

CITY OF BELLEAIR BLUFFS, FLORIDA



Comprehensive Annual Financial Report

For the Year Ended September 30, 2014

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Comprehensive Annual Financial Report

For the Year Ended September 30, 2014

**Prepared by
Administration Department
Division of Finance**

CITY OF BELLEAIR BLUFFS

FLORIDA

ELECTED OFFICIALS

Mayor

Chris Arbutine, Sr.

Commissioners

Joseph Barkley III

Jack Nazario

Taylor Shimkus

Suzy Sofer

STAFF

City Clerk/Finance Officer

Debra Sullivan

City Attorney

Thomas J. Trask, Esquire

Public Works Director

Robert David

Senior Finance Manager

Andrew Tess, CPA

Assistant City Clerk

Mary Ellen Lasner

INTRODUCTORY SECTION

CITY OF BELLEAIR BLUFFS, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

September 30, 2014

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INTRODUCTORY SECTION

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LETTER OF TRANSMITTAL



CITY OF BELLEAIR BLUFFS

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To the Honorable Mayor, City Commission, and Citizens of the City of Belleair Bluffs, Florida

State law requires that all general purpose local governments publish, within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted 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 Bluffs for the fiscal year ended September 30, 2014. The CAFR was compiled by the Office of the City Clerk-Finance Officer in close cooperation with the external auditor and associates, and represents the official report of the City's financial operations and condition to the citizens, City Commission, the financial community, and other persons interested in the financial affairs of the City. The report consists of management's representations concerning the finances of the City of Belleair Bluffs. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To provide a reasonable basis for making these representations, management of the City of Belleair Bluffs 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 preparation of the City of Belleair Bluffs' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Belleair Bluffs' 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.

Generally Accepted Accounting Principles (GAAP) requires 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 Bluffs' financial statements have been audited by Wells, Houser & Schatzel, P.A., 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 Bluffs for the fiscal year ended September 30, 2014, are free of material misstatement. 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 Bluffs' financial statements for the fiscal year ended September 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Profile of the Government

Belleair Bluffs was incorporated initially as a Town in 1963 and in 1967 was chartered as the City of Belleair Bluffs under Laws of Florida Act of 1967 Chapter 67-1106. The form of government of the City of Belleair Bluffs shall be the Mayor/Commissioner plan. There is no city manager in Belleair Bluffs and would require a referendum by charter to have one put in place. Policy making and legislative authority are vested in a governing commission consisting of the mayor and four other members. The City Commission is responsible for passing ordinances, adopting the budget, appointing committees. The City Clerk who is responsible for Administration and Finance and the City Attorney are subject to appointment and termination pursuant to the Charter. The remaining departments, Law Enforcement, Fire Protection and Public Works, shall be headed by a department head that shall be appointed by the Mayor and confirmed by the City Commission. The Mayor is responsible for day to day operations. Administrative or executive powers needed for the efficient conduct of day-to-day activities for city business shall be exercised by the Mayor as provided in Article 4 of the Charter. The Commission is elected on a nonpartisan basis. Commission members serve two year staggered terms, with two commission members elected one year and the mayor and two commissioners elected the next year. The mayor and commissioners are elected at large. The city occupies a land area of a little over ½ square mile with approximately 9 miles of road and serves a population of 2,031 according to the latest US census from 2010. The City of Belleair Bluffs, Florida is empowered to levy a property tax on both real and personal properties located within its boundaries.

The annual budget serves as the foundation for the City of Belleair Bluffs' financial planning and control. All departments of the City of Belleair Bluffs shall submit appropriation requests to the City Clerk by March of each year. The commission holds budget hearings twice a month from May through September. The commission is required to hold two public hearings on the proposed budget and adopt a final budget by no later than September 30th, the close of the City of Belleair Bluff's fiscal year. The budget is prepared by fund, department, division and section. A transfer of appropriations from one department to another requires a budget amendment resolution approved by the city commission.

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 Bluffs Operates.

Local Economy

The City consists of a combination of residential homes, condominiums, retail and commercial use areas. There are many restaurants, insurance agencies, banking institutions, grocery stores, retail stores and a large drug store among other smaller medical facilities; dentists, and clinics. There is a major intersection linking the mainland to the beaches which is heavily trafficked. The City of Belleair Bluffs, Florida currently has a challenging economic environment but after a five year period of dramatic reduction in property values, the city has started to see some growth in property values and local indicators point to a slight upward fluctuation in the real estate market. The City has seen a rise in investor purchases of real estate, with an increase of rental properties. This in turn, reflects an increase in code violations. The number of foreclosures is reducing. The City is "built out" so new construction does not occur, although we are seeing redevelopment of some properties.

Long Term Financial Planning

The City of Belleair Bluffs, Florida has a long range plan for infrastructure improvements (streets, drainage and road reconstruction). The current capital improvement financial plan has approximately \$220,000 allocated for streets and drainage improvements scheduled throughout the city over the next 5 years with approximately \$2 million dollars scheduled for improvements past the 5 year mark. The city is currently utilizing a matching SWFWMD grant to improve the residential area draining into the inter-coastal waterway. The City has secured this type of grant five times in the past and we have improved 6,550 feet or 1.2 miles of roadway.

This year the City is planning to implement an additional source of revenue by adding a municipal public services tax to electricity. It is estimated that this revenue stream will provide approximately \$95,000 annually. It is likely these funds in conjunction with the "Penny for Pinellas" sales surtax will be dedicated to capital infrastructure projects, although these funds are not dedicated to these projects. The financial staff and the Commission feels that this is of vital importance to keep the City in the financial position that is required to maintain as well as improve; road and street projects as well as replace capital vehicles. The funds are not specially allocated and may be used for general purposes.

Relevant Financial Policies

The City adopted a Resolution in 2014 to ensure continued operations of the necessary city service in case of a catastrophic event. This policy is designed to assist the city in maintaining adequate fund balance/net position and reserves in the City's operating funds to meet the needs of our constituents during natural disasters, economic recessions, revenue shortfalls and unanticipated one-time payouts. The policy enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. The policy establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting fund balance information is identifying classifications as *restricted, committed, assigned, and unassigned*. This 2013-2014 Annual Financial Audit reflects the changes.

Internal and Budgetary Control

A major emphasis is placed by the city on effective internal control in the City's accounting system. Internal control seeks to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that financial records are reliable for preparing financial statement and maintain accountability for assets. In addition the independent certified public accountants perform an annual review as part of their examination of the financial statements.

Budgetary control is maintained at the departmental level by reviewing comparisons to budgeted amounts monthly. Any increase or decrease in the total budget must be approved by the City Commission. The preparation of the report would not have been possible without the efficient and dedicated services of the entire Administration-Finance Department. Credit must also be given to the mayor and the commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Belleair Bluffs, Florida finances.

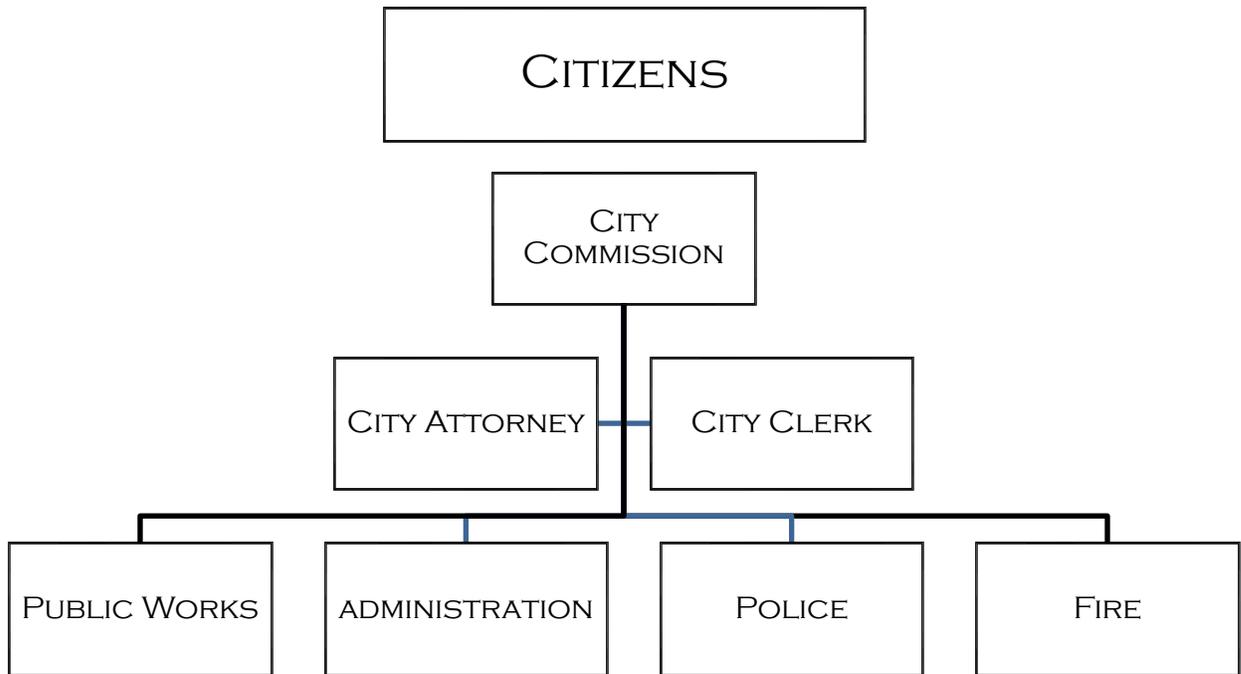
This is the first year The City of Belleair Bluffs is submitting to the Government Finance Officers Association (GFOA) for the comprehensive annual financial report (CAFR). We believe we have submitted an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. We are submitting it to the GFOA to determine its eligibility for our first certificate.


City Clerk/Finance Officer


Sr. Finance Manager

ORGANIZATION CHART

CITY FLOW CHART



FINANCIAL SECTION

This section contains:

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY SCHEDULES

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and City Commission
City of Belleair Bluffs, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Belleair Bluffs, Florida, (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 3-11 and 30-31 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 Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belleair Bluffs, Florida's basic financial statements. The accompanying required supplementary information and other supplementary schedules as listed in the table of contents 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 other supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Prior year comparative information

The prior year summarized comparative information has been derived from the City's September 30, 2013 financial statements and, in our report dated November 15, 2013 we expressed an unmodified opinion on the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014, 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 and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Wells, Houser & Schatzel, P.A.
St. Petersburg, Florida
November 3, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Belleair Bluff's (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page iii) and the City's financial statements (beginning on page 12).

HIGHLIGHTS

Financial Highlights

- The City's total current assets increased \$122,238 (or 9.67%). This increase is primarily due to increases in cash and cash equivalents of \$75,055 and an increase in the current portion of investments of \$26,380.
- The City's net capital assets decreased by \$76,867 (or 1.7%) due to current year depreciation of \$104,436 exceeding current additions of \$28,441 and net capital deletions of \$842.
- The City's net position increased \$78,526 (or 1.54%).
- The City's long term debt decreased by \$65,768 (or 9.62%). This amount is comprised of a reduction in the City's revenue note of 65,463 and a decrease in compensated absences of \$305.
- General Fund revenues decreased \$25,577 (or -1.75%). Decrease is due to the final fire insurance premium tax payment. General Fund expenditures decreased \$521,763 (or 26.52%) due to final fire pension payments in fiscal year 2013.
- The Excess of Revenues Over (Under) Expenditures in the General Fund showed a deficit of \$7,537, an increase of \$496,186 over the prior year deficit of \$503,723.

City Highlights

- The City was awarded a grant from South West Florida Water Management District (SWFWMD) in the amount of \$415,000 for project N537. This project will involve road reconstruction and storm sewer replacement and is budgeted at a cost of \$834,900. This project will begin in fiscal year 2015 and is expected to be completed prior to fiscal year end.
- The City Commission adopted a 5% public service tax on electricity in fiscal year 2014. The City will begin collecting revenue in February 2015 and has budgeted \$97,500 for the initial partial year. In the future, excess revenues will be placed in general reserves to be utilized for future capital projects and any unforeseen expenditures.

Government-wide Financial Statements

The government-wide financial statements (see pages 12-13) are designed to be corporate-like in that all governmental activities are consolidated into columns which add to a total for the Primary

Government. The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to be similar to a bottom line for the City and its governmental activities. This statement combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets and long term obligations.

The Statement of Activities (see page 13) is focused on both the gross and net cost of various activities which are provided by the government’s general tax and other revenues. This is intended to summarize and simplify the user’s analysis of cost of various governmental services and/or subsidy to various business-type activities.

The Governmental Activities reflects the City’s basic services, including general government, law enforcement, fire protection, and public works. Property, sales, and utility services taxes along with franchise fees fund the majority of these services.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than (the previous model’s) fund types.

The Governmental Major Fund presentation (see pages 14 and 16) is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

Infrastructure Assets

The City implemented GASB Statement #34 for fiscal year ended September 30, 2003. Historically, a government’s largest group of assets (infrastructure – roads, bridges, traffic signals, underground pipes (unless associated with a utility), have not been reported or depreciated in governmental financial statements. This new statement requires that these assets be valued and recorded within the governmental activities column of the government-wide financial statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The City of Belleair Bluffs has elected to depreciate their assets over their estimated useful life.

GOVERNMENT-WIDE STATEMENT

Statement of Net Assets

The following table reflects the condensed comparative Statement of Net Position as of September 30, 2014.

Table 1
Statement of Net Position
As of September 30,

	2014	2013
Current assets	\$ 1,385,856	\$ 1,263,618
Capital assets	4,429,080	4,505,947
Other non-current assets	-	29,462
Total assets	<u>5,814,936</u>	<u>5,799,027</u>
Current Liabilities	64,053	75,123
Non-current liabilities	576,817	628,364
Total liabilities	<u>640,870</u>	<u>703,487</u>
Net position:		
Net investment in capital		
assets	3,837,199	3,848,603
Restricted	583,740	486,898
Unrestricted	753,127	760,039
Total net position	<u>\$ 5,174,066</u>	<u>\$ 5,095,540</u>

For more detailed information see the Statement of Net Position (page 12)

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending of Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets.

Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.

Principal Payment of Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets.

Current Year Impacts

The second and third transactions above will not directly or indirectly affect the unrestricted net position balance. The remaining basic transactions above directly/indirectly affect the unrestricted net position as indicated in the following schedule. The adjusted results of operation, current assets used for capital, and bond principal payments clearly demonstrate the change in unrestricted net position.

Table 2
Change in Unrestricted Net Position

	<u>2014</u>
Unrestricted Net Position 9/30/13	<u>\$ 760,039</u>
Results of Operations	78,526
Adjustments:	
Restricted - Infrastructure	(96,842)
Depreciation/loss on disposals	<u>105,278</u>
Adjusted Results of Operations	86,962
Capital Expenditures	(28,411)
Principal Payments	(65,463)
Unrestricted Net Position 9/30/14	<u><u>\$ 753,127</u></u>

Statement of Activities

The following schedule reflects a condensed comparative Statement of Changes in Net Position as of September 30, 2014.

Table 3
Change in Net Position

	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 81,643	\$ 86,938
Operating grants and contributions	8,918	7,860
Capital grants and contributions	-	-
General revenues		
Taxes	1,488,813	1,487,125
State revenue sharing	85,639	85,149
Investment income	5	10,975
Special items (Note 10)	-	(395,934)
Total revenues and special items	<u>1,665,018</u>	<u>1,282,113</u>

Table 3 (Continued)
Change in Net Position

Expenses:		
Administration	412,362	554,653
Police	455,444	451,201
Fire	270,185	282,383
Public works	418,451	404,403
Interest on long-term debt	30,050	33,186
Total expenses	1,586,492	1,725,826
Increase/(Decrease) in Net Position	78,526	(443,713)
Net position - beginning of year	5,095,540	5,539,253
Net position - end of year	\$ 5,174,066	\$ 5,095,540

For more detailed information see the Statement of Activities (page 13)

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below.

Revenues:

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on property, sales, gas or other tax revenue as well as public spending habits for elective user fees and volumes of consumption for electric usage for which the City collects taxes or franchise fees.

Increase/Decrease in Commission approved rates – while certain tax rates are set by statute, the City Commission has a significant authority to impose and periodically increase/decrease rates (permitting, user fees, property taxes, etc.)

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – certain recurring revenues, such as state revenue sharing, may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income – due to the City’s investments and the varying nature of the market in general, City investment income may fluctuate from year to year.

Expenses:

Introduction of New Programs – with the functional expense categories (Administration, Police, Fire, and Public Works) individual programs may be added and deleted to meet changing community needs.

Increase/Decrease in Authorized Personnel – changes in service demand may cause the Commission to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 31% of the City’s General Fund budget.

Salary Increases (cost of living, merit and market adjustment) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as chemicals, supplies, fuels and group health insurance. Some functions may experience unusual commodity specific increases.

Current Year Impacts:

Revenues:

Current economic conditions have begun to stabilize which in turn led to only a minor decrease in governmental revenues. This decrease was primarily due to a reduction of State money received for Fire Insurance Premium Tax. Without this stream of revenue the City actually experienced an increase in revenues of \$22,484 over the prior year. Intergovernmental revenues saw an increase due to municipal revenue sharing and half-cent sales tax revenues. Licenses and permits increased due to an increase in business tax receipts of approximately of \$3,949 (or 13.6%).

The City was fortunate to see an increase in Ad Valorem taxable values for the second consecutive year. This increase led to additional revenues of \$23,474 (or 2.9%) over 2013.

Electric franchise revenues collected were \$16,405 (or 9.07%) more than amount collected in 2013. Communication service tax were \$7,813 (or 7.37%) less than 2013 revenues.

Expenses:

City-wide expenditures decreased \$561,118 (or 26.29%).

The fire protection department had a decrease of \$391,474 due to the final pension payout in 2013.

The general government department realized a \$143,073 decrease in expenditures due to a one time payout to a former employee in 2013.

THE CITY FUNDS

Governmental Funds

As of year-end, the governmental funds (as presented on the balance sheet on page 14) reported a combined fund balance of \$1.375 million, which was an increase of \$92,184 (or 7.18%) as compared to the combined fund balance at the beginning of the year. The Capital Projects Fund increased \$99,721. The General Fund had a \$7,537 excess of expenditures over revenues.

Budgetary Highlights

The amount of budgeted revenues (amounts available for appropriations) was \$1,428,391. Actual revenues for the fiscal year 2014 were \$1,437,952 which resulted in a favorable variance of \$9,561. The amounts of budgeted expenditures (charges to appropriations) for 2014 were \$1,496,963. The amounts of actual expenditures were \$1,445,489 which resulted in a favorable variance of \$51,474. The overall favorable budget variance for fiscal year 2014 is \$61,035. (Please see page 30 for more detailed information.) The difference of \$68,442 between budgeted revenues and budgeted expenditures in the General Fund represents that portion of the beginning fund balance that the City was planning on utilizing in meeting 2014 budgeted expenditures.

The following is a brief review of the variances from the final budget to the actual expenditures for the General Fund.

- a) Public Works positive variance of \$50,715 occurred primarily as a result of budgeted professional services and traffic control maintenance not being incurred.

CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

As of September 30, 2014, the City had \$5,545,320 (total cost) invested in a variety of capital assets as compared to \$5,541,860 as of September 30, 2013. This represents a net Increase of \$3,460 or .06% from the end of last year.

**Table 4
Capital Assets at September 30,
(Net of Depreciation)**

	Governmental Activities	
	2014	2013
Non-Depreciable Assets		
Land	\$ 1,589,066	\$ 1,589,066
Construction in progress	70,114	59,177
Depreciable Assets		
Building & improvements	3,509,528	3,492,054
Furniture, fixtures & equipment	376,612	401,563
Total at historical cost	\$ 5,545,320	\$ 5,541,860
Less accumulated depreciation		
Building & improvements	(809,424)	(719,936)
Furniture, fixtures & equipment	(306,816)	(315,977)
Total accumulated depreciation	(1,116,240)	(1,035,913)
Capital assets, net	\$ 4,429,080	\$ 4,505,947

The following reconciliation summarizes the Change in Capital Assets, which is presented in more detail on page 24 of the notes.

Table 5
Change in Capital Assets

	Governmental Activities
Capital assets, beginning balance	\$ 4,505,947
Additions/transfer in	45,885
Decrease in construction in progress	(17,474)
Deletions/transfer out	(842)
Depreciation	(104,436)
Capital assets, ending balance	\$ 4,429,080

Debt Outstanding

As of September 30, 2014 the City had a note outstanding of \$591,881 as compared to \$657,344 as of September 30, 2013. This represents a net decrease of \$65,463 or 10% from the end of last year.

Table 6
Outstanding Debt, at year-end
(excluding compensated absences)

	Governmental Activities	
	2014	2013
Revenue note, Series 2007	\$ 591,881	\$ 657,344

On November 30, 2007, the City issued the Revenue Note, Series 2007 for the acquisition of real property and to refinance the Line of Credit Note, Series 2000.

More detail on the City's total debt outstanding as of September 30, 2014 is provided in the notes to the financial statements on pages 24-25 .

ECONOMIC FACTORS

Fiscal year 2014 saw the financial outlook of the City begin to show signs of stabilization. Belleair Bluffs saw an increase in property values for the second consecutive year and is budgeting another 5% increase in Ad Valorem revenues for fiscal year 2015.

Due to the City's geographical size it is limited in the amount of new construction and must rely on redevelopment of existing business and residential properties.

City Commission adopted a 5% public service tax on electricity in fiscal year 2014. This new revenue stream will be available to fund any unexpected expenditures, as well as, assist the Capital Project Fund in funding necessary infrastructure projects. Currently, the City's Capital Improvement Plan is budgeting capital projects in excess of two million dollars over the next five years. Some of these projects may qualify for matching funds from the South West Florida Water Management District.

Due to depressed economic conditions, the City has continued to see a decline in investment earnings and is continually evaluating areas that excess funds can be invested at higher rates while still adhering to City's investment policy.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, rating agencies, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional information contact the City's City Clerk or Sr. Finance Manager, City of Belleair Bluffs, 2747 Sunset Boulevard, Belleair Bluffs, FL 33770 – telephone (727) 584-2151

BASIC FINANCIAL STATEMENTS

The basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The government-wide financial statements present financial information about the reporting government as a whole, except for fiduciary activities. The fund financial statements present financial information about major funds individually for the governmental funds in the aggregate. The notes to the financial statements present information essential for a fair presentation of the financial statements that is not displayed on the face of the financial statements.

CITY OF BELLEAIR BLUFFS, FLORIDA

STATEMENT OF NET POSITION

September 30, 2014

With comparative amounts for September 30, 2013

	Note or Schedule References	Governmental Activities	
		2014	2013
ASSETS			
Current Assets			
Cash and cash equivalents	Note 2	\$ 1,093,091	\$ 1,018,036
Investments	Note 2	242,716	216,336
Accounts receivable		25,602	18,001
Due from other governments	Note 3	24,447	11,245
Total Current Assets		<u>1,385,856</u>	<u>1,263,618</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	Note 4	1,659,181	1,648,243
Depreciable, net of accumulated depreciation		<u>2,769,899</u>	<u>2,857,704</u>
Total Capital Assets		<u>4,429,080</u>	<u>4,505,947</u>
Investments, noncurrent portion	Note 2	<u>-</u>	<u>29,462</u>
Total Noncurrent Assets		<u>4,429,080</u>	<u>4,535,409</u>
TOTAL ASSETS		<u><u>\$ 5,814,936</u></u>	<u><u>\$ 5,799,027</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued items		\$ 10,252	\$ 9,660
Current portion of long-term obligations	Note 5	<u>53,801</u>	<u>65,463</u>
Total Current Liabilities		<u>64,053</u>	<u>75,123</u>
Long-Term Liabilities			
Other post employment benefits	Note 7	12,720	10,161
Noncurrent portion of long-term obligations	Note 5	<u>564,097</u>	<u>618,203</u>
Total Liabilities		<u>640,870</u>	<u>703,487</u>
NET POSITION			
Net investment in capital assets		3,837,199	3,848,603
Restricted for			
Infrastructure	Note 1, pg 21	538,152	441,310
Emergency Medical Services	Note 1, pg 21	45,588	45,588
Unrestricted		<u>753,127</u>	<u>760,039</u>
Total Net Position		<u>5,174,066</u>	<u>5,095,540</u>
TOTAL LIABILITIES AND NET POSITION		<u><u>\$ 5,814,936</u></u>	<u><u>\$ 5,799,027</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BELLEAIR BLUFFS, FLORIDA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2014

With comparative total amounts for the year ended September 30, 2013

Function/Program Activities	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
					2014	2013
Primary Government						
Government Activities						
Administration	\$ (412,362)	\$ 48,861	\$ 2,618	\$ -	\$ (360,883)	\$ (498,937)
Police	(455,444)	-	-	-	(455,444)	(451,201)
Fire	(270,185)	32,782	-	-	(237,403)	(249,601)
Public works	(418,451)	-	6,300	-	(412,151)	(398,103)
Interest on Long-Term Debt	(30,050)	-	-	-	(30,050)	(33,186)
Total Primary Government	\$ (1,586,492)	\$ 81,643	\$ 8,918	\$ -	(1,495,931)	(1,631,028)
General Revenues						
Taxes						
Property taxes					844,925	821,451
Sales and use taxes					336,197	318,920
Fire insurance premium tax					-	48,061
Franchise fees					209,554	192,743
Communication services tax					98,137	105,950
State revenue sharing					85,639	85,149
Investment income					5	10,975
Special items (Note 10)					-	(395,934)
Total general revenues and special items					<u>1,574,457</u>	<u>1,187,315</u>
Change in Net Assets					78,526	(443,713)
Net Position Beginning					<u>5,095,540</u>	<u>5,539,253</u>
Net Position Ending					<u>\$ 5,174,066</u>	<u>\$ 5,095,540</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BELLEAIR BLUFFS, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2014

With comparative total amounts for September 30, 2013

	2014			2013
	General Fund	Capital Projects Fund	Total Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 533,916	\$ 559,175	\$ 1,093,091	\$ 1,018,036
Investments	242,716	-	242,716	245,798
Accounts receivable	25,602	-	25,602	18,001
Due from other governments	8,031	16,416	24,447	11,245
Due from other funds	-	-	-	98,900
TOTAL ASSETS	\$ 810,265	\$ 575,591	\$ 1,385,856	\$ 1,391,980
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued expenses	\$ 10,252	\$ -	\$ 10,252	\$ 9,660
Due to other funds	-	-	-	98,900
TOTAL LIABILITIES	10,252	-	10,252	108,560
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted				
Infrastructure	-	538,152	538,152	441,310
Emergency Medical Services	45,588	-	45,588	45,588
Assigned				
Fire	-	15,766	15,766	15,766
Infrastructure	-	19,372	19,372	18,794
Administration - comprehensive plan	9,289	-	9,289	9,289
Administration - disaster recovery	47,794	-	47,794	47,794
Administration - land acquisition	95,000	-	95,000	95,000
Administration - contingency reserve	-	-	-	77,069
Administration - data processing equipment	4,000	-	4,000	2,000
Public works - equipment	37,185	-	37,185	37,185
Public works - drainage	188,500	-	188,500	188,500
Subsequent year's expenditures	-	2,301	2,301	-
Unassigned	372,657	-	372,657	305,125
TOTAL FUND BALANCES	800,013	575,591	1,375,604	1,283,420
TOTAL LIABILITIES AND FUND BALANCES	\$ 810,265	\$ 575,591	\$ 1,385,856	\$ 1,391,980

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BELLEAIR BLUFFS, FLORIDA

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

September 30, 2014

Fund balances - total governmental funds		\$	1,375,604
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in government activities are not financial resources and therefore are not reported in the governmental funds			
Governmental capital assets	5,545,321		
Less accumulated depreciation	<u>(1,116,241)</u>		4,429,080
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds			
Governmental note payable	(591,881)		
Other post employment benefits	(12,720)		
Compensated absences	<u>(26,017)</u>		<u>(630,618)</u>
Net position of governmental activities		\$	<u><u>5,174,066</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BELLEAIR BLUFFS, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES --
GOVERNMENTAL FUNDS

Year Ended September 30, 2014

With comparative total amounts for the year ended September 30, 2013

	General Fund	Capital Projects Fund	Total General Government	
			2014	2013
REVENUES				
Property taxes	\$ 844,925	\$ -	\$ 844,925	\$ 821,451
Sales taxes	-	219,312	219,312	206,821
Fire insurance premium tax	-	-	-	48,061
Communications services tax	98,137	-	98,137	105,950
Franchise fees	209,554	-	209,554	192,743
Licenses and permits	33,349	-	33,349	29,488
Intergovernmental revenues	204,087	-	204,087	198,808
Charges for services	32,980	-	32,980	33,058
Fines and forfeitures	3,620	-	3,620	5,791
Investment income	(1,448)	1,454	6	10,975
Miscellaneous revenues	12,748	6,300	19,048	24,901
TOTAL REVENUES	<u>1,437,952</u>	<u>227,066</u>	<u>1,665,018</u>	<u>1,678,047</u>
EXPENDITURES				
Current				
General government	378,057	3,421	381,478	524,551
Law enforcement	455,444	-	455,444	451,201
Fire protection	264,077	-	264,077	655,551
Public works	347,911	-	347,911	329,220
Capital outlay	-	28,411	28,411	74,780
Debt Service				
Principal retirement	-	65,463	65,463	65,463
Interest and other charges	-	30,050	30,050	33,186
TOTAL EXPENDITURES	<u>1,445,489</u>	<u>127,345</u>	<u>1,572,834</u>	<u>2,133,952</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,537)</u>	<u>99,721</u>	<u>92,184</u>	<u>(455,905)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				98,900
Transfers (out)	-	-	-	(98,900)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(7,537)</u>	<u>99,721</u>	<u>92,184</u>	<u>(455,905)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>807,550</u>	<u>475,870</u>	<u>1,283,420</u>	<u>1,739,325</u>
FUND BALANCES - END OF YEAR	<u>\$ 800,013</u>	<u>\$ 575,591</u>	<u>\$ 1,375,604</u>	<u>\$ 1,283,420</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BELLEAIR BLUFFS, FLORIDA

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

For the year ended September 30, 2014

Net change in fund balances - total governmental funds \$ 92,184

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditure for capital assets	\$ 28,411	
Loss on disposal of capital assets	(842)	
Less current year depreciation	<u>(104,436)</u>	(76,867)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal payments on long-term debt		65,463
--------------------------------------	--	--------

Change in net assets of governmental activities
Some items reported in the Statement of Activities do not require the use of or provide current financial resources and therefore are not reported as revenues or expenditures in governmental funds.

Long-term compensated absences	305	
Other post employment benefits	<u>(2,559)</u>	<u>(2,254)</u>

Change in net assets - governmental activities		<u>\$ 78,526</u>
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Belleair Bluffs, Florida (the City) is a political subdivision of the State of Florida, located in Pinellas County on the west coast of the State. The Town of Belleair Bluffs, Florida was incorporated in 1963 under the provisions of Florida Statutes. The Town of Belleair Bluffs was abolished and the City of Belleair Bluffs was incorporated in June 1967 under Chapter 67-1106, Laws of Florida, Acts of 1967. The City Charter has been amended throughout the years and continues to be monitored by an appointed Charter Review Board every five years. The City is a full service municipality providing its citizens with a full complement of municipal services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 these accounting policies are summarized below.

1. Defining the Financial Reporting Entity: In accordance with Governmental Accounting Standards Board Statement Number 61, the financial reporting entity includes the primary government, organizations for which the primary government is financially accountable and other organizations for which, if excluded, would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority to an organization's board or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable. Based on these criteria, there are no component units to include in the City's financial statements.

2. Governmental Accounting Standards Board Statement Number 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments": The City implemented the provisions of Statement Number 34 for the fiscal year ended September 30, 2003 which established new financial reporting requirements for state and local governments. The Statement established specific standards for the basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information. As part of this Statement, there is a reporting requirement regarding infrastructure (roads, bridges, traffic signals, etc.). All newly acquired or improved infrastructure assets are prospectively reported effective as of the date of implementation of this statement.

The basic financial statements include both government-wide and fund financial statements. The government-wide statements are presented using a full accrual, economic resource basis, which incorporates long-term assets and long-term liabilities. Governmental activities include the General and Capital Projects Funds. The City does not have any funds that would be classified as a business-type activity.

The government-wide Statement of Activities reports the gross and net cost for the various functional categories of the City that are otherwise supported by general government revenues. The direct expenses for each functional category are reduced by program revenues to ascertain the net costs for that function. There are no indirect expenses for allocation. Program revenues are defined as charges for services, operating grants, and capital grants that specifically relate to a specific program function. Charges for services include revenues arising from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Operating grants and capital grants consist of revenues received from other governments, organizations, or individuals that are specifically attributable to a program and are restricted for either operating expenditures/expenses or capital expenditures/expenses associated with a specific program.

The fund financial statements are very similar to the financial statements presented in the previous model. The emphasis in the new model is on major funds in both the governmental activities and business-type activities, and non-major funds are summarized into a single column. The City has no business-type activities or non-major governmental activities. Major governmental funds include both the General and Capital Projects funds.

September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement Focus: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. The measurement focus is the determination of financial position and sources and uses of resources, rather than net income determination.

4. Fund Accounting: The City organizes its accounting system on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The various funds are grouped in the financial statements as follows:

Governmental Fund Types:

General Fund: This fund is used to account for all financial resources, except those required by law or administrative action to be accounted for in another fund.

Capital Projects Fund: The Capital Projects Fund is used to account for intergovernmental revenue that is restricted in use for infrastructure improvements, as well as other funds received and expended for construction, renovation, expansion and major improvement of various City facilities, acquisition of land and other large nonrecurring projects.

5. Basis of Accounting: Basis of accounting refers to when revenues, expenditures, expenses and transfers – and assets, deferred outflows of resources, liabilities, and deferred inflows of resources - are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis of accounting.

Under the modified accrual basis, revenues are recognized in the accounting period when they become measurable and available (susceptible to accrual). Measurable means the amount of the transaction can be determined and available generally means when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected within 30 days after year-end to pay liabilities of the current period. Revenues that are susceptible to accrual include franchise fees, fines and forfeitures, and intergovernmental revenues. Expenditures are recorded at the time the related fund liabilities are incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due. Under the accrual basis, revenues are recognized in the period when earned and expenses are recognized in the period incurred.

6. Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) By July 1, the City Clerk submits to the City Commission a proposed budget for the ensuing fiscal year. It contains proposed expenditures and the means to finance them, including a proposed property tax millage rate.
- b) Public hearings are conducted in August and September to obtain taxpayer comments on the proposed budget and property tax millage rate.
- c) The budget and property tax millage rate is approved by the City Commission in September and adopted as budget resolutions.

September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- d) The budget is reviewed after the first six months and the end of the fiscal year. Any unusual and unforeseen changes are incorporated into the budget by a modifying resolution. This action requires the approval of the City Commission. All budget amounts presented in the accompanying financial statements take into account budget revisions approved by the City Commission. The legal level of budgetary control is the department level. The City's department heads (management) are not permitted to amend the overall budget, but are permitted to make intradepartmental budget transfers without the approval of the City Commission.
- e) An annual budget was adopted for the General Fund and Capital Projects Fund. The budget serves as legal authorization for all expenditures. Budgeted expenditures may not legally exceed appropriations on a departmental basis. The General Fund and Capital Projects Fund budgets were amended during the year to provide funding for expenditures not originally anticipated and to reallocate a capital project that will be reflected in the fiscal year ending September 30, 2015.
- f) All appropriations lapse at the end of the fiscal year.
- g) Budgets for governmental fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Assets, Liabilities and Fund Equity

Cash and Investments: The City maintains a money market account for deposit and temporary investment of funds in excess of the City's immediate needs. As funds are needed to meet current obligations, cash is transferred from the money market account to the operating checking account.

The City considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Deposits with the State Board of Administration, which meet the definition for cash equivalents, are included as investments in the financial statements.

Accounts Receivable: The City considers all accounts receivable fully collectible and has not provided an allowance for doubtful accounts.

Capital Assets: Capital assets acquired or constructed in excess of \$1,000 are capitalized at historical cost. Donated assets are recorded at fair market value as of the date received. Additions, improvements, and other capital outlays that extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred. Depreciation is provided using the straight-line method. The estimated useful lives of the classes of depreciable assets are as follows: Buildings – 40 years; improvements – 20 years; furniture and fixtures – 10 years; equipment – 7 years; vehicles – 5 years; data processing equipment – 3 years. Depreciation charged to expense for the year amounted to \$104,436.

Compensated Absences: Employees accrue sick and vacation time at varying amounts based on employment classification and length of employment. Sick time of up to 520 hours may be accumulated and will be paid upon voluntary termination at the rate of 25% of the hourly salary at the time of the voluntary termination. Unused accumulated vacation time is capped at 160 hours for regular employees. Any unused vacation will be paid upon termination. The City has recorded a liability for these amounts at September 30, 2014.

Postretirement Health and Life Insurance Benefits: The City does not fund any postretirement health and life insurance benefits. Florida Statutes 112.0801 provides that municipalities that provide life and health insurance to their employees must allow all retired personnel and their eligible dependents the option of continuing to participate in the group plan. The City offers its group policies to all retirees and their dependents, with retirees bearing the

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

responsibility for the premiums. Under the Consolidated Omnibus Reconciliation Act of 1985 (COBRA), the City is required to offer an election to deceased or terminated participants, their spouses and dependents, to continue coverage in the health plan provided by the City. The cost of coverage that the City may charge the participants may not exceed 102% of the applicable premium. The City has recognized a liability for other postemployment benefits (OPEB) for the implicit rate subsidy attributed to health insurance premiums offered under COBRA.

Net Position: The government-wide financial statements utilize a net position presentation. Net Position is presented in three components – net investment in capital assets, restricted and unrestricted. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any related long-term debt. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted Infrastructure net position of \$538,152 is restricted by enabling legislation. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. When both restricted and unrestricted resources are available for use, it is the option of the City to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances: The City has implemented Governmental Accounting Standards Board Statement (GASB) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective September 30, 2011. Effective June 16, 2014 the City adopted Resolution 2014-03 that establishes a fund balance and reserve policy for the City. The City's fund balances are presented in the following categories:

Nonspendable: includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as prepaid amounts. The corpus or principal of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact. The City has no such funds.

Restricted: fund balances are reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balances have been limited to the following items:

Infrastructure: represents unexpended revenues legally restricted for infrastructure improvements.

Emergency Medical Services: represents unexpended funding earmarked for provision of Emergency Medical Services.

Assigned: fund balances reported as assigned represent amounts that are constrained by the City's intent that they be used for specific purposes, but are not restricted. Intent is expressed by (a) the City Commission itself or (b) a body (a budget or finance committee, for example) or official (City Clerk) to which the City Commission has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances have been limited to the following items:

Fire: represents amounts previously set aside for the purchase of a fire truck or fire equipment.

Infrastructure: represents unexpended revenues set aside for infrastructure improvements.

Comprehensive plan: represents the amount set aside to comply with State mandated programs.

Disaster recovery: represents the amount set aside for unforeseen emergencies related to natural disasters.

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land acquisition: represents the amount to be used for financing subsequent years' expenditures for the acquisition of land.

Data processing equipment: represents the amount to be used for financing subsequent years' purchases of equipment for the administrative department.

Equipment and drainage: represents the amount to be used for financing subsequent years' capital projects and purchases of equipment for the public works department.

Unassigned: represents the residual classification for the general fund that has not been restricted or assigned to specific purposes within the general fund. Resolution 2014-03 establishes a minimum unassigned fund balance of two months operating expenditures. At September 30, 2014 that amount was determined to be \$251,464. The City is deemed in compliance with the minimum unassigned fund balance requirement of the resolution.

8. Property Taxes

The Pinellas County Tax Collector bills and collects all property taxes levied within the county. Ad valorem taxes are levied on property values as of January 1, of each year and are based upon the final millage rate adopted by the Board of Commissioners. The taxes are generally due November 1 and become delinquent April 1 of the following year at which time they become a lien. The Pinellas County Tax Collector sells tax certificates on May 15. Property taxes are budgeted and recognized as revenues in the fiscal year during which the taxes are billed and substantially collected.

9. Other

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. There were no interfund loans, services provided or reimbursements during the year. Interfund transfers have been eliminated in the Statement of Activities.

Comparative Data and Reclassifications: Comparative total data has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits: Florida statutes require that all depositories holding public funds maintain specific collateral levels with the State Treasurer. Required collateral is based on the amount of public funds held by the depository. The Treasurer may assess other qualified public depositories for a pro rata share of any loss suffered by a public depositor in excess of its depository's collateral. Since the City used only authorized public depositories, all funds deposited with financial institutions are covered in full.

Investments: Amounts reported as general fund investments are funds invested with the Florida State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool (Florida PRIME) and the Fund B Surplus Funds Trust Fund (Fund B), an external investment pool managed by the State of Florida. In accordance with GASB-31, Florida PRIME is considered a "2A-7 like" pool, and therefore the pool account balance (amortized

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

cost) can be used as fair value for financial reporting. These funds may be withdrawn upon demand. The Fund B is accounted for using a fluctuating net asset value (NAV) pool. These funds were reflected at their fair market value using a fair value factor of 1.13262284 at September 30, 2013. These funds are not available for withdrawal unless released from the Fund B to Florida PRIME by the State Board of Administration. As such these amounts are presented as noncurrent assets in the Statement of Net Position. At September 30, 2014, Fund B had returned all available principal to participants. The City recognized a loss of \$3,450 on the close out of the fund. Florida statutes authorize the City to invest in the State Board of Administration’s investment pool, obligations of the U.S. Treasury and U.S. agencies, and interest-bearing time deposits and savings accounts in banks and savings and loans provided such deposits are collateralized as described above.

Interest Rate Risk: The City attempts to minimize interest rate risk, related to the decline in market value of securities due to rising interest rates, by investing funds in the State Board of Administration investment pool, thereby avoiding the need to sell securities in the secondary market prior to maturity. The weighted average days to maturity of Florida PRIME at September 30, 2014 is 39 days.

Credit Rate Risk: The City attempts to minimize credit risk losses to default of a security issuer or maker, by limiting investments to the State Board of Administration’s investment pool. The Florida PRIME is rated by Standard and Poors as AAAM.

The carrying amounts are separately displayed on the Statement of Net Position as cash and investments. A summary of the carrying amounts of total deposits and bank balance/fair market value at September 30, 2014 is as follows:

	Carrying Amounts	Bank Balance/ Fair Market Value
Petty cash	\$ 55	\$ -
Cash – bank accounts	1,093,036	1,096,960
Total Cash and cash equivalents	<u>\$ 1,093,091</u>	<u>\$ 1,096,960</u>
Investments		
State Board of Administration - Prime	\$ 242,716	\$ 242,716
	<u>\$ 242,716</u>	<u>\$ 242,716</u>

NOTE 3 – DUE FROM OTHER GOVERNMENTS

The amount of \$24,447 due from other governments as of September 30, 2014 consists of the following: court fines due from the Pinellas County Clerk of Court in the amount of \$285; Communications Services Tax due from the State of Florida in the amount of \$7,747; Local Option Gas Tax due from Pinellas County in the amount of \$2,496 and Infrastructure Sales Surtax due from Pinellas County in the amount of \$13,919. These amounts are unsecured and represent concentrations of credit risk in the event that any of the governmental entities were unable to remit the amounts due the City.

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CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE 4 - CHANGES IN CAPITAL ASSETS

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

	Beginning Balance 10/01/13	Additions	Deletions	Transfers In (Out)	Ending Balance 9/30/14
Non-Depreciable Assets					
Land	\$ 1,589,066	\$ -	\$ -	\$ -	\$ 1,589,066
Construction in Progress	59,177	28,411		(17,474)	70,114
Depreciable Assets					
Buildings & improvements	3,492,054			17,474	3,509,528
Furniture, fixtures & equipment	401,563		(24,951)		376,612
Totals at historical cost	<u>5,541,860</u>	<u>28,411</u>	<u>(24,951)</u>	<u>-</u>	<u>\$ 5,545,320</u>
Less accumulated depreciation					
Buildings & improvements	(719,936)	(89,488)	-	-	(809,424)
Furniture, fixtures & equipment	(315,977)	(14,948)	24,109	-	(306,816)
Total accumulated depreciation	<u>(1,035,913)</u>	<u>(104,436)</u>	<u>24,109</u>	<u>-</u>	<u>\$(1,116,240)</u>
Capital assets, net	<u>\$ 4,505,947</u>	<u>\$ (76,025)</u>	<u>\$ (842)</u>	<u>\$ -</u>	<u>\$ 4,429,080</u>

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 29,804
Fire protection	5,266
Public works	69,366
	<u>\$ 104,436</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount due in one year
Revenue note, Series 2007	\$ 657,344	\$ -	\$ 65,463	\$ 591,881	\$ 53,801
Compensated absences	26,322	2,168	2,473	26,017	-
Total long-term debt	<u>\$ 683,666</u>	<u>\$ 2,168</u>	<u>\$ 67,936</u>	<u>\$ 617,898</u>	<u>\$ 53,801</u>

Interest costs of \$30,050 were incurred for the year ended September 30, 2014. The pledged revenues exceeded the annual debt service requirement for the revenue note.

Accrued compensated absences are liquidated in the funds that incur the respective liabilities, which is the general fund in the case of the City.

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE 5 - LONG-TERM DEBT (continued)

Long-term debt is comprised of the following as of September 30, 2014:

<u>Revenue note, Series 2007</u> : issued to finance the acquisition of real property and to refinance the Line of Credit Note, Series 2000. Fixed principal payments of \$5,455 monthly plus interest payments at 4.79% per annum. Fixed principal payments are reduced to \$3,660 beginning April 1, 2015. Final payment due December 1, 2027. Secured by first lien on Infrastructure Sales Surtax revenues (Penny for Pinellas).	\$ 591,881
<u>Accrued compensated absences</u> : consisting of that portion of accrued sick and vacation pay for governmental funds not expected to be liquidated within the next year.	<u>26,017</u>
	<u><u>\$ 617,898</u></u>

The annual requirements to amortize the Revenue note payable as of September 30, 2014, are as follows:

Revenue note, Series 2007

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 53,801	\$ 27,043	\$ 80,844
2016	43,925	24,810	68,735
2017	43,925	22,706	66,631
2018	43,925	20,602	64,527
2019	43,925	18,497	62,422
2020 – 2024	219,624	60,928	280,553
2025 - 2028	142,756	11,397	154,153
	<u>\$ 591,881</u>	<u>\$ 185,983</u>	<u>\$ 777,864</u>

The total principal and interest paid during 2014 for the Revenue Note, Series 2007 was \$95,513. Infrastructure sales surtax revenue pledged for the payment of the debt totaled \$189,874 for a debt coverage ratio of 1.99:1.00

NOTE 6 - RETIREMENT PLANS

Florida Municipal Pension Trust Fund: Plan Description. The City contributes to the Florida Municipal Pension Trust Fund (FMPTF), an agent multiple-employer defined contribution pension plan that covers all full time employees, other than firefighters', with one year of eligibility service, and is administered by the Florida League of Cities, Inc. FMPTF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Florida Statute 121 and 185 assigns the authority to establish and amend the benefit provisions of the plans that participate in FMPTF to the respective employer entities; for the City of Belleair Bluffs this is the City Commission. The Florida League of Cities, Inc. issues a publicly available financial report that includes financial statements and required supplementary information for the FMPTF. That report may be obtained by writing to Florida League of Cities, Inc., 201 West Park Avenue, P.O. Box 1757, Tallahassee, Florida 33302-1757 or by calling (904) 222-9684.

Funding Policy. The City contributes 10% of eligible wages each pay period. For fiscal years ended September 30, 2014, 2013 and 2012 the City contributed \$27,618, \$27,381, and \$30,310, respectively. The contributions were equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE 7 – POSTEMPLOYMENT HEALTHCARE PLAN

The City has retroactively adopted the provisions of GASB Statement 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, as of October 1, 2010. This Statement provides for the determination and disclosure of the annual cost of providing other postemployment benefits (OPEB).

Plan Description. The City provides a single-employer, defined benefit postemployment health care plan, (the Plan), whereby retired employees are able to purchase health care benefits through the City’s health care provider. The Plan is administered by the health care provider. The Plan is currently unfunded. There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for the Plan. All approved benefits are paid from general assets when due. The City does not issue stand-alone financial statements for the Plan.

To be eligible to participate in the plan employees must have participated in the City’s group health and/or dental plan while employed.

The retired employees (including their eligible dependents) that are eligible to participate in the Plan can currently elect to participate in the program benefit under the same group health and/or dental plan as when actively employed. Retiree Plan participants are required to pay 100% of their respective health care insurance premiums. The City’s overall cost of providing health care benefits is increased as a result of an implicit insurance rate subsidy resulting from retired employees being permitted to pay lower than age-adjusted premiums through the use of blended premium for both retirees and active employees. The resulting incremental increase in health care insurance premiums results in an actuarial accrued liability to the City based on projected health care costs.

Funding Policy. The annual required contribution to fund the incremental cost of the healthcare plan is based on a pay-as you-go funding approach. For the year ended September 30, 2014, the expected contribution for the City was \$2,559.

Annual Other Postemployment Benefit Cost (OPEB) and Net OPEB Obligation. The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount determined using the alternative measurement method pursuant to GASB Statement 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”. The ARC represents a level of funding that would be required to cover the normal cost of the plan each year on a pay-as-you-go basis assuming a 30 year amortization period. The following table shows the City’s annual OPEB cost and the amount expected to be contributed by the City towards this OPEB obligation:

	Pay-As-You-Go Funding - Fiscal Year Ended 9/30/14
Annual Required Contribution (ARC)	\$ 2,559
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost	2,559
Expected employer contribution	-
Increase in net OPEB obligation	2,559
Net OPEB obligation beginning of year	10,161
Net OPEB obligation end of year	\$ 12,720

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE 7 – POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Schedule of Funding Progress

Fiscal year Ended September 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2011	-	15,715	15,715	0.0%	251,833	6.24%
2012	-	15,715	15,715	0.0%	251,833	6.24%
2013	-	12,809	12,809	0.0%	266,836	4.80%

Required Actuarial Information:

Actuarial valuation date	9/30/13
Annual OPEB Cost	\$ 2,559
Contributions made	\$ -0-
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions	
Investment rate of return	5.00%
Projected salary increases	3.00%
Health care cost trend rate (reduced .5% annually)	8.00%
Ultimate trend rate	5.00%

Actuarial valuations involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

NOTE 8 - RISK FINANCING

The City is subject to losses in the normal course of operations resulting from general liability; property and casualty; workers' compensation; employee health and accident, environmental and antitrust matters. The City has purchased commercial insurance to protect against property loss as a result of flooding and employee health losses. The City participates in the Florida Municipal Liability Self Insurers Program for purposes of protecting against workers' compensation losses; real and personal property losses; automobile damage; and general liability, including malpractice and errors and omissions.

The Florida Municipal Liability Self Insurers Program is a risk pool that assumes the risk of loss for all participating members. The members are subject to additional premium assessments in the event that the risk pool required additional funding to satisfy all claims. The City has not been assessed any additional insurance premiums during the years ended September 30, 2014, 2013, or 2012 nor is the City aware of any contingent assessments. For the

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE 8 - RISK FINANCING (continued)

same three fiscal years, the City has not decreased its insurance coverage nor have any settlements been in excess of such coverage.

The City does not self-insure against any risks. To the extent that the City has purchased commercial insurance, all risk of loss has been transferred to the insurance underwriter.

NOTE 9 - COMMITMENTS

Law Enforcement Service: The City has contracted with the Pinellas County Sheriff's Department to provide law enforcement services from October 1, 2014 through September 30, 2015 in the amount of \$466,689. The expenditure for the year ended September 30, 2013 was \$455,444.

Fire Suppression Services: Effective October 1, 2009 the City entered into an agreement with the City of Largo for the provision of Fire Suppression and Inspection Services. The agreement shall remain in effect through September 30, 2015 with an annual contribution of \$269,469 or \$22,456 monthly. For the fiscal year ended September 30, 2014 the City of Belleair Bluffs paid the City of Largo an annual contribution of \$264,077 or \$22,006 monthly. The annual contribution will be adjusted by the lesser of 5% or the percentage change in the Municipal Cost Index (MCI) as published by American City and County.

Lease of fire station: Effective October 1, 2014 the City entered into a lease agreement with the City of Largo for Station 43. The lease term for Station 43 is for a period of one (1) year beginning October 1, 2014 and ending on September 30, 2015. Largo shall pay Belleair Bluffs \$34,778 during the lease term. The City received lease payments totaling \$33,765 for the fiscal year ended September 30, 2014.

Construction commitment: The City entered into a contractor agreement on August 18, 2014 for completion of the Basin SD-2 / SD-3 Improvements in the amount of \$787,400. Project funding of 50% is to be provided under a grant agreement with the Southwest Florida Water Management District. The balance of the project will be funded with City funds.

NOTE 10 – SPECIAL ITEM

The City, by voter referendum, terminated its fire department effective October 1, 2009. Since that time the City has been in negotiation with the City of Belleair Bluffs Fire Pension board to terminate the fire pension plan. The matter was resolved during the fiscal year ended September 30, 2013. The City pension attorney has indicated that the Fire Pension Board has asserted a claim to terminate the plan by paying a combination of lump sum distributions and annuities to the plan participants. At September 30, 2012 the City accrued an estimated liability and expenditure to purchase annuities in the amount of \$1,200,000. The amount was reflected as a Special Item in the Statement of Activities and included in Fire Protection expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. In February 2013 the matter was finalized and the amount determined to be due from the City was \$1,585,253. The City paid the amount to the plan in March 2013. The additional amount paid of \$395,934 is reflected as a Special Item for fiscal year ended September 30, 2013.

NOTE 11 – SUBSEQUENT EVENTS

The City has evaluated whether any events have occurred subsequent to September 30, 2014 and before the issuance of the financial statements that would have an impact on the City's financial condition as of September 30, 2014 or would influence the conclusions reached by a reader of the financial statements regarding the City's overall financial condition. Management has evaluated such events through November 3, 2014 which is the date the financial statements were available to be issued and determined there are no events that should be disclosed.

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE 12 – ON-BEHALF PAYMENTS

The City receives insurance excise tax remittances from the State of Florida on behalf of the Firefighters' Retirement Plan that are restricted for the benefit of the retirement plan and must be transferred upon receipt to the plan. The amounts received for the years ended September 30, 2014 and 2013 were \$-0- and \$48,061, respectively. The amounts have been reported as revenue in the General Fund with a corresponding expenditure classified as part of personal services in the Fire department.

NOTE 13 – INTERFUND TRANSFERS AND DUE TO/FROM OTHER FUNDS

The Interfund transfer from the Capital Projects fund to the General fund along with the related due to/from other funds amount of \$98,900 in the fund financial statements represents funds appropriated in the September 30, 2013 year end budget amendment that were used for payment of a legal settlement.

REQUIRED SUPPLEMENTARY INFORMATION

The required supplementary information consists of a budgetary comparison schedule for the General Fund.

CITY OF BELLEAIR BLUFFS, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
RESOURCES (INFLOWS):				
Property taxes	\$ 848,826	\$ 848,826	\$ 844,925	\$ (3,901)
Communications service tax	100,000	100,000	98,137	(1,863)
Franchise fees	208,500	208,500	209,554	1,054
Licenses, permits and fees	33,150	33,150	33,349	199
Intergovernmental revenues	189,500	189,500	204,087	14,587
Charges for services	33,915	33,915	32,980	(935)
Fines and forfeitures	8,500	8,500	3,620	(4,880)
Investment income	5,000	5,000	(1,448)	(6,448)
Rental income	1,000	1,000	260	(740)
Other miscellaneous	-	-	12,488	12,488
AMOUNTS AVAILABLE FOR APPROPRIATION	1,428,391	1,428,391	1,437,952	9,561
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government				
Administration	376,126	378,816	378,057	(759)
Public Safety				
Law enforcement	455,444	455,444	455,444	-
Fire protection	264,077	264,077	264,077	-
Total Public Safety	719,521	719,521	719,521	-
Public Works				
Public Works	401,316	398,626	347,911	(50,715)
TOTAL CHARGES TO APPROPRIATIONS	1,496,963	1,496,963	1,445,489	(51,474)
EXCESS (DEFICIT) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(68,572)	(68,572)	(7,537)	61,035
FUND BALANCES- BEGINNING	807,550	807,550	807,550	-
FUND BALANCES - ENDING	\$ 738,978	\$ 738,978	\$ 800,013	\$ 61,035

(continued)

CITY OF BELLEAIR BLUFFS, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the Year Ended September 30, 2014

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND
OUTFLOWS AND GAAP REVENUES AND EXPENDITURES
SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 1,437,952
Differences - budget to GAAP:	
None	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 1,437,952</u></u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 1,445,489
Differences - budget to GAAP:	
None	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 1,445,489</u></u>

OTHER SUPPLEMENTARY SCHEDULES

These schedules are presented to provide greater detailed information than reported in the preceding financial statements. These schedules are not necessary for fair presentation in conformity with Generally Accepted Accounting Principles.

CITY OF BELLEAIR BLUFFS, FLORIDA

BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over
	Original	Final		(Under)
RESOURCES (INFLOWS):				
Sales taxes	\$ 184,000	\$ 184,000	\$ 219,312	\$ 35,312
Intergovernmental revenue	415,000	-	-	-
Investment income	2,000	2,000	1,454	(546)
Rental income	6,300	6,300	6,300	-
AMOUNTS AVAILABLE FOR APPROPRIATION	607,300	192,300	227,066	34,766
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Operating				
Operating expenditures	-	-	1,333	1,333
Bayway taxes	2,200	2,200	2,088	(112)
Total operating	2,200	2,200	3,421	1,221
Debt Service				
Principal payments	66,000	66,000	65,463	(537)
Interest payments	31,000	31,000	30,050	(950)
Total debt service	97,000	97,000	95,513	(1,487)
Transfers to other funds	-	-	-	-
Capital outlay	834,900	31,041	28,411	(2,630)
TOTAL CHARGES TO APPROPRIATIONS	934,100	130,241	127,345	(2,896)
EXCESS OF RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	(326,800)	62,059	99,721	37,662
FUND BALANCES- BEGINNING	475,870	475,870	475,870	-
FUND BALANCES - ENDING	\$ 149,070	\$ 537,929	\$ 575,591	\$ 37,662

(continued)

CITY OF BELLEAIR BLUFFS, FLORIDA

BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND (continued)

For the Year Ended September 30, 2014

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND
OUTFLOWS AND GAAP REVENUES AND EXPENDITURES
SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 227,066
Differences - budget to GAAP:	
None	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 227,066</u></u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 127,345
Differences - budget to GAAP:	
None	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 127,345</u></u>

CITY OF BELLEAIR BLUFFS, FLORIDA

RECONCILIATION OF TOTAL FUND BALANCE FOR THE GOVERNMENTAL FUNDS
TO TOTAL NET POSITION FOR GOVERNMENTAL ACTIVITIES

September 30, 2014

	Total Governmental Funds	Long-term Assets, Liabilities	Reclasses & Eliminations	Statement of Net Asset Totals
ASSETS				
Cash and cash equivalents	\$ 1,093,091	\$ -	\$ -	\$ 1,093,091
Investments	242,716	-	-	242,716
Accounts receivable	25,602	-	-	25,602
Due from other governments	24,447	-	-	24,447
Capital assets	-	5,545,320	-	5,545,320
Accumulated depreciation	-	(1,116,240)	-	(1,116,240)
TOTAL ASSETS	\$ 1,385,856	\$ 4,429,080	\$ -	\$ 5,814,936
LIABILITIES AND FUND BALANCES/NET POSITION				
LIABILITIES				
Accounts payable and accrued items	\$ 10,252	\$ -	\$ -	\$ 10,252
Compensated absences	-	26,017	(26,017)	-
Other post employment benefits	-	12,720	-	12,720
Long-term obligations	-	53,801	-	53,801
Noncurrent portion of long-term obligations	-	538,080	26,017	564,097
TOTAL LIABILITIES	10,252	630,618	-	640,870
TOTAL FUND BALANCES / NET POSITION	1,375,604	3,798,462	-	5,174,066
TOTAL LIABILITIES AND FUND BALANCES / NET POSITION	\$ 1,385,856	\$ 4,429,080	\$ -	\$ 5,814,936

CITY OF BELLEAIR BLUFFS, FLORIDA

RECONCILIATION OF NET CHANGE IN FUND BALANCES FOR THE GOVERNMENTAL FUNDS
TO CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES

For the Year Ended September 30, 2014

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Rounding, Reclasses & Eliminations	Statement of Activities Totals
REVENUES					
Property taxes	\$ 844,925	\$ -	\$ -	\$ -	\$ 844,925
Sales taxes	219,312	-	-	116,885	336,197
Communications services tax	98,137	-	-	-	98,137
Franchise fees	209,554	-	-	-	209,554
Licenses and permits	33,349	-	-	(33,349)	-
Intergovernmental revenue	204,087	-	-	(118,448)	85,639
Charges for services	32,980	-	-	48,663	81,643
Fines and forfeitures	3,620	-	-	(3,620)	-
Investment income	6	-	-	(1)	5
Operating grants and contributions	-	-	-	8,918	8,918
Capital grants and contributions	-	-	-	-	-
Miscellaneous revenues	19,048	-	-	(19,048)	-
TOTAL REVENUES	1,665,018	-	-	-	1,665,018
EXPENDITURES					
Current					
General Government	381,478	29,804	1,080	-	412,362
Law Enforcement	455,444	-	-	-	455,444
Fire Protection	264,077	6,108	-	-	270,185
Public Works	347,911	69,366	1,174	-	418,451
Capital Outlay	28,411	(28,411)	-	-	-
Debt service					
Principal retirement	65,463	-	(65,463)	-	-
Interest and fiscal charges	30,050	-	-	-	30,050
TOTAL EXPENDITURES	1,572,834	76,867	(63,209)	-	1,586,492
NET CHANGE IN FUND BALANCE / NET POSITION	\$ 92,184	\$ (76,867)	\$ 63,209	\$ -	\$ 78,526

STATISTICAL SECTION

Statistical tables differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These tables reflect social and economic data, financial trends and the fiscal activities of the government.

Schedules of Financial Trends Information

These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.

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City of Belleair Bluffs
 Schedule 1
 Net Position by Component
 Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Net investment in capital assets	\$ 2,048,879	\$ 2,024,303	\$ 2,040,907	\$ 2,277,505
Restricted	561,227	795,887	1,067,473	1,122,617
Unrestricted	1,519,706	1,769,925	2,192,031	2,422,865
Total governmental activities net position	<u>\$ 4,129,812</u>	<u>\$ 4,590,115</u>	<u>\$ 5,300,411</u>	<u>\$ 5,822,987</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,686,580	\$ 3,240,529	\$ 3,256,101	\$ 3,818,555	\$ 3,848,603	\$ 3,837,199
903,427	733,682	778,224	572,540	486,898	583,740
<u>2,614,339</u>	<u>2,518,476</u>	<u>2,418,537</u>	<u>1,148,158</u>	<u>760,039</u>	<u>753,127</u>
<u>\$ 6,204,346</u>	<u>\$ 6,492,687</u>	<u>\$ 6,452,862</u>	<u>\$ 5,539,253</u>	<u>\$ 5,095,540</u>	<u>\$ 5,174,066</u>

City of Belleair Bluffs
Schedule 2
Changes in Net Position
Last Ten Fiscal Years

	2005	2006	2007	2008
Expenses				
Governmental activities:				
Administration	\$ 345,198	\$ 396,083	\$ 411,721	\$ 418,539
Police	346,373	356,329	385,017	410,059
Fire	829,339	977,975	1,014,258	1,136,217
Emergency medical services	-	-	-	348,709
Public works	255,373	308,727	308,923	290,079
Interest and fiscal charges on long-term debt	14,871	18,106	17,564	43,597
Total governmental activities expenses	<u>1,791,154</u>	<u>2,057,220</u>	<u>2,137,483</u>	<u>2,647,200</u>
Program Revenues				
Governmental activities:				
Charges for services	\$ 644,727	\$ 784,561	\$ 888,845	\$ 1,343,130
Operating grants and contributions	23,528	3,467	3,068	3,572
Capital grants and contributions	143,800	13,800	26,500	11,500
Total governmental activities program revenues	<u>\$ 812,055</u>	<u>\$ 801,828</u>	<u>\$ 918,413</u>	<u>\$ 1,358,202</u>
Net (Expense)/Revenue	\$ (979,099)	\$ (1,255,392)	\$ (1,219,070)	\$ (1,288,998)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 699,717	\$ 828,782	\$ 1,000,611	\$ 951,678
Sales and use taxes	363,435	382,578	372,172	359,493
Fire insurance premium tax	-	-	-	46,029
Franchise fees	285,639	306,267	309,983	311,023
Communication services tax	-	-	-	-
State revenue sharing	86,516	85,532	86,887	85,379
Gain/(loss) on disposal of assets	(373)	-	-	-
Investment income	50,825	112,536	159,713	57,972
Special items	-	-	-	-
Total governmental activities	<u>1,485,759</u>	<u>1,715,695</u>	<u>1,929,366</u>	<u>1,811,574</u>
Change in Net Position	\$ 506,660	\$ 460,303	\$ 710,296	\$ 522,576

2009	2010	2011	2012	2013	2014
\$ 435,691	\$ 452,612	\$ 469,549	\$ 483,520	\$ 554,653	\$ 412,362
422,742	435,088	445,657	447,578	451,201	455,444
1,185,109	467,654	320,356	299,362	282,383	270,185
417,452	-	-	-	-	-
341,563	395,685	393,186	404,490	404,403	418,451
48,422	44,422	39,457	36,321	33,186	30,050
<u>2,850,979</u>	<u>1,795,461</u>	<u>1,668,205</u>	<u>1,671,271</u>	<u>1,725,826</u>	<u>1,586,492</u>
\$ 1,479,094	\$ 106,798	\$ 83,047	\$ 74,810	\$ 86,938	\$ 81,643
16,610	13,442	7,969	7,872	7,860	8,918
24,521	351,676	-	300,000	-	-
<u>\$ 1,520,225</u>	<u>\$ 471,916</u>	<u>\$ 91,016</u>	<u>\$ 382,682</u>	<u>\$ 94,798</u>	<u>\$ 90,561</u>
\$ (1,330,754)	\$ (1,323,545)	\$ (1,577,189)	\$ (1,288,589)	\$ (1,631,028)	\$ (1,495,931)
\$ 853,163	\$ 818,775	\$ 733,586	\$ 831,974	\$ 821,451	\$ 844,925
330,440	306,860	296,312	303,780	318,920	336,197
82,771	24,843	23,677	-	48,061	-
341,142	225,960	209,577	199,248	192,743	209,554
-	112,123	107,032	110,788	105,950	98,137
84,406	84,297	84,725	85,090	85,149	85,639
-	-	63,614	-	-	-
20,191	39,028	18,841	20,422	10,975	5
-	-	-	(1,200,000)	(395,934)	-
<u>1,712,113</u>	<u>1,611,886</u>	<u>1,537,364</u>	<u>351,302</u>	<u>1,187,315</u>	<u>1,574,457</u>
<u>\$ 381,359</u>	<u>\$ 288,341</u>	<u>\$ (39,825)</u>	<u>\$ (937,287)</u>	<u>\$ (443,713)</u>	<u>\$ 78,526</u>

City of Belleair Bluffs
Schedule 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund				
Reserved				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Emergency medical services	-	-	-	50,152
Fire	68,840	104,360		
Infrastructure	492,387	691,527		
Unreserved		-		
Designated for:				
Administration - comp plan	10,000	20,000	-	-
Administration - civil disaster	-	-	-	44,402
Administration - land acquisition	-	-	25,000	60,000
Administration - contingency reserve	-	-	-	77,069
Public works - comp plan	10,000	20,000		
Public works - equipment	22,000	52,000	53,185	63,185
Public works - drainage	118,500	118,500	118,500	168,500
Undesignated	1,408,756	1,615,856	2,249,210	2,077,169
Nonspendable	-	-	-	-
Restricted				
Emergency medical services	-	-	-	-
Assigned to:				
Administration - comp plan	-	-	-	-
Administration - civil disaster	-	-	-	-
Administration - land acquisition	-	-	-	-
Administration - contingency reserve	-	-	-	-
Administration - data processing equip	-	-	-	-
Public works - equipment	-	-	-	-
Public works - drainage	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 2,130,483</u>	<u>\$ 2,622,243</u>	<u>\$ 2,445,895</u>	<u>\$ 2,540,477</u>
All Other Governmental Funds				
Reserved				
Fire	\$ -	\$ -	\$ 156,990	\$ 187,650
Infrastructure	-	-	910,843	884,815
Restricted for:				
Fire	-	-	-	-
Infrastructure	-	-	-	-
Assigned to:				
Fire	-	-	-	-
Subsequent years expenditures	-	-	-	-
Infrastructure	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,067,833</u>	<u>\$ 1,072,465</u>

(1) The City implemented GASB Statement No. 54 for the fiscal year ended September 30, 2011.
Amounts for earlier period are not available for comparison purposes.

2009	2010	(1) 2011	2012	2013	2014
\$ 15,752	\$ 869	\$ -	\$ -	\$ -	\$ -
45,588	45,588	-	-	-	-
2,000	4,000	-	-	-	-
47,794	47,794	-	-	-	-
95,000	95,000	-	-	-	-
77,069	77,069	-	-	-	-
63,185	63,185	-	-	-	-
188,500	188,500	-	-	-	-
2,153,481	2,052,813	-	-	-	-
-	-	869	4,120	-	-
-	-	45,588	45,588	45,588	45,588
-	-	9,000	9,289	9,289	9,289
-	-	47,794	47,794	47,794	47,794
-	-	95,000	95,000	95,000	95,000
-	-	77,069	77,069	77,069	-
-	-	-	-	2,000	4,000
-	-	37,185	37,185	37,185	37,185
-	-	188,500	188,500	188,500	188,500
-	-	1,977,291	707,828	305,125	372,657
<u>\$ 2,688,369</u>	<u>\$ 2,574,818</u>	<u>\$ 2,478,296</u>	<u>\$ 1,212,373</u>	<u>\$ 807,550</u>	<u>\$ 800,013</u>
\$ 247,540	\$ 114,666	\$ -	\$ -	\$ -	\$ -
610,299	573,428	-	-	-	-
-	-	98,900	98,900	-	-
-	-	490,846	253,233	441,310	538,152
-	-	15,766	15,766	15,766	15,766
-	-	-	-	-	2,301
-	-	127,124	159,053	18,794	19,372
<u>\$ 857,839</u>	<u>\$ 688,094</u>	<u>\$ 732,636</u>	<u>\$ 526,952</u>	<u>\$ 475,870</u>	<u>\$ 575,591</u>

City of Belleair Bluffs
Schedule 4
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2005	2006	2007	2008
Revenues				
Property taxes	\$ 699,717	\$ 828,782	\$ 1,000,611	\$ 951,678
Sales taxes	237,648	251,188	245,615	241,518
Fire insurance premium tax	-	-	-	46,029
Communications service tax	-	-	-	-
Franchise fees	285,639	306,267	309,983	311,023
Licenses and permits	29,819	29,508	29,484	24,835
Intergovernmental revenue	738,457	647,904	717,481	724,822
Charges for services	242,868	320,024	357,268	773,610
Fines and forfeitures	9,470	19,870	22,691	25,764
Investment income	50,825	112,536	159,713	57,972
Miscellaneous revenue	3,744	1,444	4,933	12,525
Total revenues	<u>2,298,187</u>	<u>2,517,523</u>	<u>2,847,779</u>	<u>3,169,776</u>
Expenditures				
General government	299,072	350,632	362,568	371,919
Law enforcement	345,688	355,668	384,804	409,846
Fire protection	763,034	906,261	982,891	1,102,177
Emergency medical services	-	-	-	348,709
Public works	230,037	278,351	281,628	260,616
Capital outlay	126,016	72,884	79,662	1,138,260
Debt service				
Principal retirement	43,861	43,861	43,862	232,512
Interest and fiscal charges	14,871	18,106	17,564	43,597
Total expenditures	<u>1,822,579</u>	<u>2,025,763</u>	<u>2,152,979</u>	<u>3,907,636</u>
Excess of revenues over (under) expenditures	475,608	491,760	694,800	(737,860)
Other Financing Sources (Uses)				
Proceeds from borrowing	-	-	-	1,033,759
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	848,517	19,160
Transfers out	-	-	(848,517)	(19,160)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,033,759</u>
Net change in fund balances	475,608	491,760	694,800	295,899
Fund balances - beginning of year	<u>1,654,875</u>	<u>2,130,483</u>	<u>2,622,243</u>	<u>3,317,043</u>
Fund balances - end of year	<u>\$ 2,130,483</u>	<u>\$ 2,622,243</u>	<u>\$ 3,317,043</u>	<u>\$ 3,612,942</u>
Debt service as a percentage of noncapital expenditures	3.5%	3.2%	3.0%	10.0%

2009	2010	2011	2012	2013	2014
\$ 853,163	\$ 818,775	\$ 733,586	\$ 831,974	\$ 821,451	\$ 844,925
225,151	201,177	188,062	197,335	206,821	219,312
82,771	24,843	23,678	-	48,061	-
-	112,123	107,032	110,788	105,950	98,137
341,142	225,960	209,577	199,248	192,743	209,554
34,925	28,132	34,002	31,431	29,488	33,349
195,225	585,123	194,645	493,107	198,808	204,087
1,404,003	214	31,110	31,932	33,058	32,980
31,063	34,760	15,912	7,299	5,791	3,620
20,191	39,028	18,842	20,422	10,975	6
44,703	13,667	8,319	10,448	24,901	19,048
<u>3,232,337</u>	<u>2,083,802</u>	<u>1,564,765</u>	<u>1,933,984</u>	<u>1,678,047</u>	<u>1,665,018</u>
395,462	416,998	430,755	449,881	524,551	381,478
422,528	434,875	445,444	447,551	451,201	455,444
1,197,254	456,322	304,585	1,490,071	655,551	264,077
416,874	-	-	-	-	-
309,879	341,253	328,304	331,802	329,220	347,911
420,867	492,813	75,237	608,180	74,780	28,411
87,785	180,415	65,463	65,463	65,463	65,463
48,422	44,422	39,457	36,321	33,186	30,050
<u>3,299,071</u>	<u>2,367,098</u>	<u>1,689,245</u>	<u>3,429,269</u>	<u>2,133,952</u>	<u>1,572,834</u>
(66,734)	(283,296)	(124,480)	(1,495,285)	(455,905)	92,184
-	-	-	-	-	-
-	-	72,500	-	-	-
36,890	132,874	-	-	-	-
(36,890)	(132,874)	-	-	-	-
<u>-</u>	<u>-</u>	<u>72,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
(66,734)	(283,296)	(51,980)	(1,495,285)	(455,905)	92,184
<u>3,612,942</u>	<u>3,546,208</u>	<u>3,262,912</u>	<u>3,234,610</u>	<u>1,739,325</u>	<u>1,283,420</u>
<u>\$ 3,546,208</u>	<u>\$ 3,262,912</u>	<u>\$ 3,210,932</u>	<u>\$ 1,739,325</u>	<u>\$ 1,283,420</u>	<u>\$ 1,375,604</u>
4.7%	12.0%	6.5%	3.6%	4.8%	6.2%

City of Belleair Bluffs
 Schedule 5
 Program Revenue by Function / Program
 Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Function / Program				
Governmental activities :				
Charges for services				
Administration	\$ 41,081	\$ 50,905	\$ 53,756	\$ 63,133
Fire	603,646	733,656	835,089	881,136
Emergency medical services	-	-	-	398,861
Total charges for services	<u>644,727</u>	<u>784,561</u>	<u>888,845</u>	<u>1,343,130</u>
Operating grants and contributions				
Administration	2,089	2,367	1,748	1,745
Police	-	-	-	-
Fire	-	1,100	1,320	1,827
Public Works	21,439	-	-	-
Total operating grants and contributions	<u>23,528</u>	<u>3,467</u>	<u>3,068</u>	<u>3,572</u>
Capital grants and contributions				
Administration	130,000	-	3,500	-
Fire	13,800	13,800	23,000	11,500
Public Works	-	-	-	-
Total capital grants and contributions	<u>143,800</u>	<u>13,800</u>	<u>26,500</u>	<u>11,500</u>
Total primary government revenues	<u>\$ 812,055</u>	<u>\$ 801,828</u>	<u>\$ 918,413</u>	<u>\$ 1,358,202</u>

2009	2010	2011	2012	2013	2014
\$ 98,091	\$ 66,798	\$ 52,147	\$ 43,010	\$ 54,156	\$ 48,861
964,951	40,000	30,900	31,800	32,782	32,782
416,052	-	-	-	-	-
<u>1,479,094</u>	<u>106,798</u>	<u>83,047</u>	<u>74,810</u>	<u>86,938</u>	<u>81,643</u>
12,600	1,525	-	-	1,560	2,618
-	1,942	-	-	-	-
4,010	-	-	-	-	-
-	9,975	7,969	7,872	6,300	6,300
<u>16,610</u>	<u>13,442</u>	<u>7,969</u>	<u>7,872</u>	<u>7,860</u>	<u>8,918</u>
1,521	-	-	-	-	-
23,000	-	-	-	-	-
-	351,676	-	300,000	-	-
<u>24,521</u>	<u>351,676</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
<u>\$ 1,520,225</u>	<u>\$ 471,916</u>	<u>\$ 91,016</u>	<u>\$ 382,682</u>	<u>\$ 94,798</u>	<u>\$ 90,561</u>

City of Belleair Bluffs
 Schedule 6
 Tax Revenues by Source, Governmental Funds
 Last Ten Fiscal Years

Fiscal Year Ended September 30,	Ad Valorem	Sales and Use Taxes	Fire Insurance Premium Tax (1)	Franchise Fees	Communications Service Tax	Total
2014	\$ 844,925	\$ 336,197	\$ -	\$ 209,554	\$ 98,137	\$ 1,488,813
2013	821,451	318,920	48,061	192,743	105,950	1,487,125
2012	831,974	303,780	-	199,248	110,788	1,445,790
2011	733,586	296,312	23,677	209,577	1,070,325	2,333,477
2010	818,775	306,860	24,843	225,960	112,123	1,488,561
2009	853,163	330,440	82,771	341,142	-	1,607,516
2008	951,678	359,493	46,029	311,023	-	1,668,223
2007	1,000,611	372,172	-	309,983	-	1,682,766
2006	828,782	382,578	-	306,267	-	1,517,627
2005	699,717	363,435	-	285,639	-	1,348,791

(1) Fire Insurance Premium Taxes represent on behalf payments from the State of Florida that are earmarked for Firefighter's pension contributions.

Schedules of Revenue Capacity Information

These schedules contain information to help the reader assess the City's most significant local revenue source - the property tax.

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City of Belleair Bluffs
Schedule 7
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Governmental Property	Institutional Property	Leasehold Interests
2014	\$ 159,216,069	\$ 39,765,381	\$ 2,743,034	\$ 744,473	\$ 577,408
2013	152,035,768	37,967,870	2,648,262	740,264	558,271
2012	148,829,217	37,589,355	2,617,259	736,102	536,468
2011	150,671,897	39,485,751	901,797	740,073	522,992
2010	161,863,934	41,659,440	887,500	795,766	491,504
2009	178,138,693	43,947,077	3,946,028	909,239	85
2008	251,618,200	49,227,900	4,012,400	1,901,500	100
2007	290,828,420	47,511,100	4,006,000	2,283,400	100
2006	295,318,400	44,885,800	4,073,200	1,863,600	100
2005	229,807,600	37,536,600	3,311,500	1,765,800	100

Source: Pinellas County Property Appraiser

Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 203,046,365	\$ (38,177,130)	\$ 164,869,235	5.3500
193,950,435	(38,263,887)	155,686,548	5.3500
190,308,401	(38,736,141)	151,572,260	5.3500
192,322,510	(39,306,724)	153,015,786	4.3500
205,698,144	(40,933,083)	164,765,061	4.3500
226,941,122	(42,123,766)	184,817,356	3.9997
306,760,100	(94,945,119)	211,814,981	3.9997
344,629,020	(108,111,860)	236,517,160	4.3500
346,141,100	(117,027,417)	229,113,683	4.3500
272,421,600	(83,879,900)	188,541,700	4.3500

City of Belleair Bluffs
Schedule 8
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rates per \$1,000 of assessed value)

Fiscal Year	City	Total County Operating	School Board	Transit District	Emergency Medical Services	Southwest Florida Water Management District	Juvenile Welfare Board	Pinellas County Planning Council	Total
2014	5.3500	5.3377	8.0600	0.7305	0.9158	0.3818	0.8981	0.0160	21.6899
2013	5.3500	5.0727	8.3020	0.7305	0.9158	0.3928	0.8981	0.0125	21.6744
2012	5.3500	4.8730	8.3850	0.7305	0.8506	0.3928	0.8337	0.0125	21.4281
2011	4.3500	4.8730	8.3400	0.5601	0.5832	0.3770	0.7915	0.0125	19.8873
2010	4.3500	4.8730	8.3460	0.5601	0.5832	0.3866	0.7915	0.0125	19.9029
2009	3.9997	4.8730	8.0610	0.5601	0.5832	0.3866	0.7915	0.0170	19.2721
2008	3.9997	4.8730	7.7310	0.5601	0.5832	0.3866	0.7384	0.0170	18.8890
2007	4.3500	5.4700	8.2100	0.6074	0.6300	0.4220	0.7963	0.0195	20.5052
2006	4.3500	6.1410	8.3900	0.6377	0.6600	0.4220	0.8117	0.0218	21.4342
2005	4.3500	6.1410	8.1220	0.6377	0.6600	0.4220	0.8117	0.0220	21.1664

Note:

Source: Pinellas County Tax Collector

City of Belleair Bluffs
Schedule 9
Principal Property Taxpayers
Current Year and Seven Years Ago (1)

Taxpayer	2014			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Jasue, LLC	\$ 4,985,000	1	3.02%	\$ 5,575,000	2	2.63%
Skyview Enterprises, LLC	4,860,000	2	2.95%	-		
Harbor Bluffs Venture, LLC	4,632,000	3	2.81%	5,800,000	1	2.74%
Palms of Belleair, LLC	3,822,900	4	2.32%	5,400,000	4	2.55%
Berolzheimer, David Tre	3,030,500	5	1.84%	3,820,000	5	1.80%
Safee, Edward F	2,990,072	6	1.81%	-		-
Murphy, Jacqueline Ann Trust	1,808,800	7	1.10%	-		-
Johnson, Robert K	1,768,297	8	1.07%	2,748,600	6	1.30%
South River Realty, LLC	1,694,400	9	1.03%	-		-
Chivas, Frank R	1,651,105	10	1.00%	-		-
West Bay Drive, LLC	-		-	5,495,000	3	2.59%
Murphy, John J	-		-	2,375,000	7	1.12%
Lucas, Sky M	-		-	2,233,900	8	1.05%
Holcolm, Gary L	-		-	2,213,100	9	1.04%
Cayboa, LLC	-		-	1,850,000	10	0.87%
Total Principal Taxpayers	31,243,074		18.95%	37,510,600		17.71%
All Other Taxpayers	133,626,161		81.05%	174,304,381		82.29%
Total	\$ 164,869,235		100.00%	\$ 211,814,981		100.00%

Note:

Source: Pinellas County Property Appraiser's Office

(1) Information for a ten year comparison is unavailable, but will be presented prospectively in the future.

City of Belleair Bluffs
Schedule 10
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2014	\$ 875,078	\$ 844,925	96.55%	\$ 844,925	96.55%
2013	849,825	821,451	96.66%	821,451	96.66%
2012	860,236	831,974	96.71%	831,974	96.71%
2011	756,284	733,586	97.00%	733,586	97.00%
2010	844,257	818,775	96.98%	818,775	96.98%
2009	878,938	853,163	97.07%	853,163	97.07%
2008	981,157	951,678	97.00%	951,678	97.00%
2007	1,031,436	1,000,611	97.01%	1,000,611	97.01%
2006	856,295	828,782	96.79%	828,782	96.79%
2005	721,603	699,717	96.97%	699,717	96.97%

Notes:

Source: Pinellas County Property Appraiser

The Pinellas County Property Appraiser does not provide information on subsequent year collections by year. Therefore, this column represents collections for prior year tax levies that were received in the year indicated.

Schedules of Debt Capacity Information

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

The City Charter makes no provision for a general obligation debt margin. There has been no general obligation bonded debt outstanding for the prior ten fiscal years.

City of Belleair Bluffs
 Schedule 11
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total	Percentage of Personal Income	Per Capita
	Revenue Note Series 1997	Line of Credit Note Series 2000	Revenue Note Series 2007			
2014	\$ -	\$ -	\$ 591,881	\$ 591,881	1.07%	\$ 288
2013	-	-	657,344	657,344	1.22%	323
2012	-	-	722,808	722,808	1.37%	356
2011	-	-	788,272	788,272	1.51%	385
2010	-	-	853,735	853,735	1.68%	420
2009	114,952	-	919,198	1,034,150	1.96%	481
2008	137,274	-	984,661	1,121,935	2.17%	520
2007	161,838	158,851	-	320,689	0.63%	148
2006	184,161	180,389	-	364,550	0.72%	167
2005	206,484	201,927	-	408,411	0.82%	185

Notes:

The City has had no general obligation bonded debt in the last ten years.

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

City of Belleair Bluffs
 Schedule 12
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Pinellas County School Board (1)	\$ 8,713,566		
Capital leases	<u>116,446</u>		
Total overlapping debt	\$ 8,830,012	0.276%	\$ 24,393
City direct debt		100%	<u>591,881</u>
Total direct and overlapping debt			<u><u>\$ 616,274</u></u>

Notes:

Source: Pinellas County

(1) The City's share is calculated based on the ratio of the 2014 City Taxable Value of \$164,869,235 to the County's Taxable Value of \$59,682,089,234.

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City of Belleair Bluffs
Schedule 13
Pledged-Revenue Coverage
Last Ten Fiscal Years

Year	Electric Franchise Fees (1)	Line of Credit Note Series 2000		Revenue Note Series 1997		
		Principal	Interest	Principal	Interest	Coverage
2014	\$ -	\$ -	\$ -	\$ -	\$ -	-
2013	-	-	-	-	-	-
2012	-	-	-	-	-	-
2011	-	-	-	-	-	-
2010	213,657	-	-	114,942	1,840	1.83
2009	201,263	-	-	22,323	2,653	8.55
2008	182,056	158,850	1,610	24,565	5,452	1.12
2007	214,062	21,538	9,123	22,323	8,441	3.48
2006	180,929	21,538	9,958	22,323	8,148	3.45
2005	157,190	21,538	8,179	22,323	6,692	3.64

(1) Electric Franchise fees were pledged as security for both the 2000 and 1997 Series.

	Infrastructure Sales Tax	Revenue Note Series 2007		
		Principal	Interest	Coverage
\$	189,874	\$ 65,463	\$ 30,050	1.99
	177,973	65,463	33,185	1.80
	168,953	65,463	36,321	1.66
	159,688	65,463	39,457	1.52
	172,409	65,463	42,592	1.60
	196,170	65,463	45,769	1.76
	212,426	49,098	36,535	2.48
	-	-	-	-
	-	-	-	-
	-	-	-	-

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Schedules of Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

City of Belleair Bluffs
 Schedule 14
 Demographic and Economic Statistics
 Last Ten Calendar Years

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2014	2,052	\$ 55,547,189	\$ 27,070	5.3%
2013	2,037	54,059,943	26,539	5.8%
2012	2,029	52,770,678	26,008	7.9%
2011	2,048	52,199,538	25,488	9.5%
2010	2,031	50,730,916	24,978	11.2%
2009	2,152	52,678,224	24,479	11.4%
2008	2,156	51,720,616	23,989	8.4%
2007	2,165	50,897,788	23,509	4.7%
2006	2,184	50,317,577	23,039	3.1%
2005	2,210	49,898,264	22,578	3.2%

Note:

Sources:

- (1) State of Florida Office of Economic and Demographic Research - Estimate for April 1, 2014
- (2) Extrapolated from Per Capita info, times the population
- (3) Pinellas County Economic Development
- (4) Florida Agency for Workforce Innovation, Labor Market Statistics, Local Area Unemployment Statistics Program, and Homefacts.com

City of Belleair Bluffs
Schedule 15
Principal Employers
Current Year and Ten Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage Total City Employment
Raymond James	3,500	1	N/A	3,022	3	N/A
Home Shopping Network	2,800	2	N/A	4,000	1	N/A
Bright House Network	2,000	3	N/A	N/A		N/A
Fedelite Information Svc	1,800	4	N/A	N/A		N/A
Nielsen Media Research	1,800	5	N/A	2,669	4	N/A
Jabil Circuit, Inc.	1,600	6	N/A	N/A		N/A
Tech Data Corp.	1,500	7	N/A	1,800	10	N/A
Honeywell Aerospace	1,500	8	N/A	N/A		N/A
Think Direct Marketing Group	1,000	9	N/A	N/A		N/A
Ceridian Benefits Services	1,000	10	N/A	N/A		N/A
Times Publishing Corp.	N/A		N/A	3,187	2	N/A
Morton Plant Hospital	N/A		N/A	2,448	5	N/A
Raytheon	N/A		N/A	2,200	6	N/A
All Children's Health Systems	N/A		N/A	2,000	7	N/A
Bayfront Medical Center, Inc.	N/A		N/A	2,000	8	N/A
Progress Energy, Florida	N/A		N/A	1,870	9	N/A
	<u>18,500</u>		<u>-</u>	<u>25,196</u>		<u>-</u>

Note:

N/A - Total employment within the City is not available.

Data is based on Pinellas County since numbers for Belleair Bluffs are not available.

Source: Pinellas County Economic Development Department.

Schedules of Operating Information

These schedules offer detailed operations information to help the reader understand the services provided by the City.

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City of Belleair Bluffs
 Schedule 16
 Full-time Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	Full-time Equivalent Employees as of September 30,					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government						
City Clerk	1.0	1.0	1.0	1.0	1.0	1.0
Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0
Public Safety						
Fire	12.0	12.0	12.0	12.0	*	*
Police	*	*	*	*	*	*
Protective Inspections/Planning	1.0	1.0	1.0	1.0	1.0	1.0
Public Works						
Technical Services/Building	1.0	1.0	1.0	1.0	1.0	1.0
Grounds Beautification	-	-	-	1.0	1.0	1.0
Road and Street Facilities	2.0	2.0	2.0	2.0	2.0	2.0
	<u>19.0</u>	<u>19.0</u>	<u>19.0</u>	<u>20.0</u>	<u>8.0</u>	<u>8.0</u>

* Note: The City contracts for Law Enforcement Services through a contract with the Pinellas County Sheriff's Office and beginning in 2009 for Fire Suppression Services through a contract with the City of Largo.

2011	2012	2013	2014
1.0	1.0	1.0	1.0
2.0	2.0	2.0	2.0
*	*	*	*
*	*	*	*
1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0
2.0	2.0	2.0	1.0
8.0	8.0	8.0	7.0

City of Belleair Bluffs
 Schedule 17
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police					
Physical arrests	-	13	3	6	10
Parking violations	133	53	24	7	6
Traffic violations	240	481	638	838	782
Fire					
Emergency responses	N/A	N/A	N/A	N/A	N/A
Fires extinguished	N/A	N/A	N/A	N/A	N/A
Inspections	N/A	N/A	N/A	N/A	N/A
Public works					
Street resurfacing (miles)	-	-	-	-	0.28

Notes:

N/A = not available

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
55	51	88	52	81
23	27	42	7	17
922	847	505	322	352
573	589	626	652	626
51	74	79	119	44
153	121	34	233	39
-	0.47	-	0.29	0.42

City of Belleair Bluffs
 Schedule 18
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police Stations	-	-	-	-	-	-
Fire Stations	1	1	1	1	1	1
Public works Streets (miles)	9.60	9.60	9.60	9.60	9.60	9.60

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
-	-	-	-
1	1	1	1
9.60	9.60	9.60	9.60

OTHER REPORTS

This section contains Auditor's Reports required by *Government Auditing Standards* (issued by the Comptroller General of the United States) and the Auditor General of the State of Florida.

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*

The Honorable Mayor and City Commission
City of Belleair Bluffs, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Belleair Bluffs, Florida (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 3, 2014.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wells, Houser & Schatzel, P.A.
St. Petersburg, Florida
November 3, 2014

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and City Commission
City of Belleair Bluffs, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Belleair Bluffs, Florida, as of and for the fiscal year ended September 30, 2014 and have issued our report thereon dated November 3, 2014.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Reports 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 Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated November 3, 2014, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Belleair Bluffs, Florida, a municipal corporation, was established in 1967 under Chapter 67-1106, Laws of Florida, Acts of 1967.

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City of Belleair Bluffs, Florida, for the fiscal year ended September 30,

2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d. Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district , provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that the City had no special district component units.

Other Matters

Sections 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.

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

Purpose of this Letter

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



Wells, Houser & Schatzel, P.A.
St. Petersburg, Florida
November 3, 2014