

CITY OF BELLEAIR BLUFFS, FLORIDA



Comprehensive Annual Financial Report

For the Year Ended September 30, 2015

CITY OF BELLEAIR BLUFFS, FLORIDA

Comprehensive Annual Financial Report

For the Year Ended September 30, 2015

**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, 2015

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INTRODUCTORY SECTION

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LETTER OF TRANSMITTAL



CITY OF BELLEAIR BLUFFS

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Belleair Bluffs, Florida 33770
Tel. (727) 584-2151
Fax: (727) 584-6175
www.belleairbluffs.org

February 28, 2016

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, 2015. 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, 2015, 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, 2015, 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 \$1.5 million dollars scheduled for improvements past the 5 year mark. The city will continue to reserve funds to utilize the 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 instituted an additional source of revenue by adding a 5% municipal public services tax to electric services only. 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 2014-2015 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.

Honorable Mayor, City Commission, and Citizens of the City of Belleair Bluffs, Florida
February 28, 2016

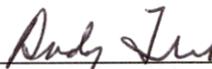
CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belleair Bluffs for its initial Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



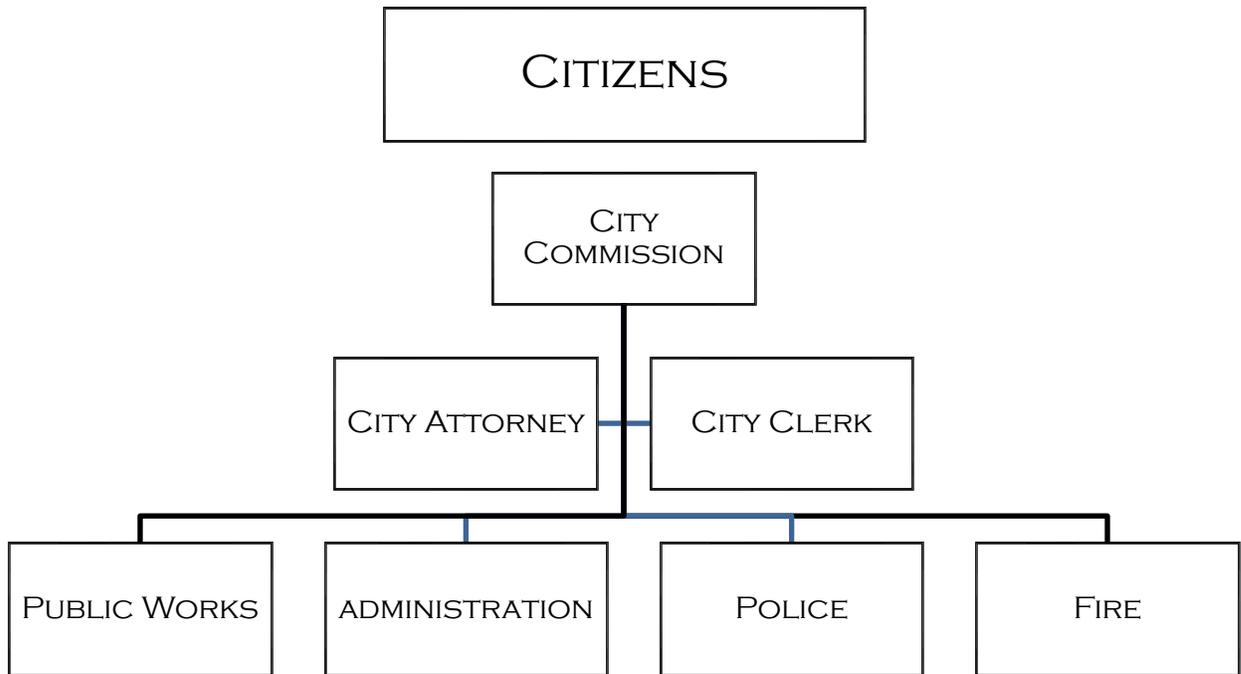
City Clerk/Finance Officer
Debra S. Sullivan, MMC



Sr. Finance Manager
Andy Tess, CPA

ORGANIZATION CHART

CITY FLOW CHART



CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Belleair Bluffs
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

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, 2015, 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, 2015, 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 29-30 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 required supplementary information and 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, 2014 financial statements and, in our report dated November 3, 2014 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, 2015, 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, 2015

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 decreased \$180,679 (or -13.04%). This decrease is primarily due to decreases in cash and cash equivalents of \$180,425.
- The City's net capital assets increased by \$764,146 (or 17.25%) due to current year additions of \$867,887 exceeding current depreciation of \$103,472 and net capital deletions of \$268.
- The City's net position increased \$633,633 (or 12.25%).
- The City's long term debt decreased by \$51,065 (or -8.26%). This amount is comprised of a reduction in the City's revenue note of \$53,801 and an increase in compensated absences of \$2,736.
- General Fund revenues increased \$135,815 (or 9.45%). Increase is primarily due to an increase in property tax revenue of \$43,077 and public service tax of \$85,408. General Fund expenditures decreased \$16,981 (or 1.17%).
- The Excess of Revenues Over (Under) Expenditures in the General Fund showed a surplus of \$146,259, an increase of \$153,796 over the prior year deficit of \$7,537.

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 involved road reconstruction and storm sewer replacement. Total project costs were \$774,805 and the City received \$379,795 in matching grant funds.
- The City began collecting a 5% public service tax revenue on electricity in February 2015. \$85,408 was collected in fiscal year 2015. 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 Position

The following table reflects the condensed comparative Statement of Net Position as of September 30, 2015.

Table 1
Statement of Net Position
As of September 30,

	2015	2014
Current assets	\$1,205,177	\$1,385,856
Capital assets	5,193,226	4,429,080
Other non-current assets	-	-
Total assets	<u>6,398,403</u>	<u>5,814,936</u>
Current Liabilities	62,393	64,053
Non-current liabilities	<u>528,311</u>	<u>576,817</u>
Total liabilities	<u>590,704</u>	<u>640,870</u>
Net position:		
Net investment in capital assets	4,655,146	3,837,199
Restricted	257,270	583,740
Unrestricted	<u>895,283</u>	<u>753,127</u>
Total net position	<u>\$5,807,699</u>	<u>\$5,174,066</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>2015</u>
Unrestricted Net Position 9/30/14	<u>\$ 753,127</u>
Results of Operations	633,633
Adjustments:	
Restricted - Infrastructure	326,470
Depreciation/loss on disposals	<u>103,741</u>
Adjusted Results of Operations	1,063,844
Capital Expenditures	(867,887)
Principal Payments	<u>(53,801)</u>
Unrestricted Net Position 9/30/15	<u><u>\$ 895,283</u></u>

Statement of Activities

The following schedule reflects a condensed comparative Statement of Changes in Net Position as of September 30, 2015.

Table 3
Change in Net Position

	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 75,937	\$ 81,643
Operating grants and contributions	8,676	8,918
Capital grants and contributions	379,795	-
General revenues		
Taxes	1,635,851	1,488,813
State revenue sharing	86,473	85,639
Investment income	<u>9,206</u>	<u>5</u>
Total revenues	<u><u>2,195,938</u></u>	<u><u>1,665,018</u></u>

Table 3 (Continued)
Change in Net Position

Expenses:		
Administration	404,460	412,362
Police	466,690	455,444
Fire	271,287	270,185
Public works	392,825	418,451
Interest on long-term debt	27,043	30,050
Total expenses	1,562,305	1,586,492
Increase/(Decrease) in Net Position	633,633	78,526
Net position - beginning of year	5,174,066	5,095,540
Net position - end of year	\$ 5,807,699	\$ 5,174,066

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:

City-wide revenues increased \$530,920 (or 32%) over 2014. General Fund revenues increased \$135,815 and Capital Projects Fund revenues increased \$395,105.

General Fund revenues saw an increase due to first year collections of public service tax revenues of \$85,408 and an increase in Ad Valorem revenue. This increase in Ad Valorem revenue led to additional revenues of \$43,077 (or 5.10%) over 2014.

Capital Project Fund revenues saw an increase in sales tax revenues of \$15,978 (or 7.28%) and intergovernmental revenues of \$379,795 SWFWMD grant proceeds.

Expenses:

City-wide expenditures increased \$802,123 (or 51%). This increase is comprised of a decrease in General Fund expenditures of \$17,981 and an increase in Capital Project Fund expenditures of \$820,104.

The Capital Project Fund increase was due to an increase of capital outlay expenditures of \$835,087. This increase was primarily due to expenditures related to the SWFWMD project N537 in the amount of \$774,805.

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 \$1.197 million, which was a decrease of \$179,019 (or 13.01%) as compared to the combined fund balance at the beginning of the year. The General Fund had an increase of \$146,259. The Capital Projects Fund had an excess of expenditures over revenues of \$325,278.

Budgetary Highlights

The amount of budgeted revenues (amounts available for appropriations) was \$1,553,420. Actual revenues for the fiscal year 2015 were \$1,573,767 which resulted in a favorable variance of \$20,347. The amounts of budgeted expenditures (charges to appropriations) for 2014 were \$1,553,420. The amounts of actual expenditures were \$1,427,508 which resulted in a favorable variance of \$125,912. The overall favorable budget variance for fiscal year 2015 is \$146,259. (Please see page 29 for more detailed information.) The excess of \$69,221 between budgeted revenues and budgeted expenditures in the General Fund represents that portion of excess revenues from the public service tax that will be added to reserves to assist in funding future capital projects or any other unforeseen expenditure.

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 \$45,397 occurred primarily as a result of budgeted personal services, professional services and traffic control maintenance not being incurred.

CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

As of September 30, 2015, the City had \$6,392,797 (total cost) invested in a variety of capital assets as compared to \$5,545,320 as of September 30, 2014. This represents a net Increase of \$847,477 or 15.28% from the end of last year.

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

	Governmental Activities	
	2015	2014
Non-Depreciable Assets		
Land	\$ 1,589,066	\$ 1,589,066
Construction in progress	635	70,114
Depreciable Assets		
Building & improvements	4,442,505	3,509,528
Furniture, fixtures & equipment	360,591	376,612
Total at historical cost	\$ 6,392,797	\$ 5,545,320
Less accumulated depreciation		
Building & improvements	(903,091)	(809,424)
Furniture, fixtures & equipment	(296,480)	(306,816)
Total accumulated depreciation	(1,199,571)	(1,116,240)
Capital assets, net	\$ 5,193,226	\$ 4,429,080

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	\$ 4,429,080
Additions/transfer in	1,800,863
Decrease in construction in progress	(932,977)
Deletions/transfer out	(268)
Depreciation	(103,472)
Capital assets, ending balance	\$ 5,193,226

Debt Outstanding

As of September 30, 2015 the City had a note outstanding of \$538,080 as compared to \$591,881 as of September 30, 2014. This represents a net decrease of \$53,801 or 9.09% from the end of last year.

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

	Governmental Activities	
	2015	2014
Revenue note, Series 2007	\$ 538,080	\$ 591,881

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, 2015 is provided in the notes to the financial statements on pages 24-25.

ECONOMIC FACTORS

Belleair Bluffs saw an increase in property values for the third consecutive year and is budgeting another 6.09% increase in Ad Valorem revenues for fiscal year 2016.

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.

The City began collecting its new revenue stream from public service tax on electricity in fiscal year 2015. 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.

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, 2015

With comparative amounts for September 30, 2014

	Note or Schedule References	Governmental Activities	
		2015	2014
ASSETS			
Current Assets			
Cash and cash equivalents	Note 2	\$ 912,666	\$ 1,093,091
Investments	Note 2	249,057	242,716
Accounts receivable		30,202	25,602
Due from other governments	Note 3	7,937	24,447
Prepaid items		5,315	-
Total Current Assets		<u>1,205,177</u>	<u>1,385,856</u>
Noncurrent Assets			
Capital Assets	Note 4		
Nondepreciable		1,589,701	1,659,181
Depreciable, net of accumulated depreciation		<u>3,603,525</u>	<u>2,769,899</u>
Total Capital Assets		<u>5,193,226</u>	<u>4,429,080</u>
TOTAL ASSETS		<u><u>\$ 6,398,403</u></u>	<u><u>\$ 5,814,936</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued items		\$ 8,592	\$ 10,252
Current portion of long-term obligations	Note 5	<u>53,801</u>	<u>53,801</u>
Total Current Liabilities		62,393	64,053
Long-Term Liabilities			
Other post employment benefits	Note 7	15,279	12,720
Noncurrent portion of long-term obligations	Note 5	<u>513,032</u>	<u>564,097</u>
Total Liabilities		590,704	640,870
NET POSITION			
Net investment in capital assets		4,655,146	3,837,199
Restricted for			
Infrastructure	Note 1, pg 21	211,682	538,152
Emergency Medical Services	Note 1, pg 21	45,588	45,588
Unrestricted		895,283	753,127
Total Net Position		<u>5,807,699</u>	<u>5,174,066</u>
TOTAL LIABILITIES AND NET POSITION		<u><u>\$ 6,398,403</u></u>	<u><u>\$ 5,814,936</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, 2015

With comparative total amounts for the year ended September 30, 2014

Function/Program Activities	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
					2015	2014
Primary Government						
Government Activities						
Administration	\$ (404,460)	\$ 43,155	\$ 2,376	\$ -	\$ (358,929)	\$ (360,883)
Police	(466,690)	-	-	-	(466,690)	(455,444)
Fire	(271,287)	32,782	-	-	(238,505)	(237,403)
Public works	(392,825)	-	6,300	379,795	(6,730)	(412,151)
Interest on Long-Term Debt	(27,043)	-	-	-	(27,043)	(30,050)
Total Primary Government	\$ (1,562,305)	\$ 75,937	\$ 8,676	\$ 379,795	(1,097,897)	(1,495,931)
General Revenues						
Taxes						
Property taxes					888,002	844,925
Sales and use taxes					358,431	336,197
Franchise fees					207,575	209,554
Communication services tax					96,435	98,137
Public service tax					85,408	-
State revenue sharing					86,473	85,639
Investment income					9,206	5
Total general revenues					<u>1,731,530</u>	<u>1,574,457</u>
Change in Net Position					633,633	78,526
Net Position Beginning					<u>5,174,066</u>	<u>5,095,540</u>
Net Position Ending					<u>\$ 5,807,699</u>	<u>\$ 5,174,066</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, 2015

With comparative total amounts for September 30, 2014

	2015			2014
	General Fund	Capital Projects Fund	Total Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 662,353	\$ 250,313	\$ 912,666	\$ 1,093,091
Investments	249,057	-	249,057	242,716
Accounts receivable	30,202	-	30,202	25,602
Due from other governments	7,937	-	7,937	24,447
Prepaid items	5,315	-	5,315	-
TOTAL ASSETS	\$ 954,864	\$ 250,313	\$ 1,205,177	\$ 1,385,856
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued expenses	\$ 8,592	\$ -	\$ 8,592	\$ 10,252
TOTAL LIABILITIES	8,592	-	8,592	10,252
FUND BALANCES				
Nonspendable	5,315	-	5,315	-
Restricted				
Infrastructure	-	211,682	211,682	538,152
Emergency Medical Services	45,588	-	45,588	45,588
Assigned				
Fire	-	15,766	15,766	15,766
Infrastructure	-	22,865	22,865	19,372
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 - data processing equipment	2,611	-	2,611	4,000
Public works - equipment	42,185	-	42,185	37,185
Public works - drainage	251,721	-	251,721	188,500
Subsequent year's expenditures	-	-	-	2,301
Unassigned	446,769	-	446,769	372,657
TOTAL FUND BALANCES	946,272	250,313	1,196,585	1,375,604
TOTAL LIABILITIES AND FUND BALANCES	\$ 954,864	\$ 250,313	\$ 1,205,177	\$ 1,385,856

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, 2015

Fund balances - total governmental funds \$ 1,196,585

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	6,392,797	
Less accumulated depreciation	<u>(1,199,571)</u>	5,193,226

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	(538,080)	
Other post employment benefits	(15,279)	
Compensated absences	<u>(28,753)</u>	<u>(582,112)</u>

Net position of governmental activities \$ 5,807,699

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, 2015

With comparative total amounts for the year ended September 30, 2014

	General Fund	Capital Projects Fund	Total	
			General Government 2015	2014
REVENUES				
Property taxes	\$ 888,002	\$ -	\$ 888,002	\$ 844,925
Sales taxes	-	235,290	235,290	219,312
Communications services tax	96,435	-	96,435	98,137
Franchise fees	207,575	-	207,575	209,554
Public service tax	85,408	-	85,408	-
Licenses and permits	32,288	-	32,288	33,349
Intergovernmental revenues	211,170	379,795	590,965	204,087
Charges for services	32,992	-	32,992	32,980
Fines and forfeitures	2,659	-	2,659	3,620
Investment income	8,420	786	9,206	6
Miscellaneous revenues	8,818	6,300	15,118	19,048
TOTAL REVENUES	1,573,767	622,171	2,195,938	1,665,018
EXPENDITURES				
Current				
General government	370,705	3,107	373,812	381,478
Law enforcement	466,690	-	466,690	455,444
Fire protection	269,649	-	269,649	264,077
Public works	316,075	-	316,075	347,911
Capital outlay	4,389	863,498	867,887	28,411
Debt Service				
Principal retirement	-	53,801	53,801	65,463
Interest and other charges	-	27,043	27,043	30,050
TOTAL EXPENDITURES	1,427,508	947,449	2,374,957	1,572,834
NET CHANGE IN FUND BALANCES	146,259	(325,278)	(179,019)	92,184
FUND BALANCES - BEGINNING OF YEAR	800,013	575,591	1,375,604	1,283,420
FUND BALANCES - END OF YEAR	\$ 946,272	\$ 250,313	\$ 1,196,585	\$ 1,375,604

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, 2015

Net change in fund balances - total governmental funds \$ (179,019)

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	\$ 867,887	
Loss on disposal of capital assets	(268)	
Less current year depreciation	<u>(103,472)</u>	764,147

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		53,801
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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	(2,737)	
Other post employment benefits	<u>(2,559)</u>	<u>(5,296)</u>

Change in net assets - governmental activities		<u>\$ 633,633</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, 2015

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, 2015

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, 2015

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 Capital Projects Fund budget was amended during the year to provide funding for a capital project by increasing grant revenue, appropriated reserves and project expenditures.
- 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 \$103,473.

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, 2015.

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, 2015

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 \$211,682 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 items. 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, 2015

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, 2015 that amount was determined to be \$259,061. 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), 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 cost) can be used as fair value for financial

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

reporting. These funds may be withdrawn upon demand. 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, 2015 is 29 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 Poor’s 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, 2015 is as follows:

	Carrying Amounts	Bank Balance/ Fair Market Value
Petty cash	\$ 55	\$ -
Cash – bank accounts	912,611	916,735
Total Cash and cash equivalents	<u>\$ 912,666</u>	<u>\$ 916,735</u>
Investments		
State Board of Administration - Prime	\$ 249,057	\$ 249,057
	<u>\$ 249,057</u>	<u>\$ 249,057</u>

NOTE 3 – DUE FROM OTHER GOVERNMENTS

The amount of \$7,937 due from other governments as of September 30, 2015 consists of the following: court fines due from the Pinellas County Clerk of Court in the amount of \$195 and Communications Services Tax due from the State of Florida in the amount of \$7,742. 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, 2015

NOTE 4 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance 10/01/14	Additions	Deletions	Transfers In (Out)	Ending Balance 9/30/15
Non-Depreciable Assets					
Land	\$ 1,589,066	\$ -	\$ -	\$ -	\$ 1,589,066
Construction in Progress	70,114	863,498	-	(932,977)	635
Depreciable Assets					
Buildings & improvements	3,509,528	-	-	932,977	4,442,505
Furniture, fixtures & equipment	376,612	4,389	(20,410)	-	360,591
Totals at historical cost	<u>5,545,320</u>	<u>867,887</u>	<u>(20,410)</u>	<u>-</u>	<u>6,392,797</u>
Less accumulated depreciation					
Buildings & improvements	(809,424)	(93,667)	-	-	(903,091)
Furniture, fixtures & equipment	(306,816)	(9,806)	20,142	-	(296,480)
Total accumulated depreciation	<u>(1,116,240)</u>	<u>(103,473)</u>	<u>20,142</u>	<u>-</u>	<u>(1,199,571)</u>
Capital assets, net	<u>\$ 4,429,080</u>	<u>\$ 764,414</u>	<u>\$ (268)</u>	<u>\$ -</u>	<u>\$ 5,193,226</u>

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 28,242
Fire protection	1,638
Public works	73,593
	<u>\$ 103,472</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount due in one year
Revenue note, Series 2007	\$ 591,881	\$ -	\$ 53,801	\$ 538,080	\$ 53,801
Compensated absences	26,017	3,242	506	28,753	-
Total long-term debt	<u>\$ 617,898</u>	<u>\$ 3,242</u>	<u>\$ 67,936</u>	<u>\$ 566,833</u>	<u>\$ 53,801</u>

Interest costs of \$27,043 were incurred for the year ended September 30, 2015. The total principal and interest paid during 2015 for the Revenue Note, Series 2007 was \$80,844. Infrastructure sales surtax revenue pledged for the payment of the debt totaled \$205,188 for a debt coverage ratio of 2.54:1.00.

Accrued compensated absences are liquidated in the funds that incur the respective liabilities, which is the general fund in the case of the City. Compensated absences are only paid out upon termination of employment from the City. The City is not aware of any pending retirements or terminations and estimates the amount due within one year to be zero.

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE 5 - LONG-TERM DEBT (continued)

Long-term debt is comprised of the following as of September 30, 2015:

<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).	\$ 538,080
<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>28,753</u>
	<u><u>\$ 566,833</u></u>

The annual requirements to amortize the Revenue note payable as of September 30, 2015, are as follows:

Revenue note, Series 2007

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	43,925	16,394	60,319
2021 – 2025	219,624	50,408	270,033
2026 - 2028	98,831	5,523	104,354
	<u>\$ 538,080</u>	<u>\$ 158,940</u>	<u>\$ 697,020</u>

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, 2015, 2014 and 2013 the City contributed \$23,946, \$27,6181, and \$27,381, respectively. The contributions were equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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, 2015, 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 9/30/15
Annual Required Contribution (ARC)	\$ 2,559
Interest on net OPEB obligation	541
Adjustment to ARC	(541)
Annual OPEB cost	<u>2,559</u>
Expected employer contribution	-
Increase in net OPEB obligation	<u>2,559</u>
Net OPEB obligation beginning of year	12,720
Net OPEB obligation end of year	<u><u>\$ 15,279</u></u>

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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, 2015, 2014, or 2013 nor is the City aware of any contingent assessments. For the

CITY OF BELLEAIR BLUFFS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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, 2015 through September 30, 2016 in the amount of \$476,553. The expenditure for the year ended September 30, 2013 was \$466,690.

Fire Suppression Services: Effective October 1, 2015 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, 2030. After the initial term, there is a fifteen (15) year renewal option that would extend the term to September 30, 2045. The annual contribution for the fiscal year ending September 30, 2016 is \$266,444 or \$22,456 monthly. For the fiscal year ended September 30, 2015 the City of Belleair Bluffs paid the City of Largo an annual contribution of \$269,649 or \$22,470 monthly. The annual contribution will be adjusted by the per capital distribution formula detailed in the contract, but in no event shall the increase exceed 5% annually.

Lease of fire station: Effective October 1, 2015 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, 2015 and ending on September 30, 2016. Largo shall pay Belleair Bluffs \$35,822 during the lease term. The City received lease payments totaling \$32,782 for the fiscal year ended September 30, 2015.

Construction commitment: There were no outstanding construction commitments at September 30, 2015.

NOTE 10 – SUBSEQUENT EVENTS

The City has evaluated whether any events have occurred subsequent to September 30, 2015 and before the issuance of the financial statements that would have an impact on the City's financial condition as of September 30, 2015 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, 2015 which is the date the financial statements were available to be issued and determined there are no events that should be disclosed.

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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
RESOURCES (INFLOWS):				
Property taxes	\$ 896,820	\$ 896,820	\$ 888,002	\$ (8,818)
Communications service tax	90,000	90,000	96,435	6,435
Franchise fees	193,000	193,000	207,575	14,575
Public service tax	97,500	97,500	85,408	(12,092)
Licenses, permits and fees	33,150	33,150	32,288	(862)
Intergovernmental revenues	199,500	199,500	211,170	11,670
Charges for services	34,950	34,950	32,992	(1,958)
Fines and forfeitures	5,000	5,000	2,659	(2,341)
Investment income	3,000	3,000	8,420	5,420
Rental income	500	500	-	(500)
Other miscellaneous	-	-	8,818	8,818
AMOUNTS AVAILABLE FOR APPROPRIATION	1,553,420	1,553,420	1,573,767	20,347
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government				
Administration	385,388	385,388	374,094	(11,294)
Public Safety				
Law enforcement	466,690	466,690	466,690	-
Fire protection	269,649	269,649	269,649	-
Total Public Safety	736,339	736,339	736,339	-
Public Works				
Operating	362,472	362,472	317,075	(45,397)
Reserves	69,221	69,221	-	(69,221)
Total Public Works	431,693	431,693	317,075	(114,618)
TOTAL CHARGES TO APPROPRIATIONS	1,553,420	1,553,420	1,427,508	(125,912)
EXCESS (DEFICIT) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	-	-	146,259	146,259
FUND BALANCES- BEGINNING	800,013	800,013	800,013	-
FUND BALANCES - ENDING	\$ 800,013	\$ 800,013	\$ 946,272	\$ 146,259

(continued)

CITY OF BELLEAIR BLUFFS, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (continued)

For the Year Ended September 30, 2015

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.	\$ 1,573,767
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>\$ 1,573,767</u></u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 1,427,508
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>\$ 1,427,508</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
RESOURCES (INFLOWS):				
Sales taxes	\$ 174,000	\$ 174,000	\$ 235,290	\$ 61,290
Intergovernmental revenue	-	415,000	379,795	(35,205)
Investment income	1,400	1,400	786	(614)
Rental income	6,300	6,300	6,300	-
AMOUNTS AVAILABLE FOR APPROPRIATION	181,700	596,700	622,171	25,471
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Operating				
Operating expenditures	10,000	10,000	1,035	(8,965)
Bayway taxes	2,200	2,200	2,072	(128)
Total operating	12,200	12,200	3,107	(9,093)
Debt Service				
Principal payments	53,801	53,801	53,801	-
Interest payments	28,000	28,000	27,043	(957)
Total debt service	81,801	81,801	80,844	(957)
Capital outlay	90,000	920,000	863,498	(56,502)
TOTAL CHARGES TO APPROPRIATIONS	184,001	1,014,001	947,449	(66,552)
EXCESS OF RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	(2,301)	(417,301)	(325,278)	92,023
FUND BALANCES- BEGINNING	575,591	575,591	575,591	-
FUND BALANCES - ENDING	\$ 573,290	\$ 158,290	\$ 250,313	\$ 92,023

(continued)

CITY OF BELLEAIR BLUFFS, FLORIDA

BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND (continued)

For the Year Ended September 30, 2015

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.	\$ 622,171
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>\$ 622,171</u></u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 947,449
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>\$ 947,449</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, 2015

	Total Governmental Funds	Long-term Assets, Liabilities	Reclasses & Eliminations	Statement of Net Position Totals
ASSETS				
Cash and cash equivalents	\$ 912,666	\$ -	\$ -	\$ 912,666
Investments	249,057	-	-	249,057
Accounts receivable	30,202	-	-	30,202
Due from other governments	7,937	-	-	7,937
Prepaid items	5,315	-	-	5,315
Capital assets	-	6,392,797	-	6,392,797
Accumulated depreciation	-	(1,199,571)	-	(1,199,571)
TOTAL ASSETS	\$ 1,205,177	\$ 5,193,226	\$ -	\$ 6,398,403
LIABILITIES AND FUND BALANCES/NET POSITION				
LIABILITIES				
Accounts payable and accrued items	\$ 8,592	\$ -	\$ -	\$ 8,592
Compensated absences	-	28,753	(28,753)	-
Other post employment benefits	-	15,279	-	15,279
Long-term obligations	-	53,801	-	53,801
Noncurrent portion of long-term obligations	-	484,279	28,753	513,032
TOTAL LIABILITIES	8,592	582,112	-	590,704
TOTAL FUND BALANCES / NET POSITION	1,196,585	4,611,114	-	5,807,699
TOTAL LIABILITIES AND FUND BALANCES / NET POSITION	\$ 1,205,177	\$ 5,193,226	\$ -	\$ 6,398,403

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, 2015

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Rounding, Reclasses & Eliminations	Statement of Activities Totals
REVENUES					
Property taxes	\$ 888,002	\$ -	\$ -	\$ -	\$ 888,002
Sales taxes	235,290	-	-	123,141	358,431
Communications services tax	96,435	-	-	-	96,435
Franchise fees	207,575	-	-	-	207,575
Public service tax	85,408	-	-	-	85,408
Licenses and permits	32,288	-	-	(32,288)	-
Intergovernmental revenue	590,965	-	-	(504,492)	86,473
Charges for services	32,992	-	-	42,945	75,937
Fines and forfeitures	2,659	-	-	(2,659)	-
Investment income	9,206	-	-	-	9,206
Operating grants and contributions	-	-	-	8,676	8,676
Capital grants and contributions	-	-	-	379,795	379,795
Miscellaneous revenues	15,118	-	-	(15,118)	-
TOTAL REVENUES	2,195,938	-	-	-	2,195,938
EXPENDITURES					
Current					
General Government	373,812	28,510	2,138	-	404,460
Law Enforcement	466,690	-	-	-	466,690
Fire Protection	269,649	1,638	-	-	271,287
Public Works	316,075	73,593	3,157	-	392,825
Capital Outlay	867,887	(867,887)	-	-	-
Debt service					
Principal retirement	53,801	-	(53,801)	-	-
Interest and fiscal charges	27,043	-	-	-	27,043
TOTAL EXPENDITURES	2,374,957	(764,146)	(48,506)	-	1,562,305
NET CHANGE IN FUND BALANCE / NET POSITION	\$ (179,019)	\$ 764,146	\$ 48,506	\$ -	\$ 633,633

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net investment in capital assets	\$ 2,024,303	\$ 2,040,907	\$ 2,277,505	\$ 2,686,580
Restricted	795,887	1,067,473	1,122,617	903,427
Unrestricted	1,769,925	2,192,031	2,422,865	2,614,339
Total governmental activities net position	<u>\$ 4,590,115</u>	<u>\$ 5,300,411</u>	<u>\$ 5,822,987</u>	<u>\$ 6,204,346</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 3,240,529	\$ 3,256,101	\$ 3,818,555	\$ 3,848,603	\$ 3,837,199	\$ 4,655,146
733,682	778,224	572,540	486,898	583,740	257,270
<u>2,518,476</u>	<u>2,418,537</u>	<u>1,148,158</u>	<u>760,039</u>	<u>753,127</u>	<u>895,283</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>	<u>\$ 5,807,699</u>

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

	2006	2007	2008	2009
Expenses				
Governmental activities:				
Administration	\$ 396,083	\$ 411,721	\$ 418,539	\$ 435,691
Police	356,329	385,017	410,059	422,742
Fire	977,975	1,014,258	1,136,217	1,185,109
Emergency medical services	-	-	348,709	417,452
Public works	308,727	308,923	290,079	341,563
Interest and fiscal charges on long-term debt	18,106	17,564	43,597	48,422
Total governmental activities expenses	<u>2,057,220</u>	<u>2,137,483</u>	<u>2,647,200</u>	<u>2,850,979</u>
Program Revenues				
Governmental activities:				
Charges for services	\$ 784,561	\$ 888,845	\$ 1,343,130	\$ 1,479,094
Operating grants and contributions	3,467	3,068	3,572	16,610
Capital grants and contributions	13,800	26,500	11,500	24,521
Total governmental activities program revenues	<u>\$ 801,828</u>	<u>\$ 918,413</u>	<u>\$ 1,358,202</u>	<u>\$ 1,520,225</u>
Net (Expense)/Revenue	<u>\$ (1,255,392)</u>	<u>\$ (1,219,070)</u>	<u>\$ (1,288,998)</u>	<u>\$ (1,330,754)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 828,782	\$ 1,000,611	\$ 951,678	\$ 853,163
Sales and use taxes	382,578	372,172	359,493	330,440
Fire insurance premium tax	-	-	46,029	82,771
Franchise fees	306,267	309,983	311,023	341,142
Communication services tax	-	-	-	-
Public service tax	-	-	-	-
State revenue sharing	85,532	86,887	85,379	84,406
Gain on disposal of assets	-	-	-	-
Investment income	112,536	159,713	57,972	20,191
Special items	-	-	-	-
Total governmental activities	<u>1,715,695</u>	<u>1,929,366</u>	<u>1,811,574</u>	<u>1,712,113</u>
Change in Net Position	<u>\$ 460,303</u>	<u>\$ 710,296</u>	<u>\$ 522,576</u>	<u>\$ 381,359</u>

2010	2011	2012	2013	2014	2015
\$ 452,612	\$ 469,549	\$ 483,520	\$ 554,653	\$ 412,362	\$ 404,460
435,088	445,657	447,578	451,201	455,444	466,690
467,654	320,356	299,362	282,383	270,185	271,287
-	-	-	-	-	-
395,685	393,186	404,490	404,403	418,451	392,825
44,422	39,457	36,321	33,186	30,050	27,043
<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>	<u>1,562,305</u>
\$ 106,798	\$ 83,047	\$ 74,810	\$ 86,938	\$ 81,643	\$ 75,937
13,442	7,969	7,872	7,860	8,918	8,676
351,676	-	300,000	-	-	379,795
<u>\$ 471,916</u>	<u>\$ 91,016</u>	<u>\$ 382,682</u>	<u>\$ 94,798</u>	<u>\$ 90,561</u>	<u>\$ 464,408</u>
\$ (1,323,545)	\$ (1,577,189)	\$ (1,288,589)	\$ (1,631,028)	\$ (1,495,931)	\$ (1,097,897)
\$ 818,775	\$ 733,586	\$ 831,974	\$ 821,451	\$ 844,925	\$ 888,002
306,860	296,312	303,780	318,920	336,197	358,431
24,843	23,677	-	48,061	-	-
225,960	209,577	199,248	192,743	209,554	207,575
112,123	107,032	110,788	105,950	98,137	96,435
-	-	-	-	-	85,408
84,297	84,725	85,090	85,149	85,639	86,473
-	63,614	-	-	-	-
39,028	18,841	20,422	10,975	5	9,206
-	-	(1,200,000)	(395,934)	-	-
<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>1,731,530</u>
<u>\$ 288,341</u>	<u>\$ (39,825)</u>	<u>\$ (937,287)</u>	<u>\$ (443,713)</u>	<u>\$ 78,526</u>	<u>\$ 633,633</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved				
Prepaid items	\$ -	\$ -	\$ -	\$ 15,752
Emergency medical services	-	-	50,152	45,588
Fire	104,360			
Infrastructure	691,527			
Unreserved	-			
Designated for:				
Administration - comp plan	20,000	-	-	2,000
Administration - civil disaster	-	-	44,402	47,794
Administration - land acquisition	-	25,000	60,000	95,000
Administration - contingency reserve	-	-	77,069	77,069
Public works - comp plan	20,000			
Public works - equipment	52,000	53,185	63,185	63,185
Public works - drainage	118,500	118,500	168,500	188,500
Undesignated	1,615,856	2,249,210	2,077,169	2,153,481
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>\$ 2,622,243</u>	<u>\$ 2,445,895</u>	<u>\$ 2,540,477</u>	<u>\$ 2,688,369</u>
All Other Governmental Funds				
Reserved				
Fire	\$ -	\$ 156,990	\$ 187,650	\$ 247,540
Infrastructure	-	910,843	884,815	610,299
Restricted for:				
Fire	-	-	-	-
Infrastructure	-	-	-	-
Assigned to:				
Fire	-	-	-	-
Subsequent years expenditures	-	-	-	-
Infrastructure	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ 1,067,833</u>	<u>\$ 1,072,465</u>	<u>\$ 857,839</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.

2010	(1) 2011	2012	2013	2014	2015
\$ 869	\$ -	\$ -	\$ -	\$ -	\$ -
45,588	-	-	-	-	-
4,000	-	-	-	-	-
47,794	-	-	-	-	-
95,000	-	-	-	-	-
77,069	-	-	-	-	-
63,185	-	-	-	-	-
188,500	-	-	-	-	-
2,052,813	-	-	-	-	-
-	869	4,120	-	-	5,315
-	45,588	45,588	45,588	45,588	45,588
-	9,000	9,289	9,289	9,289	9,289
-	47,794	47,794	47,794	47,794	47,794
-	95,000	95,000	95,000	95,000	95,000
-	77,069	77,069	77,069	-	-
-	-	-	2,000	4,000	2,611
-	37,185	37,185	37,185	37,185	42,185
-	188,500	188,500	188,500	188,500	251,721
-	1,977,291	707,828	305,125	372,657	446,769
<u>\$ 2,574,818</u>	<u>\$ 2,478,296</u>	<u>\$ 1,212,373</u>	<u>\$ 807,550</u>	<u>\$ 800,013</u>	<u>\$ 946,272</u>
\$ 114,666	\$ -	\$ -	\$ -	\$ -	\$ -
573,428	-	-	-	-	-
-	98,900	98,900	-	-	-
-	490,846	253,233	441,310	538,152	211,682
-	15,766	15,766	15,766	15,766	15,766
-	-	-	-	2,301	-
-	127,124	159,053	18,794	19,372	22,865
<u>\$ 688,094</u>	<u>\$ 732,636</u>	<u>\$ 526,952</u>	<u>\$ 475,870</u>	<u>\$ 575,591</u>	<u>\$ 250,313</u>

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

	2006	2007	2008	2009
Revenues				
Property taxes	\$ 828,782	\$ 1,000,611	\$ 951,678	\$ 853,163
Sales taxes	251,188	245,615	241,518	225,151
Fire insurance premium tax	-	-	46,029	82,771
Communications service tax	-	-	-	-
Franchise fees	306,267	309,983	311,023	341,142
Public service tax	-	-	-	-
Licenses and permits	29,508	29,484	24,835	34,925
Intergovernmental revenue	647,904	717,481	724,822	195,225
Charges for services	320,024	357,268	773,610	1,404,003
Fines and forfeitures	19,870	22,691	25,764	31,063
Investment income	112,536	159,713	57,972	20,191
Miscellaneous revenue	1,444	4,933	12,525	44,703
Total revenues	<u>2,517,523</u>	<u>2,847,779</u>	<u>3,169,776</u>	<u>3,232,337</u>
Expenditures				
General government	350,632	362,568	371,919	395,462
Law enforcement	355,668	384,804	409,846	422,528
Fire protection	906,261	982,891	1,102,177	1,197,254
Emergency medical services	-	-	348,709	416,874
Public works	278,351	281,628	260,616	309,879
Capital outlay	72,884	79,662	1,138,260	420,867
Debt service				
Principal retirement	43,861	43,862	232,512	87,785
Interest and fiscal charges	18,106	17,564	43,597	48,422
Total expenditures	<u>2,025,763</u>	<u>2,152,979</u>	<u>3,907,636</u>	<u>3,299,071</u>
Excess of revenues over (under) expenditures	491,760	694,800	(737,860)	(66,734)
Other Financing Sources (Uses)				
Proceeds from borrowing	-	-	1,033,759	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	848,517	19,160	36,890
Transfers out	-	(848,517)	(19,160)	(36,890)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,033,759</u>	<u>-</u>
Net change in fund balances	491,760	694,800	295,899	(66,734)
Fund balances - beginning of year	<u>2,130,483</u>	<u>2,622,243</u>	<u>3,317,043</u>	<u>3,612,942</u>
Fund balances - end of year	<u>\$ 2,622,243</u>	<u>\$ 3,317,043</u>	<u>\$ 3,612,942</u>	<u>\$ 3,546,208</u>
Debt service as a percentage of noncapital expenditures	3.2%	3.0%	10.0%	4.7%

	2010	2011	2012	2013	2014	2015
\$	818,775	\$ 733,586	\$ 831,974	\$ 821,451	\$ 844,925	\$ 888,002
	201,177	188,062	197,335	206,821	219,312	235,290
	24,843	23,678	-	48,061	-	-
	112,123	107,032	110,788	105,950	98,137	96,435
	225,960	209,577	199,248	192,743	209,554	207,575
	-	-	-	-	-	85,408
	28,132	34,002	31,431	29,488	33,349	32,288
	585,123	194,645	493,107	198,808	204,087	590,965
	214	31,110	31,932	33,058	32,980	32,992
	34,760	15,912	7,299	5,791	3,620	2,659
	39,028	18,842	20,422	10,975	6	9,206
	13,667	8,319	10,448	24,901	19,048	15,118
	<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>	<u>2,195,938</u>
	416,998	430,755	449,881	524,551	381,478	373,812
	434,875	445,444	447,551	451,201	455,444	466,690
	456,322	304,585	1,490,071	655,551	264,077	269,649
	-	-	-	-	-	-
	341,253	328,304	331,802	329,220	347,911	316,075
	492,813	75,237	608,180	74,780	28,411	867,887
	180,415	65,463	65,463	65,463	65,463	53,801
	44,422	39,457	36,321	33,186	30,050	27,043
	<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>	<u>2,374,957</u>
	(283,296)	(124,480)	(1,495,285)	(455,905)	92,184	(179,019)
	-	-	-	-	-	-
	-	72,500	-	-	-	-
	132,874	-	-	98,900	-	-
	(132,874)	-	-	(98,900)	-	-
	<u>-</u>	<u>72,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(283,296)	(51,980)	(1,495,285)	(455,905)	92,184	(179,019)
	3,546,208	3,262,912	3,234,610	1,739,325	1,283,420	1,375,604
\$	<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>	<u>\$ 1,196,585</u>
	12.0%	6.5%	3.6%	4.8%	6.2%	5.4%

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function / Program				
Governmental activities :				
Charges for services				
Administration	\$ 50,905	\$ 53,756	\$ 63,133	\$ 98,091
Fire	733,656	835,089	881,136	964,951
Emergency medical services	-	-	398,861	416,052
Total charges for services	<u>784,561</u>	<u>888,845</u>	<u>1,343,130</u>	<u>1,479,094</u>
Operating grants and contributions				
Administration	2,367	1,748	1,745	12,600
Police	-	-	-	-
Fire	1,100	1,320	1,827	4,010
Public Works	-	-	-	-
Total operating grants and contributions	<u>3,467</u>	<u>3,068</u>	<u>3,572</u>	<u>16,610</u>
Capital grants and contributions				
Administration	-	3,500	-	1,521
Fire	13,800	23,000	11,500	23,000
Public Works	-	-	-	-
Total capital grants and contributions	<u>13,800</u>	<u>26,500</u>	<u>11,500</u>	<u>24,521</u>
Total primary government revenues	<u>\$ 801,828</u>	<u>\$ 918,413</u>	<u>\$ 1,358,202</u>	<u>\$ 1,520,225</u>

2010	2011	2012	2013	2014	2015
\$ 66,798	\$ 52,147	\$ 43,010	\$ 54,156	\$ 48,861	\$ 43,155
40,000	30,900	31,800	32,782	32,782	32,782
-	-	-	-	-	-
<u>106,798</u>	<u>83,047</u>	<u>74,810</u>	<u>86,938</u>	<u>81,643</u>	<u>75,937</u>
1,525	-	-	1,560	2,618	2,376
1,942	-	-	-	-	-
-	-	-	-	-	-
9,975	7,969	7,872	6,300	6,300	6,300
<u>13,442</u>	<u>7,969</u>	<u>7,872</u>	<u>7,860</u>	<u>8,918</u>	<u>8,676</u>
-	-	-	-	-	-
-	-	-	-	-	-
351,676	-	300,000	-	-	379,795
<u>351,676</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>379,795</u>
\$ 471,916	\$ 91,016	\$ 382,682	\$ 94,798	\$ 90,561	\$ 464,408

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	Public Service Tax (2)	Communications Service Tax	Total
2015	\$ 888,002	\$ 358,431	\$ -	\$ 207,575	\$ 85,408	\$ 96,435	\$ 1,635,851
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

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

(2) Public Service Tax adopted by Ordinance 2014-02 on August 18, 2014.

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
2015	\$ 170,073,072	\$ 40,492,381	\$ 2,846,042	\$ 754,231	\$ 594,252
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

Source: Pinellas County Property Appraiser

Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 214,759,978	\$ (38,430,804)	\$ 176,329,174	5.3500
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

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
2015	5.3500	5.3377	7.8410	0.7305	0.9158	0.3658	0.8981	0.0160	21.4549
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

Note:

Source: Pinellas County Tax Collector

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

Taxpayer	2015			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	\$ 5,200,000	1	2.95%	\$ 5,575,000	2	2.63%
Harbor Bluffs Venture, LLC	4,885,000	2	2.77%	5,800,000	1	2.74%
Skyview Enterprises, LLC	4,762,000	3	2.70%	-		
Palms of Belleair, LLC	3,920,000	4	2.22%	5,400,000	4	2.55%
Berolzheimer, David Tre	3,215,000	5	1.82%	3,820,000	5	1.80%
Safee, Edward F	3,014,393	6	1.71%	-		-
Anderson, Timothy B	2,336,901	7	1.33%			
Murphy, Jacqueline Ann Trust	1,900,000	8	1.08%	-		-
Johnson, Robert K	1,782,843	9	1.01%	2,748,600	6	1.30%
Chivas, Frank R	1,686,674	10	0.96%	-		-
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	32,702,811		18.55%	37,510,600		17.71%
All Other Taxpayers	143,626,363		81.45%	174,304,381		82.29%
Total	\$ 176,329,174		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
2015	\$ 924,556	\$ 888,002	96.05%	\$ 888,002	96.05%
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%

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			
2015	\$ -	\$ -	\$ 538,080	\$ 538,080	0.91%	\$ 262
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

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, 2015

<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)	\$ 11,558,515		
Capital leases	<u>40,872</u>		
Total overlapping debt	\$ 11,599,387	0.297%	\$ 34,450
City direct debt		100%	<u>538,080</u>
Total direct and overlapping debt			<u><u>\$ 572,530</u></u>

Notes:

Source: Pinellas County

(1) The City's share is calculated based on the ratio of the 2015 City Taxable Value of \$176,329,174 to the County's Taxable Value of \$59,300,841,861.

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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
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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

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

Infrastructure Sales Tax	Revenue Note Series 2007			Coverage
	Principal	Interest		
\$ 205,188	\$ 53,801	\$ 27,043		2.54
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)
2015	2,052	\$ 59,163,264	\$ 28,832	5.2%
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%

Note:

Sources:

- (1) State of Florida Office of Economic and Demographic Research - Estimate for April 1, 2015
- (2) Extrapolated from Per Capita info, times the population
- (3) Pinellas County Economic Development
- (4) Florida Department of Economic Opportunity, Local Area Unemployment Statistics
 Florida's Unemployment Rate (seasonally adjusted) for September 2015

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Raymond James	3,500	1	N/A	2,850	3	N/A
Home Shopping Network	2,800	2	N/A	1,600	10	N/A
Bright House Network	2,000	3	N/A	N/A		N/A
Fidelity Information Svc	1,800	4	N/A	N/A		N/A
Nielsen Media Research	1,800	5	N/A	3,560	1	N/A
Jabil Circuit, Inc.	1,600	6	N/A	N/A		N/A
Tech Data Corp.	1,500	7	N/A	1,800	9	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	4	N/A
Raytheon	N/A		N/A	2,200	5	N/A
All Children's Health Systems	N/A		N/A	2,000	6	N/A
Bayfront Medical Center, Inc.	N/A		N/A	2,000	7	N/A
Progress Energy, Florida	N/A		N/A	1,950	8	N/A
	<u>18,500</u>		<u>-</u>	<u>23,595</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,					
	2006	2007	2008	2009	2010	2011
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	*	*	*
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	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>20.0</u>	<u>8.0</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.

2012	2013	2014	2015
1.0	1.0	1.0	1.0
2.0	2.0	2.0	1.5
*	*	*	*
*	*	*	*
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	1.0	1.0
8.0	8.0	7.0	6.5

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police					
Physical arrests	13	3	6	10	55
Parking violations	53	24	7	6	23
Traffic violations	481	638	838	782	922
Fire					
Emergency responses	N/A	N/A	N/A	N/A	573
Fires extinguished	N/A	N/A	N/A	N/A	51
Inspections	N/A	N/A	N/A	N/A	153
Public works					
Street resurfacing (miles)	-	-	-	0.28	-

Notes:

N/A = not available

2011	2012	2013	2014	2015
51	88	52	81	60
27	42	7	17	6
847	505	322	352	170
589	626	652	626	732
74	79	119	44	54
121	34	233	39	43
0.47	-	0.29	0.42	0.42

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
-	-	-	-
1	1	1	1
9.60	9.60	9.60	9.60

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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, 2015, 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, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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, 2015

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, 2015 and have issued our report thereon dated November 3, 2015.

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, 2015, 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,

2015, 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, 2015. 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, 2015

WELLS, HOUSER & SCHATZEL, P.A.

CPA AND CONSULTING FIRM

John B. Houser, CPA
Peter C. Schatzel, CPA
Peter B. Wells, CPA

INDEPENDENT AUDITOR'S REPORT
REGARDING COMPLIANCE REQUIREMENTS IN RULES
OF THE AUDITOR GENERAL 10.556(10)

Honorable Mayor and City Commission
City of Belleair Bluffs, Florida

We have examined the City of Belleair Bluffs, Florida's (the City's) compliance with the requirements of Section 218.415, Florida Statutes during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City of Belleair Bluffs, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.



Wells, Houser & Schatzel, P.A.
St. Petersburg, Florida
November 3, 2015