of employment.

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, 2018

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, 2018

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 Position which are:

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

Deferred Inflows of Resources is an acquisition of net position 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 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.

Unearned Revenue - Unearned revenue recorded in the General Fund is for local rental registrations and community center rentals that are for the next fiscal year. Unearned revenue in the Marina Fund is for marina slip rentals that are for the next fiscal year.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

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.

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, 2018

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 position. The detail of this \$5,551,648 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	\$ 10,926,183	
Less accumulated depreciation	<u>(2,326,679)</u>	
		8,599,504

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

Revenue bond payable	(1,826,066)	
Revenue note payable	(1,160,000)	
Accrued interest payable	(13,352)	
Compensated absences	<u>(48,438)</u>	
		<u>(3,047,856)</u>

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

\$ 5,551,648

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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 position 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 \$(627,746) is as follows:

Capital outlay	\$ 1,310,965	
Depreciation expense	<u>(234,866)</u>	1,076,099
Proceeds from revenue bond issuance		(1,826,066)
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 position. This is the amount of the repayments for the fiscal year.		
Principal payments	160,000	
Change in accrued interest	<u>(1,485)</u>	
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.		158,515
Change in long-term compensated absences	<u>(36,294)</u>	
		<u>(36,294)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net position of governmental activities		\$ <u><u>(627,746)</u></u>

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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, 2018.

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, 2018

5. Deposits

At year-end the carrying amount of the City's deposits was \$5,082,613 and the bank balance was \$5,115,783 . 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

Investments that are not evidenced by securities that exist in physical or book-entry form include investments in open-ended mutual funds and pools managed by other governments.

	<u>Fair Value</u>	<u>Bond Rating</u>	<u>Weighted Average Duration (Years)</u>
Investments not subject to categorization:			
Florida State Board of Administration Local Government Pooled Investment Fund (SBA)	\$ <u>2,190,799</u>	Not Rated	N/A
Total investments	\$ <u><u>2,190,799</u></u>		

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.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

6. Investments (Continued)

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.
- (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.

The State Board of Administration (SBA) was established on June 21, 1928, pursuant to chapter 14486, 1929, Laws of Florida. The SBA was subsequently created as a constitutional body corporate on January 1, 1943, under the provisions of senate joint resolution No. 324, 1941; approved by the electorate in November 1942. The SBA is composed of the Governor, as chairman, the state treasurer, as treasurer, and the state Comptroller, as Secretary, and provides the following services by law: (1) investment of funds of the Florida Retirement System (FRS); (2) administration of debt service funds; (3) investment of trust and agency funds; and (4) distribution of the "second gas tax."

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

6. Investments (Continued)

The local government pooled investment fund is governed by ch. 19-7 of the Florida Administrative Code, which identifies the rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the local government pooled investment fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

Since the Florida State Board of Administration (SBA) local government pooled investment fund typically owns a substantial amount of treasury bills and notes, the fund has utilized security lending programs to generate supplemental income. This income is used to pay a significant portion of the fees associated with the fund which otherwise would have to be paid from regular fund earnings. Any residual is used to build the fund's reserve on behalf of participants. Both of these goals have been accomplished without impacting the regular earnings in the fund with no change in the fund's investment strategy. The investment in the Florida SBA pool is carried at the pool's share price at September 30, 2018. The Florida SBA is a 2a-7 like pool.

7. Receivables

Receivables at September 30, 2018 consist of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Receivables:			
Taxes	\$ 41,166	\$ -	\$ 41,166
Accounts	57,344	-	57,344
Intergovernmental	28,160	40,804	68,964
	<hr/>	<hr/>	<hr/>
Gross receivables	126,670	40,804	167,474
Less: Allowance for uncollectibles	<hr/> -	<hr/> -	<hr/> -
Net total receivables	<u>\$ 126,670</u>	<u>\$ 40,804</u>	<u>\$ 167,474</u>

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

8. Capital Assets

Capital assets activity for the year ended September 30, 2018 was as follows:

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
<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	4,101,928	100,145	-	4,202,073
Improvements other than buildings	3,426,277	549,748	-	3,976,025
Equipment	660,275	661,072	-	1,321,347
Total capital assets, being depreciated	8,188,480	1,310,965	-	9,499,445
Less accumulated depreciation for:				
Buildings	(718,245)	(87,333)	-	(805,578)
Improvements other than buildings	(960,720)	(125,910)	-	(1,086,630)
Equipment	(412,848)	(21,623)	-	(434,471)
Total accumulated depreciation	(2,091,813)	(234,866)	-	(2,326,679)
Total capital assets, being depreciated, net	6,096,667	1,076,099	-	7,172,766
Governmental activities				
Capital assets, net	\$ 7,523,405	\$ 1,076,099	\$ -	\$ 8,599,504

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

8. Capital Assets (Continued)

	<u>Balance</u> <u>October 1,</u> <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>September 30,</u> <u>2018</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 364,682	\$ -	\$ -	\$ 364,682
Total capital assets, being depreciated	364,682	-	-	364,682
Less accumulated depreciation for:				
Improvements other than buildings	(318,133)	(4,060)	-	(322,193)
Total accumulated depreciation	(318,133)	(4,060)	-	(322,193)
Total capital assets, being depreciated, net	46,549	(4,060)	-	42,489
Business-type activities capital assets, net	<u>\$ 46,549</u>	<u>\$ (4,060)</u>	<u>\$ -</u>	<u>\$ 42,489</u>

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

8. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 184,575
Physical environment	32,393
Culture and recreation	<u>17,898</u>
Total depreciation expenses - governmental activities	\$ <u><u>234,866</u></u>
Business-type activities:	
Marina	\$ <u>4,060</u>
Total depreciation expense - business-type activities	\$ <u><u>4,060</u></u>

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, 2018

10. Long-Term Debt

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended September 30, 2018 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 12,144	\$ 52,888	\$ 16,594	\$ 48,438	\$ 4,844
Revenue note	1,320,000	-	160,000	1,160,000	160,000
Revenue bonds	<u>-</u>	<u>1,826,066</u>	<u>-</u>	<u>1,826,066</u>	<u>54,419</u>
Governmental activity long-term liabilities	<u>\$ 1,332,144</u>	<u>\$ 1,878,954</u>	<u>\$ 176,594</u>	<u>\$ 3,034,504</u>	<u>\$ 219,263</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, 2018

10. Long-Term Debt (Continued)

Debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 160,000	\$ 41,488
2020	160,000	35,335
2021	160,000	29,182
2022	160,000	23,527
2023	160,000	18,925
2024 - 2026	<u>360,000</u>	<u>15,607</u>
	<u>\$ 1,160,000</u>	<u>\$ 164,064</u>

Revenue note balance as of September 30, 2018 was \$1,160,000.

Special Assessment Revenue Bonds, Series 2018

On March 5, 2018, the City Council adopted Resolution 2018-04 to approve the issuance of Series 2018A and Series 2018B bonds.

On September 25, 2018, the City Council adopted Resolution 2018-04 to approve the issuance of Series 2018C bonds.

Pledged revenue for the bonds is from the imposition of special assessments to fund the cost of capital improvements and essential services providing a special benefit to real property within the City. The capital project is for utility undergrounding.

	<u>Series 2018A</u>	<u>Series 2018B</u>	<u>Series 2018C</u>	<u>Total Bond Issuance</u>
Term:	9/27/18-5/1/38	9/27/18-5/1/38	9/27/18-5/1/38	
Amount borrowed:	\$ 1,012,724	\$ 261,630	\$ 551,712	\$ 1,826,066
Annual debt service:	71,584	20,254	38,997	130,835
Interest rate:	3.65%	4.62%	3.65%	

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

10. Long-Term Debt (Continued)

Debt Service requirements to maturity are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019 \$	54,419	\$ 74,704
2020	64,911	65,923
2021	67,412	63,423
2022	70,009	60,826
2023	72,708	58,127
2024-2028	407,834	246,343
2029-2033	492,896	161,278
2034-2038	<u>595,877</u>	<u>58,301</u>
	<u>\$ 1,826,066</u>	<u>\$ 788,925</u>

Revenue bonds balance as of September 30, 2018 was \$1,826,066.

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, 2018 as shown in the following table:

<u>Enterprise Fund</u>	<u>Administrative Costs Allocated</u>
Marina	\$ <u>43,125</u>

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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; (c) 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, 2018

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, 2018

13. Committed Fund Balances (Continued)

Details of constraints on fund balances of governmental funds:

	General Fund	Capital Project Fund	Total
Fund balances:			
Nonspendable:			
Prepays	\$ 8,069	\$ -	\$ 8,069
Committed to:			
Contingencies	1,000,000	-	1,000,000
Capital projects	-	3,497,113	3,497,113
Unassigned:	2,253,167	-	2,253,167
 Total fund balances	\$ 3,261,236	\$ 3,497,113	\$ 6,758,349

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, 2018.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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, 2018 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 September 30, 2016 the City had a four year cancelable operations lease for the copier equipment. Lease expense during the year ended September 30, 2018 was \$9,126.

The City has not entered into any operating leases with scheduled rent increases as of September 30, 2018.

16. Interfund Transfers

Transfers were made from the General Fund to subsidize the budgeted acquisition of capital asset additions and debt payments for the fiscal year ended September 30, 2018.

The remaining transfers were made to cover budgeted expenditures for 2018.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 858,772
Capital Projects Fund	<u>858,772</u>	<u>-</u>
Total	<u>\$ 858,772</u>	<u>\$ 858,772</u>

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

17. Employee Retirement Systems

The City maintains a defined contribution 401(a) plan which covers the City's general employees.

Employees' 401(a) Fund

The City provides retirement benefits for all of its full-time employees 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, 2018 there were eight 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.

The City's total payroll in fiscal year was \$407,236. The City's contributions were calculated using the participants' salary amount of \$345,295. The City made the required contributions summarized as follows:

	<u>Contribution Amount</u>	<u>Percentage of Current Covered Payroll</u>
Required:		
City	\$ 34,530	10.0 %
Forfeitures applied	<u>-</u>	<u>-</u>
Total contributions	<u>\$ 34,530</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 which are administered by the Florida League of Cities, Inc.

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, 2018.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

18. 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.

19. 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. Accordingly, the City did obtain an actuarial valuation in accordance with GASB 45 standards.

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, 2018, 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, 2018

19. Post-Employment Health Care Benefits (Continued)

The City provides no funding for any portion of the premiums after retirement. However, the City recognizes that there may be an “implicit subsidy” arising as a result of the blended rate premium when 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.

As of September 30, 2018, the current health care premiums for the City’s health plan are already age adjusted. Therefore, the contributions of the retirees and the age adjusted premiums would be equal. According to the actuary, this would create a liability of \$0.

It is important to note that if the City switches to a group plan with blended premiums or decides to pay for retirees healthcare benefits in the future, then this liability will no longer be \$0, and a full actuarial valuation will need to be performed.

20. Recently Issued and Implemented Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application”, addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Fair value is described as an exit price. Fair value measurements assume a transaction takes place in a government’s principal market, or a government’s most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value should not be adjusted for transaction costs. Its implementation did not have any effect on the City’s financial statements.

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, 2018

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
Operating Revenues:			
Service charges	\$ 65,355	\$ 65,845	\$ 490
Operating Expenses:			
Materials and supplies	57,675	48,384	9,291
Utilities	4,650	5,350	(700)
Depreciation	<u>4,060</u>	<u>4,060</u>	<u>-</u>
Total Operating Expenses	<u>66,385</u>	<u>57,794</u>	<u>8,591</u>
Operating Income	(1,030)	8,051	9,081
Nonoperating Revenues:			
Interest revenue	<u>1,030</u>	<u>1,668</u>	<u>-</u>
Total Nonoperating Revenues	<u>1,030</u>	<u>1,668</u>	<u>-</u>
Change in Net Position	-	9,719	9,719
Net Position - Beginning of Year	<u>287,225</u>	<u>287,225</u>	<u>-</u>
Net Position - End of Year	<u>\$ 287,225</u>	<u>\$ 296,944</u>	<u>\$ 9,719</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Governmental Funds Capital Assets:		
Land	\$ 1,426,738	\$ 1,426,738
Buildings	4,202,073	4,101,928
Improvements other than buildings	3,976,025	3,426,277
Equipment	<u>1,321,347</u>	<u>660,275</u>
Total Governmental Funds Capital Assets	<u>\$ 10,926,183</u>	<u>\$ 9,615,218</u>
Governmental Funds Capital Assets by Source:		
General Fund revenues	\$ 9,875,368	\$ 8,564,403
Federal revenue sharing entitlements	579,006	579,006
Donations	55,500	55,500
Grants	<u>416,309</u>	<u>416,309</u>
Total Governmental Funds Capital Assets	<u>\$ 10,926,183</u>	<u>\$ 9,615,218</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, 2018 AND 2017

2018					
Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
General Government:					
Control:					
Administrative	\$ 9,636,763	\$ 1,426,738	\$ 4,202,073	\$ 3,976,025	\$ 31,927
Executive	30,742	-	-	-	30,742
Legislative	<u>54,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,942</u>
Total General Government	9,722,447	1,426,738	4,202,073	3,976,025	117,611
Public Safety:					
Police protection	754	-	-	-	754
Public Works					
Public Works	155,639	-	-	-	155,639
Recreation					
Recreation	<u>1,047,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,047,343</u>
Total Governmental Funds					
Capital Assets	<u>\$ 10,926,183</u>	<u>\$ 1,426,738</u>	<u>\$ 4,202,073</u>	<u>\$ 3,976,025</u>	<u>\$ 1,321,347</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, 2018 AND 2017

2017					
Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
General Government:					
Control:					
Administrative	\$ 8,986,870	\$ 1,426,738	\$ 4,101,928	\$ 3,426,277	\$ 31,927
Executive	17,957	-	-	-	17,957
Legislative	<u>54,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,942</u>
Total General Government	9,059,769	1,426,738	4,101,928	3,426,277	104,826
Public Safety:					
Police protection	754	-	-	-	754
Public Works					
	144,637	-	-	-	144,637
Recreation					
	<u>410,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,058</u>
Total Governmental Funds					
Capital Assets	<u>\$ 9,615,218</u>	<u>\$ 1,426,738</u>	<u>\$ 4,101,928</u>	<u>\$ 3,426,277</u>	<u>\$ 660,275</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, 2018

Function and Activity	Governmental Fund Capital Assets October 1, 2017			Additions	Deductions	Governmental Fund Capital Assets September 30, 2018	
General Government:							
Control:							
Administrative	\$ 8,986,870		\$ 649,893		\$ -		\$ 9,636,763
Executive	17,958		12,784		-		30,742
Legislative	54,942		-		-		54,942
Total General Government	9,059,770		662,677		-		9,722,447
Public Safety:							
Police protection	754		-		-		754
Public Works	144,637		11,002		-		155,639
Recreation	410,057		637,286		-		1,047,343
Total Governmental Funds Capital Assets	\$ 9,615,218		\$ 1,310,965		\$ -		\$ 10,926,183

⁽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	67
<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	79
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	85
<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	90
<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	92
<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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:										
Net investment in capital assets:										
Restricted	\$ 5,613,438	\$ 6,203,405	\$ 5,859,020	\$ 5,564,233	\$ 4,940,157	\$ 4,819,447	\$ 4,815,617	\$ 4,763,065	\$ 4,722,478	\$ 4,587,744
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total	<u>6,696,559</u>	<u>5,027,157</u>	<u>4,964,934</u>	<u>4,788,500</u>	<u>4,790,048</u>	<u>4,590,761</u>	<u>4,368,877</u>	<u>4,255,462</u>	<u>4,127,774</u>	<u>4,043,190</u>
Total governmental activities net position	<u>\$ 12,309,997</u>	<u>\$ 11,230,562</u>	<u>\$ 10,823,954</u>	<u>\$ 10,352,733</u>	<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>
Business-type activities:										
Net investment in capital assets:										
Unrestricted	\$ 42,489	\$ 46,549	\$ 48,977	\$ 37,683	\$ 25,831	\$ 35,240	\$ 44,694	\$ 57,108	\$ 60,135	\$ 73,888
Total	<u>254,455</u>	<u>240,676</u>	<u>224,516</u>	<u>221,210</u>	<u>207,954</u>	<u>196,227</u>	<u>183,022</u>	<u>168,879</u>	<u>162,100</u>	<u>151,614</u>
Total business-type activities net position	<u>\$ 296,944</u>	<u>\$ 287,225</u>	<u>\$ 273,493</u>	<u>\$ 258,893</u>	<u>\$ 233,785</u>	<u>\$ 231,467</u>	<u>\$ 227,716</u>	<u>\$ 225,987</u>	<u>\$ 222,235</u>	<u>\$ 225,502</u>
Primary government:										
Net investment in capital assets:										
Restricted	\$ 5,655,927	\$ 6,249,954	\$ 5,907,997	\$ 5,601,916	\$ 4,965,988	\$ 4,854,687	\$ 4,860,311	\$ 4,820,173	\$ 4,782,613	\$ 4,661,632
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total	<u>6,951,014</u>	<u>5,267,833</u>	<u>5,189,450</u>	<u>5,009,710</u>	<u>4,998,002</u>	<u>4,786,988</u>	<u>4,551,899</u>	<u>4,424,521</u>	<u>4,289,874</u>	<u>4,194,804</u>
Total primary government net position	<u>\$ 12,606,941</u>	<u>\$ 11,517,787</u>	<u>\$ 11,097,447</u>	<u>\$ 10,611,626</u>	<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>

CITY OF BELLEAIR BEACH, FLORIDA

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

EXPENSES	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
General government	\$ 813,544	\$ 387,746	\$ 467,329	\$ 684,320	\$ 488,624	\$ 591,967	\$ 583,354	\$ 583,919	\$ 501,968	\$ 313,594
Public safety	492,171	469,979	470,532	454,371	438,853	435,287	445,486	443,474	431,952	419,268
Physical environment	561,055	1,086,669	882,622	682,547	803,110	599,649	602,300	549,682	553,091	574,679
Transportation	-	-	-	-	-	17,279	11,585	12,212	136,755	217,185
Culture and recreation	31,612	23,050	44,156	15,595	43,711	36,196	39,198	35,074	37,074	36,168
Interest on long-term debt	53,330	51,386	57,507	63,306	69,258	75,429	80,661	84,564	92,144	101,843
Total governmental activities expenses	<u>1,951,712</u>	<u>2,018,830</u>	<u>1,922,146</u>	<u>1,900,139</u>	<u>1,843,556</u>	<u>1,755,807</u>	<u>1,762,584</u>	<u>1,708,925</u>	<u>1,752,984</u>	<u>1,662,737</u>
Business-type activities:										
Marina	57,794	49,985	46,109	33,034	47,190	51,109	52,763	50,982	58,908	50,034
Total business-type activities expenses	<u>57,794</u>	<u>49,985</u>	<u>46,109</u>	<u>33,034</u>	<u>47,190</u>	<u>51,109</u>	<u>52,763</u>	<u>50,982</u>	<u>58,908</u>	<u>50,034</u>
Total primary government expenses	<u>\$ 2,009,506</u>	<u>\$ 2,068,815</u>	<u>\$ 1,968,255</u>	<u>\$ 1,933,173</u>	<u>\$ 1,890,746</u>	<u>\$ 1,806,916</u>	<u>\$ 1,815,347</u>	<u>\$ 1,759,907</u>	<u>\$ 1,811,892</u>	<u>\$ 1,712,771</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services	\$ 522,831	\$ 483,299	\$ 444,068	\$ 422,884	\$ 408,474	\$ 406,761	\$ 416,264	\$ 381,214	\$ 340,897	\$ 321,101
Operating grants and contributions	4,836	1,166	1,189	1,200	1,201	1,198	5,439	2,417	-	1,922
Total governmental activities program revenues	<u>527,667</u>	<u>484,465</u>	<u>445,257</u>	<u>424,084</u>	<u>409,675</u>	<u>407,959</u>	<u>421,703</u>	<u>383,631</u>	<u>340,897</u>	<u>323,023</u>
Business-type activities:										
Charges for services: Marina	65,845	62,750	59,937	57,535	48,955	51,109	53,538	53,300	53,660	57,548
Total business-type activities revenues	<u>65,845</u>	<u>62,750</u>	<u>59,937</u>	<u>57,535</u>	<u>48,955</u>	<u>51,109</u>	<u>53,538</u>	<u>53,300</u>	<u>53,660</u>	<u>57,548</u>
Total primary government program revenues	<u>\$ 593,512</u>	<u>\$ 547,215</u>	<u>\$ 505,194</u>	<u>\$ 481,619</u>	<u>\$ 458,630</u>	<u>\$ 459,068</u>	<u>\$ 475,241</u>	<u>\$ 436,931</u>	<u>\$ 394,557</u>	<u>\$ 380,571</u>
Net Revenue/(Expense)										
Governmental activities	\$ (1,424,045)	\$ (1,534,365)	\$ (1,476,889)	\$ (1,476,055)	\$ (1,433,881)	\$ (1,347,848)	\$ (1,340,881)	\$ (1,325,294)	\$ (1,412,087)	\$ (1,339,714)
Business-type activities	8,051	12,765	13,828	24,501	1,765	2,882	775	2,318	(5,248)	7,514
Total primary government net expense	<u>\$ (1,415,994)</u>	<u>\$ (1,521,600)</u>	<u>\$ (1,463,061)</u>	<u>\$ (1,451,554)</u>	<u>\$ (1,432,116)</u>	<u>\$ (1,344,966)</u>	<u>\$ (1,340,106)</u>	<u>\$ (1,322,976)</u>	<u>\$ (1,417,335)</u>	<u>\$ (1,332,200)</u>

CITY OF BELLEAIR BEACH, FLORIDA

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property taxes	\$ 1,014,430	\$ 926,891	\$ 883,698	\$ 843,286	\$ 783,665	\$ 741,269	\$ 734,011	\$ 711,981	\$ 768,538	\$ 911,776
Franchise taxes	165,829	157,015	156,936	167,080	168,469	150,040	154,559	166,415	180,420	164,765
Sales taxes	274,629	261,390	262,590	244,972	227,014	216,612	206,577	196,877	212,810	265,551
Other taxes	945,416	486,692	553,302	772,722	521,486	344,195	327,205	339,537	350,912	331,363
State revenue sharing	44,529	44,257	44,022	43,889	39,733	42,905	42,569	42,273	42,091	41,889
Investment earnings	49,691	28,828	22,295	22,952	9,162	25,210	35,011	32,479	59,254	25,427
Miscellaneous	8,956	35,900	25,267	10,140	4,349	53,331	6,736	4,187	17,380	6,374
Total governmental activities	<u>2,503,480</u>	<u>1,940,973</u>	<u>1,948,110</u>	<u>2,105,041</u>	<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>
Business-type activities:										
Investment earnings	1,668	967	772	607	553	869	954	1,434	1,981	3,024
Gain on sale of assts	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>1,668</u>	<u>967</u>	<u>772</u>	<u>607</u>	<u>553</u>	<u>869</u>	<u>954</u>	<u>1,434</u>	<u>1,981</u>	<u>3,024</u>
Total primary government	<u>\$ 2,505,148</u>	<u>\$ 1,941,940</u>	<u>\$ 1,948,882</u>	<u>\$ 2,105,648</u>	<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>
CHANGE IN NET POSITION										
Governmental activities:	\$ 1,079,435	\$ 406,608	\$ 471,221	\$ 628,986	\$ 319,997	\$ 225,714	\$ 165,787	\$ 168,455	\$ 340,897	\$ 407,431
Business-type activities	<u>9,719</u>	<u>13,732</u>	<u>14,600</u>	<u>25,108</u>	<u>2,318</u>	<u>3,751</u>	<u>1,729</u>	<u>3,752</u>	<u>53,660</u>	<u>10,538</u>
Total primary government	<u>\$ 1,089,154</u>	<u>\$ 420,340</u>	<u>\$ 485,821</u>	<u>\$ 654,094</u>	<u>\$ 322,315</u>	<u>\$ 229,465</u>	<u>\$ 167,516</u>	<u>\$ 172,207</u>	<u>\$ 394,557</u>	<u>\$ 417,969</u>

CITY OF BELLEAIR BEACH, FLORIDA

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

FUNCTION/PROGRAM	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:										
General government	\$ 51,164	\$ 55,071	\$ 64,065	\$ 63,989	\$ 55,712	\$ 63,421	\$ 75,562	\$ 38,662	\$ 29,209	\$ 34,092
Public safety	53,443	24,826	18,245	12,632	17,857	10,754	14,641	21,216	19,606	11,000
Physical environment	417,794	402,367	360,959	346,095	334,599	331,772	325,513	320,743	288,623	274,656
Transportation	-	-	-	-	-	398	168	231	3,068	1,255
Culture and recreation	430	1,035	799	168	306	416	380	362	391	98
Subtotal general governmental activities	<u>522,831</u>	<u>483,299</u>	<u>444,068</u>	<u>422,884</u>	<u>408,474</u>	<u>406,761</u>	<u>416,264</u>	<u>381,214</u>	<u>340,897</u>	<u>321,101</u>
Business-type activities:										
Marina	<u>65,845</u>	<u>62,750</u>	<u>59,937</u>	<u>57,535</u>	<u>48,955</u>	<u>53,991</u>	<u>53,538</u>	<u>53,300</u>	<u>53,660</u>	<u>57,548</u>
Total business-type activities	<u>65,845</u>	<u>62,750</u>	<u>59,937</u>	<u>57,535</u>	<u>48,955</u>	<u>53,991</u>	<u>53,538</u>	<u>53,300</u>	<u>53,660</u>	<u>57,548</u>
Total primary government	<u>\$ 588,676</u>	<u>\$ 546,049</u>	<u>\$ 504,005</u>	<u>\$ 480,419</u>	<u>\$ 457,429</u>	<u>\$ 460,752</u>	<u>\$ 469,802</u>	<u>\$ 434,514</u>	<u>\$ 394,557</u>	<u>\$ 378,649</u>

CITY OF BELLEAIR BEACH, FLORIDA

GENERAL GOVERNMENTAL REVENUES BY SOURCE⁽¹⁾

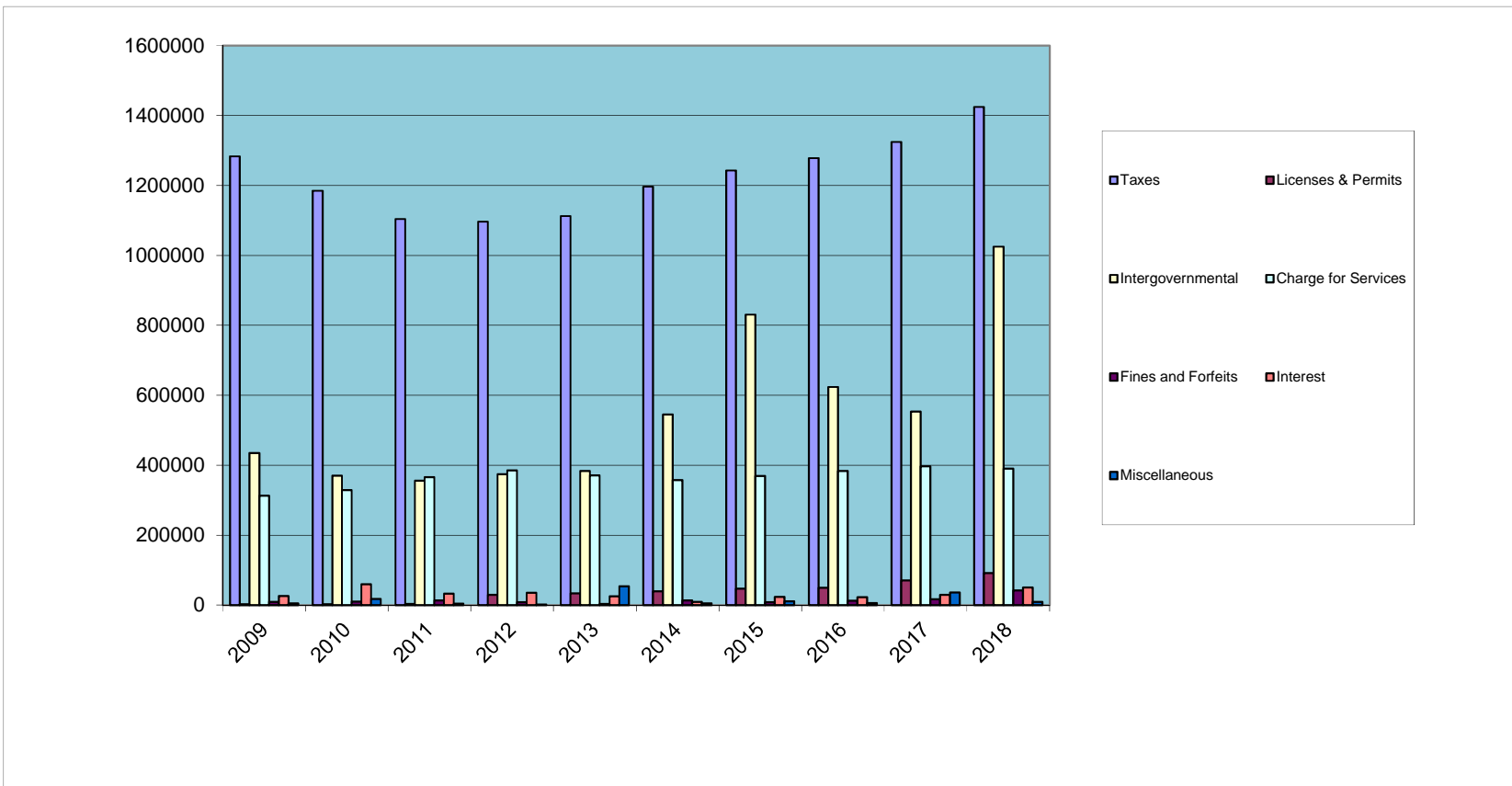
Fiscal Year	Taxes	Licenses and Permits	Intergovernmental	Charge for Services	Fines and Forfeits	Interest	Miscellaneous	Total
2009	\$ 1,282,856	\$ 1,692	\$ 434,410	\$ 312,529	\$ 8,572	\$ 25,427	\$ 4,682	\$ 2,070,168
2010	1,185,158	2,500	369,613	328,482	9,915	59,254	17,380	1,972,302
2011	1,103,922	2,719	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
2015	1,242,786	46,514	830,363	368,649	7,721	22,952	10,140	2,529,125
2016	1,278,269	49,127	623,468	383,086	11,855	22,295	5,345	2,373,445
2017	1,324,141	70,010	553,270	396,751	16,538	28,828	35,900	2,425,438
2018	1,424,880	91,232	1,024,789	389,800	41,799	49,691	8,956	3,031,147

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE⁽¹⁾

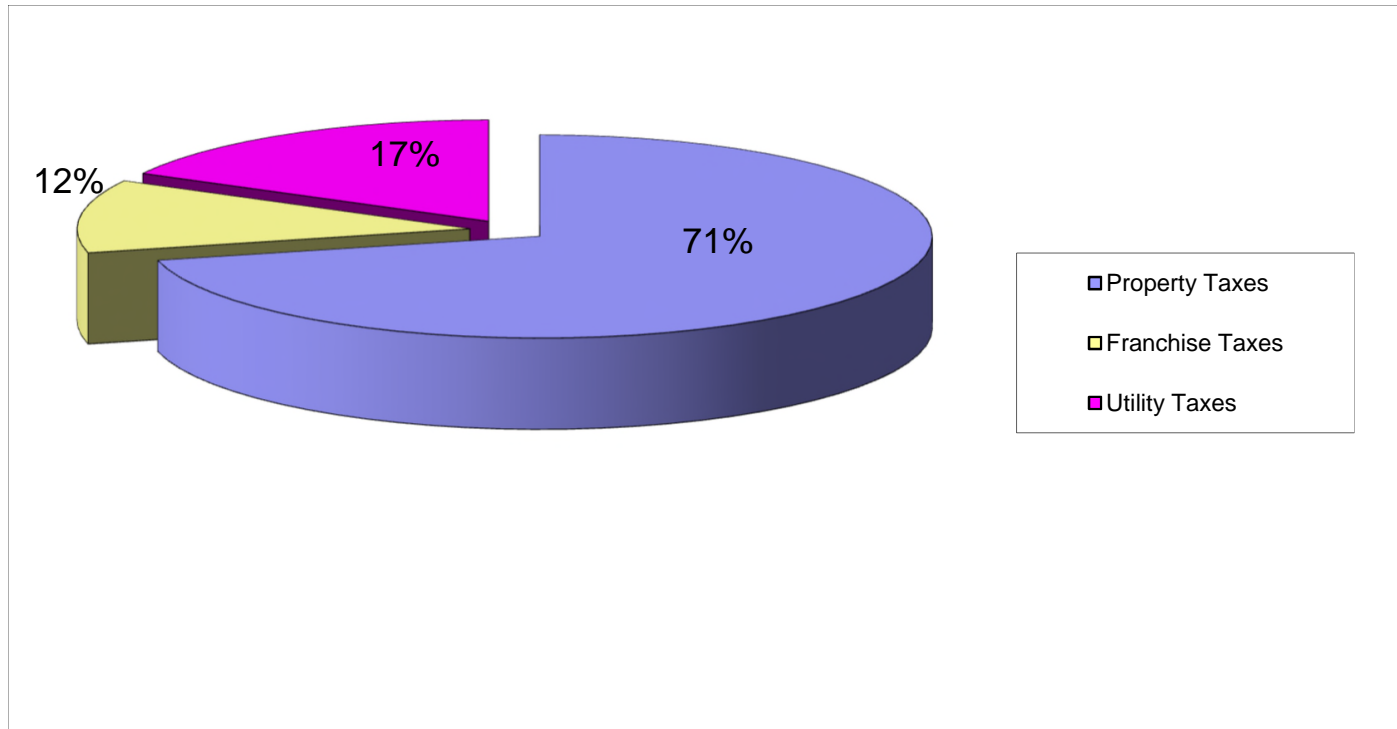
Fiscal Year	Property Tax	Franchise Tax	Utility Tax	Total
2009	\$ 911,776	\$ 164,765	\$ 206,315	\$ 1,282,856
2010	768,538	180,420	236,200	1,185,158
2011	711,981	166,415	225,526	1,103,922
2012	734,011	154,559	207,874	1,096,444
2013	741,269	150,040	221,560	1,112,869
2014	783,665	168,469	244,522	1,196,656
2015	843,286	167,080	232,420	1,242,786
2016	883,698	156,936	237,635	1,278,269
2017	926,891	157,015	240,235	1,324,141
2018	1,014,430	165,829	244,621	1,424,880

⁽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, 2018



CITY OF BELLEAIR BEACH, FLORIDA

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:										
Nonspendable	\$ 8,069	\$ 7,741	\$ 9,767	\$ 10,763	\$ 17,176	\$ 7,762	\$ 15,031	\$ 14,592	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	134	-	-
Committed	1,000,000	840,000	840,000	840,000	840,000	840,000	840,000	840,000	-	-
Assigned	-	-	-	-	-	-	-	6,442	14,498	167,935
Unassigned	<u>2,253,167</u>	<u>2,844,738</u>	<u>3,193,880</u>	<u>3,161,321</u>	<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>
Total general fund	<u>\$ 3,261,236</u>	<u>\$ 3,692,479</u>	<u>\$ 4,043,647</u>	<u>\$ 4,012,084</u>	<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>
All Other Governmental Funds:										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,597	\$ -	10,779
Committed	3,497,113	1,358,689	1,005,960	873,480	902,075	640,146	567,663	547,616	537,964	581,728
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,497,113</u>	<u>\$ 1,358,689</u>	<u>\$ 1,005,960</u>	<u>\$ 873,480</u>	<u>\$ 902,075</u>	<u>\$ 640,146</u>	<u>\$ 567,663</u>	<u>\$ 547,616</u>	<u>\$ 537,964</u>	<u>\$ 581,728</u>

CITY OF BELLEAIR BEACH, FLORIDA

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

REVENUES	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Taxes	\$ 1,424,880	\$ 1,324,141	\$ 1,278,269	\$ 1,242,786
Licenses, fees and permits	91,232	70,010	49,127	46,514
Intergovernmental	1,024,789	553,270	623,468	830,363
Charges for services	389,800	396,751	383,086	368,649
Fines	41,799	16,538	11,855	7,721
Interest	49,691	28,828	22,295	22,952
Miscellaneous	8,956	35,900	5,345	10,140
 Total revenues	 <u>3,031,147</u>	 <u>2,425,438</u>	 <u>2,373,445</u>	 <u>2,529,125</u>
 EXPENDITURES				
General government	605,378	592,627	545,877	535,415
Public safety	492,171	469,979	470,532	454,371
Physical environment	1,826,924	1,137,155	907,660	1,302,460
Transportation	-	-	-	-
Culture and recreation	13,714	11,292	66,557	15,582
Debt service:				
Principal	160,000	160,000	160,000	160,000
Interest	51,845	52,824	58,776	64,728
 Total expenditures	 <u>3,150,032</u>	 <u>2,423,877</u>	 <u>2,209,402</u>	 <u>2,532,556</u>
 Excess of revenues over (under) expenditures	 (118,885)	 1,561	 164,043	 (3,431)
 OTHER FINANCING SOURCES (USES)				
Proceeds loan	1,826,066	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
 Total other financing sources (uses)	 <u>1,826,066</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net change in fund balances	 <u>\$ 1,707,181</u>	 <u>\$ 1,561</u>	 <u>\$ 164,043</u>	 <u>\$ (3,431)</u>
 Debt service as a percentage of noncapital expenditures	 <u>12%</u>	 <u>10%</u>	 <u>12%</u>	 <u>12%</u>

CITY OF BELLEAIR BEACH, FLORIDA

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	1,196,656	\$ 1,112,869	\$ 1,096,444	\$ 1,103,922	\$ 1,185,158	\$ 1,282,856
	38,711	33,264	28,795	2,719	2,500	1,692
	544,912	383,350	373,916	355,578	369,613	434,318
	356,950	370,205	379,305	365,672	328,482	312,621
	12,813	3,292	8,164	12,823	9,915	8,572
	9,162	25,210	35,011	32,479	59,254	25,427
	4,349	53,331	6,736	4,187	17,380	4,682
	<u>2,163,553</u>	<u>1,981,521</u>	<u>1,928,371</u>	<u>1,877,380</u>	<u>1,972,302</u>	<u>2,070,168</u>
	489,456	472,378	494,227	464,941	498,225	3,838,389
	438,765	435,136	445,335	443,323	431,952	419,959
	780,482	575,203	581,239	547,066	550,581	567,678
	-	17,279	11,585	12,212	136,755	217,185
	26,658	19,924	26,126	19,123	17,419	16,948
	160,000	160,000	160,000	160,000	160,000	160,000
	70,680	76,632	82,584	88,536	93,653	101,845
	<u>1,966,041</u>	<u>1,756,552</u>	<u>1,801,096</u>	<u>1,735,201</u>	<u>1,888,585</u>	<u>5,322,004</u>
	197,512	224,969	127,275	142,179	83,717	(3,251,836)
	-	-	-	-	-	-
	-	-	-	-	-	7,074
	-	-	-	-	-	-
	-	-	-	-	-	7,074
\$	<u>197,512</u>	<u>224,969</u>	<u>127,275</u>	<u>142,179</u>	<u>83,717</u>	<u>(3,244,762)</u>
	<u>12%</u>	<u>12%</u>	<u>15%</u>	<u>17%</u>	<u>16%</u>	<u>13%</u>

CITY OF BELLEAIR BEACH, FLORIDA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION⁽¹⁾

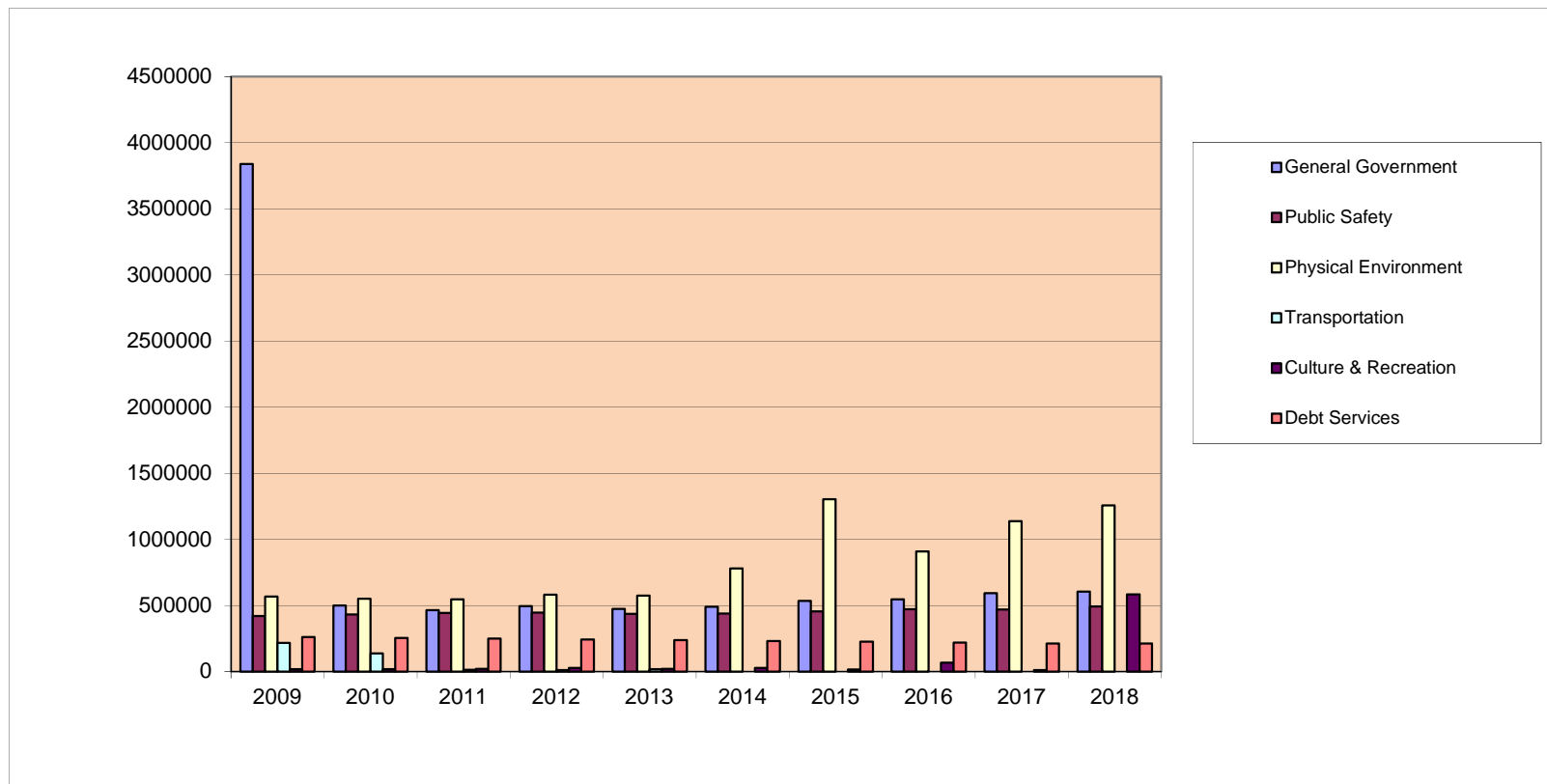
LAST TEN FISCAL YEARS

<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>
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
2015	535,415	454,371	1,302,460	-	15,582	224,728	2,532,556
2016	545,877	470,532	907,660	-	66,557	218,776	2,209,402
2017	592,627	469,979	1,137,155	-	11,292	212,824	2,423,877
2018	605,378	492,171	1,257,165	-	583,473	211,845	3,150,032

⁽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

ASSESSSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year	Real Property	Personal Property	Final Total Taxable	Total Exempt	Total All	Total Direct Tax Rate	Percentage		
							Assessed Value to Estimated Market	Yearly Increase	
								Taxable	Total
2009	\$ 398,288,459	\$ 2,335,681	\$ 400,624,140	\$ 99,726,445	500,350,585	1.9880	100	(15.56)	-22.10%
2010	368,903,562	2,466,880	371,370,442	75,725,566	447,096,008	1.9880	100	-7.30%	-10.64%
2011	380,980,811	2,304,900	383,285,711	81,472,380	464,758,091	1.9880	100	3.21%	3.95%
2012	372,308,501	2,019,596	374,328,097	63,895,719	438,223,816	2.3094	100	-2.34%	-5.71%
2013	394,583,151	1,940,046	396,523,197	79,546,569	476,069,766	2.3094	100	5.93%	8.64%
2014	419,789,096	2,019,477	421,808,573	157,845,919	580,291,128	2.3094	100	6.38%	21.89%
2015	446,072,813	1,868,800	447,941,613	151,562,391	599,504,004	2.3094	100	6.20%	3.31%
2016	475,752,224	1,816,732	477,568,956	156,051,630	633,620,586	2.3094	100	6.61%	5.69%
2017	510,863,592	1,931,873	512,795,465	169,797,907	682,593,372	2.0394	100	7.38%	7.73%
2018	540,493,808	1,848,540	542,342,348	182,548,030	724,890,378	2.0394	100	5.76%	6.20%

Source: Pinellas County Property Appraiser.

CITY OF BELLEAIR BEACH, FLORIDA

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City of Belleair Beach				
Operating	<u>1.9800</u>	<u>1.9800</u>	<u>1.9800</u>	<u>2.0394</u>
Total City millage	1.9800	1.9800	1.9800	2.0394
Pinellas County School Board:				
Operating	8.3460	8.3400	8.3850	8.3020
Pinellas County:				
Operating	4.8108	4.8730	4.8730	5.0727
EMS	0.5832	0.5832	0.8506	0.9158
Debt services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total County millage	5.3940	5.4562	5.7236	5.9885
County-wide millage set by other taxing authorities:				
-Pinellas County				
Planning Council	0.0125	0.0125	0.0125	0.0125
-Juvenile Welfare Board	0.7915	0.7915	0.8337	0.8981
-South West Florida Water Management District	0.3866	0.3770	0.3928	0.3928
-Pinellas County Anclote River Basin	<u>0.3200</u>	<u>0.2600</u>	<u>-</u>	<u>-</u>
Total County-wide millage	<u>1.5106</u>	<u>1.4410</u>	<u>1.2390</u>	<u>1.3034</u>
TOTAL	<u><u>17.2306</u></u>	<u><u>17.2172</u></u>	<u><u>17.3276</u></u>	<u><u>17.6333</u></u>

Source: Pinellas County Tax Collector.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>2.0394</u>	<u>2.0394</u>	<u>2.0394</u>	<u>2.0394</u>	<u>2.0394</u>	<u>2.0394</u>
2.0394	2.0394	2.0394	2.0394	2.0394	2.0394
8.1222	7.9032	7.8322	7.3802	7.0925	6.8105
5.2755	5.2755	5.2755	5.2755	5.2755	5.2755
0.9158	0.9158	0.9158	0.9158	0.9158	0.9158
-	-	-	-	-	-
<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>
0.0160	0.0160	0.0160	0.0150	0.0150	0.0150
0.8981	0.8981	0.8981	0.8981	0.8981	0.8981
0.3818	0.3658	0.3488	0.3317	0.3131	0.2955
-	-	-	-	-	-
<u>1.2959</u>	<u>1.2799</u>	<u>1.2629</u>	<u>1.2448</u>	<u>1.2262</u>	<u>1.2086</u>
<u>17.6488</u>	<u>17.4138</u>	<u>17.3258</u>	<u>16.8557</u>	<u>16.5494</u>	<u>16.2498</u>

CITY OF BELLEAIR BEACH, FLORIDA

ASSESSED VALUATIONS MILLAGE AND TAXES LEVIED AND COLLECTED

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total valuations	\$ 500,350,585	\$ 447,096,008	\$ 464,758,091	\$ 438,223,816	\$ 476,069,766	\$ 580,291,128	\$ 599,504,004	\$ 633,620,586	\$ 682,593,372	\$ 724,890,378
Real estate exemptions:										
Government exemptions	10,467,679	10,175,185	9,621,087	9,245,039	9,578,326	10,260,480	11,113,631	11,811,011	12,611,161	13,326,715
Institutional exemption	-	-	-	-	-	-	-	-	-	-
Assessment differential (F.S. 193.155) ⁽³⁾	56,481,330	33,061,220	39,954,488	23,709,958	38,911,319	115,815,715	108,990,187	113,277,158	125,399,330	137,227,909
Individual or homestead exemptions	<u>32,777,436</u>	<u>32,489,161</u>	<u>31,896,805</u>	<u>30,940,722</u>	<u>31,056,924</u>	<u>31,769,724</u>	<u>31,458,573</u>	<u>30,963,461</u>	<u>31,787,416</u>	<u>31,993,406</u>
Total exemptions and adjustments	<u>99,726,445</u>	<u>75,725,566</u>	<u>81,472,380</u>	<u>63,895,719</u>	<u>79,546,569</u>	<u>157,845,919</u>	<u>151,562,391</u>	<u>156,051,630</u>	<u>169,797,907</u>	<u>182,548,030</u>
Total valuation	\$ <u>400,624,140</u>	\$ <u>371,370,442</u>	\$ <u>383,285,711</u>	\$ <u>374,328,097</u>	\$ <u>396,523,197</u>	\$ <u>422,445,209</u>	\$ <u>447,941,613</u>	\$ <u>477,568,956</u>	\$ <u>512,795,465</u>	\$ <u>542,342,348</u>
Millage levied	<u>1.980</u>	<u>1.980</u>	<u>1.980</u>	<u>2.0394</u>	<u>2.0394</u>	<u>2.0394</u>	<u>2.0394</u>	<u>2.0394</u>	<u>2.0394</u>	<u>2.0394</u>
Total taxes levied	\$ 941,519	\$ 795,786	\$ 736,633	\$ 759,895	\$ 764,292	\$ 810,195	\$ 860,681	\$ 914,383	\$ 975,678	\$ 1,046,825
Less: Adjustments and discounts	<u>29,970</u>	<u>27,327</u>	<u>25,764</u>	<u>26,459</u>	<u>25,863</u>	<u>26,607</u>	<u>30,088</u>	<u>31,647</u>	<u>33,467</u>	<u>36,307</u>
Net taxes levied	\$ <u>911,549</u>	\$ <u>768,459</u>	\$ <u>710,869</u>	\$ <u>733,436</u>	\$ <u>738,429</u>	\$ <u>783,588</u>	\$ <u>830,593</u>	\$ <u>882,736</u>	\$ <u>942,211</u>	\$ <u>1,010,518</u>
Net collected ⁽¹⁾⁽²⁾	\$ <u>911,776</u>	\$ <u>768,538</u>	\$ <u>711,981</u>	\$ <u>734,011</u>	\$ <u>741,269</u>	\$ <u>783,665</u>	\$ <u>843,286</u>	\$ <u>883,698</u>	\$ <u>926,891</u>	\$ <u>1,014,430</u>

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

CURRENT YEAR AND NINE YEARS AGO

	<u>2018</u>				<u>2009</u>		
	<u>Taxable Assessed Property</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>		<u>Taxable Assessed Property</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Alanik Properties LLC	\$ 5,596,000	1	1.03%	Fifth Third Bank	\$ 2,940,000	1	0.54%
Marion, Joel G	5,308,157	2	0.98%	Markopoulos, Angelo	2,464,490	2	0.45%
Agathis, William T.	2,521,261	3	0.46%	Prescott, Gerald Revocable Int	2,189,917	3	0.40%
Shukla, Rahul	2,362,713	4	0.44%	Steslicki, Sarah L.	2,186,429	4	0.40%
1004 Ten Museum Park LLC	2,350,817	5	0.43%	Brinton, Anthony	1,997,896	5	0.37%
Bishay, Adel A	2,331,000	6	0.43%	Tabahi, Falah	1,891,418	6	0.35%
BBC Acquisition Group LLC	2,275,650	7	0.42%	Gonzalez, Juan	1,753,949	7	0.32%
Arfman, Dale C.	2,155,573	8	0.40%	Kedan, Ella TRE	1,608,356	8	0.30%
Smith, Shirley L	2,057,850	9	0.38%	Herron, James M. Jr.	1,602,489	9	0.30%
Steslicki, Sarah L.	<u>2,003,506</u>	10	<u>0.37%</u>	Emmanuel, James M.	1,585,046	10	0.29%
	\$ <u>28,962,527</u>		<u>5.34%</u>		\$ <u>20,219,990</u>		<u>3.73%</u>

542,342,348

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
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	738,429	97%	N/A	741,269	97%
2014	580,291,128	421,808,573	810,195	783,588	97%	N/A	783,665	97%
2015	599,504,004	447,941,613	860,681	831,259	97%	N/A	843,286	98%
2016	633,620,586	477,568,956	914,383	879,447	96%	N/A	883,698	97%
2017	682,593,372	512,795,465	975,678	926,891	95%	N/A	926,891	95%
2018	724,890,378	542,342,348	1,046,825	1,014,430	97%	N/A	1,014,430	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		
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
2015	-	1,640,000	-	-	-	-	1,640,000	1,140
2016	-	1,480,000	-	-	-	-	1,480,000	920
2017	-	1,320,000	-	-	-	-	1,320,000	888
2018	-	1,160,000	-	-	-	-	1,160,000	762

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

Population 1,522 per Pinellas Economic Development: 2018 www.pced.org

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>
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	0.46%	1,269
2014		1,800,000	0.40%	1,164
2015		1,640,000	0.37%	1,140
2016		1,480,000	0.31%	920
2017		1,320,000	0.28%	888
2018		1,160,000	0.21%	762

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, 2018

	<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	\$ -	\$ 1,160,000	\$ 1,160,000	100%	\$ 1,160,000
Overlapping Debt:					
Pinellas County School Board(1)	1,197,000	-		0.74%	<u>8,832</u>
Total Direct and Overlapping Debt					<u>\$ 1,168,832</u>
RATIO:					
Overall debt to 2018 taxable value				<u>0.22%</u>	
Overall debt per capita				<u>\$ 768</u>	

⁽¹⁾ The City's share is calculated based on the ratio of the 2018 County Taxable Value of \$73,503,171,055 to the City's Taxable Value of \$542,342,348.

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

Population of 1,522 in demographics page 95.

CITY OF BELLEAIR BEACH, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN
September 30, 2018

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	\$ 51,845	100.00 %
<u>General Fund</u>				
Local Option Gas Tax	\$ 22,373			
Franchise Tax	165,829			
Public Service Tax	244,621			
Communications Service Tax	53,435			
Rental Registration	21,500			
Revenue Sharing	146,512			
BOCC-Garbage	284,077			
Fines & Forfeitures	41,799			
Parking Fees	91,232			
Rental CC Income	15,001			
All Other	77,493 *			
	<u>1,163,872</u>			
<u>Capital Projects Fund</u>				
Infrastructure Sales Tax	172,646			
	<u>172,646</u>			
Total	\$ <u>1,336,518</u>			

⁽¹⁾ Interest expense was for the full Fiscal Year 2018.

* 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
2018	1,522	\$ 94,031	\$ 67,363	61	16	n/a	2.90%
2017	1,487	91,810	65,436	60	16	n/a	3.30%
2016	1,609	91,250	63,047	57	16	n/a	4.60%
2015	1,439	87,426	56,243	60	16	228	5.00%
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%

Data Sources

- ⁽¹⁾ Pinellas County Economic Development Research www.pced.org
- ⁽²⁾ Pinellas County Economic Development Research www.pced.org
- ⁽³⁾ Pinellas County Economic Development Research www.pced.org
- ⁽⁴⁾ Pinellas County Economic Development Research www.pced.org
- ⁽⁵⁾ Pinellas County Economic Development Research (727) 464-7332 catha@pinellascounty.org
- ⁽⁶⁾ Pinellas County Economic Development Research (727) 464-7332 catha@pinellascounty.org
- ⁽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 NINE YEARS AGO

	<u>2018</u>		<u>2009</u>	
	<u>Number of Employees</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Rank</u>
City of Belleair Beach	8 full time	1	7 full time 1 part time	1
Belleair Beach Club	4 full time 4 part time	2	1 full time 3 part time	3
Nautical Watch Time Share	3 full time 2 part time	3	3 full time 2 part time	2

OPERATING
INFORMATION

CITY OF BELLEAIR BEACH, FLORIDA
 FULL-TIME EQUIVALENT
 CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS

<u>FUNCTION</u>	<u>Full-Time Equivalent Employees as of September 30,</u>									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Public Safety:										
Police:										
Officers	-	-	-	-	-	-	-	-	-	-
Civilians	-	-	-	-	-	-	-	-	-	-
Highways and streets										
Maintenance	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Total	<u>8.00</u>	<u>6.00</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>7.00</u>

CITY OF BELLEAIR BEACH, FLORIDA

SCHEDULE OF INSURANCE IN FORCE
September 30, 2018

Type of Coverage	Policy Number	Company	Co-insurance	Amount	From	To	Original Premium
Comprehensive General & Professional Liability:	FMIT#042	Florida League of Cities	-	1,000,000	10/01/17	10/01/18	\$ 12,796
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	105176598			15,000			incl.
Automobile (2) Liability	FMIT#042	Florida League of Cities		1,000,000	10/01/17	10/01/18	1,531
- 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			10/01/17	10/01/18	11,331
Real Property Limit			deductible 1,000	2,879,837			
Personal Property Limit			deductible 1,000	550,000			
Real Property-details in Property Schedule on file							
- City Hall/Community Center				2,140,311			incl.
Flagpole				3,025			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				18,461			incl.
Pavilion/ picnic tables				8,838			incl.
Climbers - playground				5,070			incl.
All other (includes fishing dock 5,000)				33,547			incl.
- Marina							
Boat Docks 11- 2 side				82,500			incl.
CALE parking meter				11,600			incl.
Trash cans				30,200			incl.
Electrical power				500			incl.
Fence, pole, signs, flag				11,350			incl.
- Hibiscus Park				350			incl.
- Belle Isle Park				1,844			incl.
- Gulf Coast Access				1,013			incl.
- Morgan Park							
CALE Parking Meter				10,600			incl.
Restroom				45,120			incl.
Pavilion				14,839			incl.
Shower fence and benches				9,180			incl.
Morgan Park Sign				1,795			incl.
Misc other				3,398			incl.
- Crossman Park				1,281			incl.
- 16th Street Park (includes fishing dock 5,000)				10,569			incl.
- 7th Street Park (includes fishing/ boat launch 7,000)				8,175			incl.
- 22nd Street Park (includes fishing dock)				7,470			incl.
- Harbor Park (includes fishing dock 5,000)				6,225			incl.
- South Park				1,394			incl.
- East side Causeway intercoastal				1,312			incl.
- Howard Drive bike racks				7,200			incl.
- 21st Street bike racks				7,200			incl.
- 25th Street bike racks				7,200			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							incl.
Business Income							
Extra Expense							
Inland Marine			deductible 500	88,016			incl.
Crime Bond							
-Honesty Blanket Bond			deductible 100	5,000			incl.
Subtotal carried forward							\$ 25,658

CITY OF BELLEAIR BEACH, FLORIDA

SCHEDULE OF INSURANCE IN FORCE
September 30, 2018
(Continued)

Type of Coverage	Policy Number	Company	Co-insurance	Amount	From	To	Original Premium
Subtotal brought forward							\$ 25,658
Marina Operators B-2 Gen/Legal Liab	9CC7052-3	Florida League of Cities Self-Insurance		2,000,000	07/20/18	07/20/19	2,535
Windstorm - new Community Center	CFA 9003241 04 09	Weston Ins Co	deductible 64,315	1,000,000	09/14/18	09/14/19	8,391
Basic Term Life, Accidental Death and Dismemberment - General Employees	G-411552 - 89	Guardian Life Insur.		annual earnings 65,000 maximum	10/01/17	10/01/18	3,746
- Long term Disability				60% of earnings 5,000 monthly maximum			1,940
Worker's Compensation -Bodily Injury by Accident each accident -Bodily Injury by Disease -Bodily Injury Aggregate By Disease	FMIT #0042	Florida League of Cities Self-Insurance		\$ 1,000,000 1,000,000 1,000,000	10/01/17	10/01/18	9,776
Flood Insurance -Community Center 444 Causeway -Contents	09 1151122740 02	MacNeil Group	deductible 1,000 deductible 1,000	500,000 500,000	9/12/18	9/12/19	2,280 incl.
Flood Insurance -1001 Cedar Dr. -Contents	09 1150245230	Wright National Flood		184,700 57,900	3/9/18	3/9/19	4,641 incl.
		Total					\$ <u>58,967</u>

CITY OF BELLEAIR BEACH, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety*										
Police arrests	66	63	38	51	56	44	10	55	48	29
Parking violations	265	240	245	174	227	102	307	402	177	134
Traffic violations	254	164	137	148	176	143	107	168	287	270
Warning citation	1,471	756	796	724	422	373	356	353	139	43
Highways and streets:										
Street Drainage Improvement 1&2nd ST completed (number of streets/ linear feet)		1 ST			-	200 LF	-	-	1 ST	3 ST
Street resurfacing/curb work started/ completed (number of streets / linear feet)				5,288 LF			3 ST		1 ST	5 ST
Valley Curb				880 LF		400 LF	260 LF	1,602 LF		
Street name signs upgrade				-	-	-	-	-	2	-
Pedestrian Crosswalk Beacon/Signals installed				10	-	-	-	-	-	2
Pothole & street repaired	city wide	city wide	city wide	city wide	city wide	city wide	city wide	city wide	city wide	5
Bridges:										
Harrison Ave. Bridge superstructure		1	1	1	1	1	1	1	1	1
22nd Street Bridge		1	1	1	1	1	-	1	1	1
Culture and Recreation:										
Beach Parking Permits & Stickers issued **	884	760	733	825	629	548	732	1,152	1,123	478
Library cards***	120	101	108	105	115	119	122	131	140	137
Beaches (feet)	4500	4500	4,500	4,500	4,500	4,500 LF	4,500 LF	4,500 LF	4,500 LF	4,500 LF
New docks constructed/exist (replaced)			2	6	1	1	1	1	-	4 repr
Landscape curbing on planter beds (linear feet)				-	-	-	-	-	-	-
Park upgrades										
Bayside Park landscape project				-	-	-	-	-	1	-
new pedestal fountain				-	-	-	-	-	1	-
new Basketball back board				-	-	-	-	-	1	-
Bayside Park tennis courts resurfaced/ bench canopy / nets				2	1	-	-	-	-	-
Harrison Ave. landscape project				-	-	-	-	-	1	-
new Morgan Park Pavillion				-	-	-	-	-	-	-
new Morgan Park Restroom				-	-	-	-	-	-	-
Park improvements										9 ****
Bayside Park - Pk meter & fence	1									
Morgan Park - parking improvments			1						5	
32 gallon RPL waste shroud									1	
Parking meter - Morgan Park										
Parking meter - Marina									1	
Outdoor showers - 6th St, 12th St, 19th St, Morgan Park				4					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
Seawall repaired							1	1	1	
Buoy replacement						30			all beaches	all beaches
Marina	1	1	1	1	1	1	1	1	1	1
Boat Slips (combined 19& 20 to make larger slip)	19	19	19	19	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, and marina 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.

CITY OF BELLEAIR BEACH, FLORIDA

CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
Police:										
Stations	-	-	-	-	-	-	-	- *	- *	- *
Patrol units	-	-	-	-	-	-	-	- *	- *	- *
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	24	23	23	21	21	21	21	21	21	21
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	5	5	5	5	
Pedestrian beacons/crosswalk (New LED beacons at each)	10	10	10	10	10	10	10	10	10	10
Culture and Recreation										
Cul de Sac	8	8	8	8	8	8	8	8	8	8
Docks	5	5	5	5	5	5	5	5	5	5
Park acreage	5	5	5	5	5	5	5	5	5	5
Parks	11 **	11 **	11 **	11 **	11 **	11 **	11 **	11 **	11 **	11 **
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Marina										
Boat slips	19	19	19	19	20	20	20	20	20	20
(combined slip 19&20 for 1 larger slip)										

* 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

ATTESTATION REPORT
ON COMPLIANCE WITH SECTION 218.415
FLORIDA STATUTES

AND

MANAGEMENT MEMORANDUM
ON REVIEW OF INTERNAL CONTROL STRUCTURE

September 30, 2018

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

Davidson, Jamieson & Cristini, P.L.
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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, 2018, 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 10, 2019.

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 & Cristine, P.L.

January 10, 2019

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Belleair Beach, Florida as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated January 10, 2019.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General Disclosures in those reports and schedule, which are dated January 10, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address finding and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. There were no findings or recommendations made on internal control and compliance issues during the preceding annual financial audit.

The Honorable Mayor
and City Council
Belleair Beach, Florida

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This disclosure has been included in the City's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018.

Financial Condition

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

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

Other Matters

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

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

The Honorable Mayor
and City Council
Belleair Beach, Florida

Purpose of this Letter

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

Davidson, Jamison & Creative, P.L.

January 10, 2019

ATTESTATION REPORT

Davidson, Jamieson & Cristini, P.L.

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Belleair Beach's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

Davidson, Jamieson & Cristini, P.L.

January 10, 2019

MANAGEMENT MEMORANDUM
ON REVIEW
OF INTERNAL CONTROL STRUCTURE

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

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January 10, 2019

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, 2018, and have issued our report thereon dated January 10, 2019.

We have issued our Report on Compliance and Internal Accounting Controls in Accordance with *Government Auditing Standards* dated January 10, 2019. 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.

2017-2018

A. Financial Statements

2016-2017

A. New Pronouncements

2017-2018

A. Financial Statements

For the fiscal year ended September 30, 2018, the beginning account balances in October 2017 had been adjusted. This resulted in the balances as of October 1, 2017 not agreeing to the audited financial statements as of September 30, 2017.

We recommend that no further adjustments be recorded after the audit has been issued for the fiscal year.

A. New Pronouncements

The GASB has issued the following statements:

1. Statement No. 74, “Financial Reporting for Postemployment Benefit Plants Other Than Pension Plans.” The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017.
2. Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans.” The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2018.
3. Statement No. 77, “Tax Abatement Disclosures.” The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2016.
4. Statement No. 78, “Pension Provided through Certain Multiple Employer Defined Benefit Pension Plans.” The requirements of this Statement will take effect for fiscal years that end December 31, 2016.
5. Statement No. 80, “Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.” The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017.
6. Statement No. 81, “Irrevocable Split-Interest Agreements.” The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2017.

A. New Pronouncements (Continued)

7. Statement No. 82, “Pension Issues—an amendment of GASB Statement No. 67, No. 68, and No. 73.” The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which the employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions will take effect for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Last year we recommended that the Finance Director and City Manager become familiar with these new standards.

This recommendation has been implemented.

* * * * *

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



February 8, 2019

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

The auditor noted that in the fiscal year ended September 30, 2018, the beginning account balances in October 2017 had been adjusted. This resulted in the balances as of October 1, 2017 not agreeing to the audited financial statements as of September 30, 2017. The auditor recommended that no adjustments be made after the audit has been issued for the fiscal year. The auditor's recommendation has been taken and the audited fiscal year has had a closing date that is now locked with a password that will not allow prior period adjustments to be made to the audited financial statements.

PRIOR YEAR – 2016-2017

In the prior year the auditor mentioned several new pronouncements issued by GASB that they recommended the Finance Director and City Manager become familiar with. These pronouncements are Statements No. 74, 75, 77, 78, 80, 81, and 82. We have taken the auditor's recommendation and become familiar with these new statements.

Sincerely yours,

Melanie M. Kruszona, MPA
Finance Officer