

TOWN OF BELLEAIR SHORE, FLORIDA



ANNUAL FINANCIAL REPORT
FOR THE FISCAL
YEAR ENDED SEPTEMBER 30, 2015

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

TOWN OF BELLEAIR SHORE, FLORIDA

ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2015

Prepared by the
Department of Finance

TOWN OF BELLEAIR SHORE, FLORIDA

MAYOR - COMMISSIONER - BOARD OF COMMISSIONERS FORM OF GOVERNMENT

TOWN COMMISSIONERS

Robert E. Schmidt, Jr., Mayor - Commissioner

Stephen G. Blume, Commissioner

Raymond Piscitelli, Commissioner

Dorothy Niewiarowski, Commissioner

Deborah Roseman, Commissioner

Town Clerk and Director of Finance

Karen Achhamer

INTRODUCTORY SECTION

TOWN OF BELLEAIR SHORE, FLORIDA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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INTRODUCTORY SECTION

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TOWN OF BELLEAIR SHORE, FLORIDA

ANNUAL FINANCIAL REPORT

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TOWN OF BELLEAIR SHORE, FLORIDA

LISTING OF TOWN OFFICIALS

ELECTED OFFICIALS

Mayor - Commissioner	Robert E. Schmidt, Jr.
Commissioner	Stephen G. Blume
Commissioner	Dorothy Niewiarowski
Commissioner	Raymond Piscitelli
Commissioner	Deborah Roseman

APPOINTED OFFICIALS

Town Attorney	Regina M. Kardash
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DEPARTMENT DIRECTORS

Town Clerk	Karen Achhamer
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FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

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

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
(727)734-5437 or 736-0771
FAX (727) 733-3487

Members of the Firm
John N. Davidson, CPA, CVA
Harry B. Jamieson, CPA
Richard A. Cristini, CPA, CPPT, CGFM
Jeanine L. Bittinger, CPA, CPPT
Karen Curran, CPA, CVA

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor - Commissioner
and Town Commission
Town of Belleair Shore, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of Town of Belleair Shore, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the AICPA Professional Standards, at Sections 601.55 and 601.56. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, in making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The Honorable Mayor - Commissioner
and Town Commission
Town of Belleair Shore, Florida

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Belleair Shore as of September 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, 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 consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor - Commissioner
and Town Commission
Town of Belleair Shore, Florida

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Belleair Shore, Florida's basic financial statements. The introductory section, schedules of capital assets, for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Davidson, Jamieson & Crestini, P.L.

September 20, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis September 30, 2015

As management of the Town of Belleair Shore, we offer readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended September 30, 2015.

FINANCIAL HIGHLIGHTS

- (A) The assets of the Town exceeded its liabilities at the close of the 2015 fiscal year by \$432,310 (net position). Of this amount, \$405,336 (unrestricted net position) may be used to meet the Town's ongoing operations.
- (B) The Town's net position decreased by \$3,524. This decrease is attributable to the Town's revenues exceeding the revenues projected in the budget and the expenditures being less than the budgeted amount.
- (C) As of the close of the 2015 fiscal year, the Town's general fund reported an ending fund balance of \$405,336, an increase in comparison with the prior year.
- (D) The Town of Belleair Shore is debt free.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) government-wide financial statements (The Town only has one fund) (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, using accounting methods similar to a private-sector business. These statements include all assets and liabilities on the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The statement of activities presents information showing how the Town's net position changed during the fiscal year 2015. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis September 30, 2015

All of the Town's activities are governmental. The government-wide financial statements can be found on pages 12 and 13 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town's fund financial statements consist of the general fund.

GOVERNMENTAL FUNDS

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

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

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 33 of this report.

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis
September 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$432,310 at the fiscal year ended on September 30, 2015.

The Town's capital assets represent investments in land and improvements other than buildings. Approximately 6% of the total net position are capital assets.

The unrestricted category of net position, with a balance of \$405,336 at year end, may be used to meet the Town's ongoing obligations to citizens and creditors and is shown in the following schedule:

The Town's Net Position

	Governmental Activities	
	2015	2014
Cash and investments	\$ 414,861	\$ 414,096
Receivables, net	2,899	2,798
Capital assets, net	<u>26,974</u>	<u>29,037</u>
Total assets	444,734	445,931
Current liabilities	<u>12,424</u>	<u>10,097</u>
Total liabilities	12,424	10,097
Unrestricted	405,336	406,797
Invested in capital assets	<u>26,974</u>	<u>29,037</u>
Total net position	<u>\$ 432,310</u>	<u>\$ 435,834</u>

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis
September 30, 2015

STATEMENT OF ACTIVITIES

The following schedule represents the revenues and expenses for the last two fiscal years.

Town of Belleair Shore's Change in Net Position		Governmental Activities	
		2015	2014
General Revenues:			
Property taxes	\$	64,315	\$ 61,172
Intergovernmental Revenue:			
State revenue sharing		2,005	1,977
Half-cent sales tax		6,516	6,366
Local option gas tax		964	789
Local option sales tax		7,089	5,646
Communication services tax		2,602	3,495
Charges for services		3,000	161
Investment income		747	596
Miscellaneous		4,994	127
Total General Revenues		92,232	80,329
Expenses:			
General Government		41,211	45,358
Public Safety		31,741	31,810
Physical Environment		17,448	16,042
Culture & recreation		5,356	3,244
Total expenses		95,756	96,454
Change in Net Position		(3,524)	(16,125)
Net Position - beginning of Year		435,834	451,959
Net Position - ending of year	\$	432,310	\$ 435,834

Changes in net position. The Town's total general revenues were \$92,232 and \$80,329 in 2015 and 2014, respectively. The largest portion of the Town's revenues comes from Ad Valorem Taxes (70%) and (76%). 22% and 23% earnings come from intergovernmental allocations and the rest is from interest.

The total cost of all programs and services was \$95,756 for the 2015 fiscal year. The portion of these costs for general government is 43%. The rest of the expenditures are public safety, physical environment and culture and recreation.

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis September 30, 2015

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

GOVERNMENTAL FUNDS

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

As of the end of fiscal year 2015, the Town's governmental fund reported an ending fund balances of \$405,336, a decrease of \$1,461 in comparison with the prior year. Revenues were more than the prior year. However, interest was higher than budgeted and expenses were lower than anticipated.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town did not revise its budget during the fiscal year. The actual revenues were \$7,593 more than budgeted. The most significant increase in revenues is attributed to the increase in intergovernmental revenue. The actual expenditures were \$4,993 less than budgeted. Law enforcement costs were less than budgeted due to utilizing less special officers. Financial and Administrative costs were more than the anticipated expenses. Legal services, insurance and contingency costs were down from the prior year.

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis
September 30, 2015

CAPITAL ASSETS

The Town's investment in capital assets for its governmental activities as of September 30, 2015 amounts to \$26,974, net of accumulated depreciation. This investment in assets includes land, and improvements other than building.

Town of Belleair Shore, Florida
Capital Assets
(net of accumulated depreciation)

	Governmental Activities	
	2015	2014
Land	\$ 21,307	\$ 21,307
Improvements other than Buildings	41,262	41,262
Total Assets	62,569	62,569
Less accumulated depreciation	(35,595)	(33,532)
Total net assets	\$ 26,974	\$ 29,037

Additional information on the Town's capital assets can be found on page 31 of this report.

LONG-TERM DEBT

The Town of Belleair Shore has no long term debt.

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis
September 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town of Belleair Shore a residential community. A steady increase in taxable value of the properties accounts to newly constructed homes and improvements to existing homes, as well as the current market sales of the properties. The appraised value used for the 2014-2015 fiscal year budget preparation will be up 15% from the 2013-2014 fiscal year. This will allow for a decrease in ad valorem taxes.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert E. Schmidt, Jr., Mayor of the Town of Belleair Shore, 1200 Gulf Blvd., Belleair Shore, Florida 33786-3351.

BASIC FINANCIAL STATEMENTS

This section contains the following subsections:

Government-Wide Financial Statements

Statement of Net Assets

Statement of Activities

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds

Reconciliation of the Balance Sheet to the Statement of
Net Assets - Governmental Activities

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Fund to the Statement of Activities -
Governmental Activities

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual:
General Fund

Notes to Financial Statements

TOWN OF BELLEAIR SHORE, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

ASSETS

Cash and cash equivalents	\$	68,410
Investments		346,451
Receivables (net of allowance for uncollectibles)		2,899
Capital Assets:		
Land		21,307
Improvements other than buildings		41,262
Accumulated depreciation		<u>(35,595)</u>
Total Assets		444,734

LIABILITIES

Accounts payable		11,404
Accrued payroll		<u>1,020</u>
Total Liabilities		12,424

NET POSITION

Invested in Capital Assets		26,974
Unrestricted		<u>405,336</u>
Total Net Position	\$	<u><u>432,310</u></u>

See Notes to Financial Statements.

TOWN OF BELLEAIR SHORE, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Change in Net Position</u> <u>Governmental</u> <u>Activities</u>
Function/Program Activities			
Primary Government:			
Governmental Activities:			
General government	\$ 41,211	\$ -	(41,211)
Public Safety	31,741	-	(31,741)
Physical environment	17,448	3,000	(14,448)
Culture and recreation	5,356	-	(5,356)
Total governmental activities	<u>95,756</u>	<u>3,000</u>	<u>(92,756)</u>
Total primary government	<u>\$ 95,756</u>	<u>\$ 3,000</u>	<u>(92,756)</u>

GENERAL REVENUES:

Taxes:

Property taxes 64,315

Intergovernmental Revenues:

State revenue sharing 2,005

Half-cent sales tax 6,516

Local option gas tax 964

Local option sales tax 7,089

Communications Services tax 2,602

Miscellaneous 4,994

Investment income 747

Total General Revenues 89,232

Change in Net Position (3,524)

Net Position - Beginning 435,834

Net Position - Ending \$ 432,310

See Notes to Financial Statements.

TOWN OF BELLEAIR SHORE, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUND

SEPTEMBER 30, 2015

ASSETS

<u>ASSETS</u>	<u>General Fund</u>
Cash and cash equivalents	\$ 68,410
Investments	346,451
Receivables (net of allowance for uncollectible accounts):	
Intergovernmental:	
State	1,658
County	<u>1,241</u>
TOTAL ASSETS	\$ <u><u>417,760</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES AND FUND BALANCE

LIABILITIES;	
Accounts payable	\$ 11,404
Accrued payroll	<u>1,020</u>
TOTAL LIABILITIES	12,424
FUND BALANCE:	
Unassigned	<u>405,336</u>
TOTAL FUND BALANCE	<u>405,336</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>417,760</u></u>

See Notes to Financial Statements.

TOWN OF BELLEAIR SHORE, FLORIDA

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

SEPTEMBER 30, 2015

Fund balances - total governmental fund \$ 405,336

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

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

Governmental capital assets	\$ 62,569	
Less accumulated depreciation	<u>35,595</u>	<u>26,974</u>

Net position of governmental activities \$ 432,310

See Notes to Financial Statements.

TOWN OF BELLEAIR SHORE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>General Fund</u>
REVENUES:	
Taxes:	
Ad valorem	\$ 64,315
Intergovernmental	19,176
Charges for services	3,000
Miscellaneous	4,994
Interest	<u>747</u>
TOTAL REVENUES	92,232
EXPENDITURES:	
Current:	
General government	41,211
Public safety	31,741
Physical environment	17,448
Culture and recreation	<u>3,293</u>
TOTAL EXPENDITURES	<u>93,693</u>
EXCESS OF REVENUES OVER EXPENDITURES	(1,461)
FUND BALANCE, OCTOBER 1	<u>406,797</u>
FUND BALANCE, SEPTEMBER 30	\$ <u><u>405,336</u></u>

See Notes to Financial Statements.

TOWN OF BELLEAIR SHORE, FLORIDA

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

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental fund \$ (1,461)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets
is depreciated over their estimated useful lives.

Expenditures for capital assets	\$	-	
Less current year depreciation		<u>2,063</u>	<u>(2,063)</u>
Changes in net position of governmental activities	\$		<u><u>(3,524)</u></u>

See Notes to Financial Statements.

TOWN OF BELLEAIR SHORE, FLORIDA

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual Amounts</u>	
Revenues:			
Taxes:			
Ad valorem	\$ 64,756	\$ 64,315	\$ (441)
Intergovernmental	19,233	19,176	(57)
Charges for services	-	3,000	3,000
Miscellaneous	100	4,994	4,894
Interest	550	747	197
Total Revenues	<u>84,639</u>	<u>92,232</u>	<u>7,593</u>
Expenditures:			
Current:			
General Government:			
Legislative	16,245	11,029	5,216
Financial and administrative	28,800	30,182	(1,382)
	<u>45,045</u>	<u>41,211</u>	<u>3,834</u>
Public Safety:			
Police	31,741	31,741	-
Physical Environment:			
Public Works	18,500	17,448	1,052
Culture and Recreation:			
Library	3,400	3,293	107
Total Expenditures	<u>98,686</u>	<u>93,693</u>	<u>4,993</u>
Net Change in Fund Balance	(14,047)	(1,461)	12,586
Fund Balance, Beginning of Year	<u>406,797</u>	<u>406,797</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 392,750</u>	<u>\$ 405,336</u>	<u>\$ 12,586</u>

See Notes to Financial Statements.

NOTES TO
FINANCIAL STATEMENTS

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies

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

Reporting Entity - The Town is a political subdivision of the State of Florida, located in Pinellas County in the southwest central portion of the State. The Town was incorporated in 1955. The Town was established by Charter by Chapters 67-1107 of the laws of Florida (1982). The Town is approximately 43 acres.

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

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

The Pinellas Suncoast Fire Control District (PSFCD) provides services within the Town of Belleair Shore, but has not been included in the reporting entity because it does not meet the criteria necessary to be a component unit. The PSFCD elects its own governing Board, sets its own fee for services schedule and is completely independent of the Town of Belleair Shore.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements - As discussed more fully in Note 13 the Town has adopted the provisions of GASB Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (Continued)

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

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

The Town reports the following major governmental fund:

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

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

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (Continued)

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

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

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

Assets, Liabilities, and Net Assets or Equity:

Deposits and investments - The Town's cash is considered to be cash on hand, and demand deposits.

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

- a) Florida State Board of Administration Local Government Pooled Investment Fund.
- b) Bonds, notes or other obligations of the United States or for which the credit of the United States is pledged for the payment thereof.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (Continued)

- c) Interest-bearing time deposits, savings accounts or collective investment funds in banks or savings and loan associations organized under the laws of the United States.
- d) Obligations of the federal farm credit banks and the Federal Home Loan Mortgage Corporation.
- e) Obligations of the Federal National Mortgage Association and the Government National Mortgage Association.

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

The Florida State Board of Administration Local Government Pooled Investment Fund has met the criteria to be considered a “2A-7 like” Investment Fund as defined by GASB Statement No. 31. Therefore, amortized cost may be used for valuation. The fair value of the Town’s investment in this pool is determined by the pool’s share price (account balance).

All tax, accounts and intergovernmental receivables are shown net of an allowance for uncollectibles.

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

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (Continued)

The tax levy of the Town is established by the Town Council prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the Pinellas County School Board tax requirements. The Town is permitted by state law to levy taxes up to ten mills of assessed valuation, exclusive of taxes levied for the payment of bonds. The 2015 millage rate assessed by the Town was .6175.

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

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

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

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (Continued)

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

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

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

Capital Assets - Capital assets, which include property, plant, and equipment are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$750 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets of the governmental fund is not included as part of the capitalized value of the assets constructed.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (Continued)

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

<u>Assets</u>	<u>Years</u>
Improvements other than buildings	20-30
Equipment	5-15

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Net Position - Net position of the Governmental Activities, in the government-wide financial statements, are categorized as invested in capital assets or unrestricted. The first category represents net assets related to capital assets.

Subsequent Events - Management has adopted the provisions set forth in GASB Statement No. 56 and FASB ASU No. 2010-09, *Subsequent Events*, and considered subsequent events through the date of the audit report which is the date that the financial statements were available to be issued.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

2. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds and net position - governmental activities* as reported in the government-wide statement of net position. The detail of this \$26,974 difference is as follows:

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

Governmental capital assets	\$ 62,569
Less accumulated depreciation	<u>(35,595)</u>
Net adjustment to increase <i>fund balance - total Governmental funds</i> to arrive at <i>net position - Governmental activities</i>	\$ <u><u>26,974</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses.” The details of this \$(2,063) difference are as follows:

Capital outlay	\$ -
Depreciation expense	<u>2,063</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net position of governmental activities	\$ <u><u>(2,063)</u></u>

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

3. Stewardship, Compliance, and Accountability

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

The proposed budget is presented by the Mayor to the Town Commission for review on or before July 1. The Town Commission holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Finance Officer or the revenue estimates must be changed by an affirmative vote of a majority of the Town Commission.

The proposed budget is presented by the Mayor to the Town Commission for review on or before July 1. The Town Commission holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Finance Officer or the revenue estimates must be changed by an affirmative vote of a majority of the Town Commission.

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

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

4. Deposits

At year-end the carrying amount of the Town's deposits was \$68,410 and the bank balance was \$69,020. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

5. Investments

The Town's investments are categorized as insured or registered or for which the securities are held by the Town or its agent in the Town's name. Investments that are not evidenced by securities that exist in physical or book-entry form include investments in open-ended mutual funds and pools managed by other governments.

The Town held the following investments as of September 30, 2015:

	<u>Fair Value</u>	<u>Investment Quality</u>	<u>Duration (Years)</u>
Florida State Board of Administration			
Local Government Pooled Investment Fund	\$ <u>346,451</u>	Not Rated	N/A
Total investments	\$ <u>346,451</u>		

Interest Rate Risk - Through its investment policies the Town manages its exposure to fair value losses arising from increasing interest rates. The Town limits the effective duration of its investment portfolio to less than five years.

Credit Risk - Consistent with state law the Town's investment guidelines limit its fixed income investments other than U.S. Government securities to a quality rating of 'A' or equivalent as rated by one or more recognized bond rating service at the time of purchase.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

5. Investments (Continued)

The State Board of Administration (Board) was established on June 21, 1928, pursuant to Chapter 14486, 1929, laws of Florida. The Board was subsequently created as a constitutional body corporate on January 1, 1943, under the provisions of Senate Joint Resolution No. 324, 1941; approved by the electorate in November 1942. The Board is composed of the Governor, as Chairman, the State Treasurer, as Treasurer, and the State's Chief Financial Officer, as Secretary, and provides the following services by law: (1) investment of funds of the Florida Retirement System (FRS); (2) administration of debt service funds; (3) investment of trust and agency funds; and (4) distribution of the "Second Gas Tax."

The Local Government Pooled Investment Fund is governed by Ch. 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Pooled Investment Fund. Additionally, the office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

Since the Florida State Board of Administration (SBA) Local Government Pooled Investment Fund (Fund) typically owns a substantial amount of treasury bills and notes, the Fund has utilized security lending programs to generate supplemental income. This income is used to pay a significant portion of the fees associated with the Fund which otherwise would have to be paid from regular Fund earnings. Any residual is used to build the Fund's reserve on behalf of participants. Both of these goals have been accomplished without impacting the regular earnings in the Fund with no change in the Fund's investment strategy. The investment in the Florida SBA pool is carried at the pool's share price at September 30, 2015.

During the fiscal year ended September 30, 2007 the fund reported that 6% of the fund was held in securities that were in default, had defaulted or were extended; 8% of the fund was held in securities that were under stress due to credit issues and 86% of the fund was held in high quality money market investments. In an effort to strengthen the fund's liquidity, the fund was divided into two parts:

Fund A contained all money-market appropriate assets and

Fund B consisted of assets in default, impaired or held significant credit risk.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

5. Investments (Continued)

The SBA Board adopted the following operating policy:

1. Shareholders were allowed to redeem (with no fees) from Fund A, the greater of
 - a) up to 37% of their holdings or
 - b) \$4 million
2. Establish a public-private partnership to allow shareholders to borrow cash against their shares.
3. Shareholders that need additional funds and were not able to make use of the credit facility may redeem Fund A shares subject to redemption fees.
4. Fund B shares are not liquid nor are they tradable.

During the fiscal year ended September 30, 2015, the SBA fund securities have been paid in full at maturity.

6. Receivables

Receivables at September 30, 2015, consist of the following:

	General Fund
	<u> </u>
Receivables:	
Intergovernmental	\$ <u> 2,899</u>
Gross receivables	2,899
Less: Allowance for uncollectibles	<u> -</u>
Net total receivables	\$ <u> 2,899</u>

The receivables in the General Fund are due from State and County agencies.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

7. Capital Assets

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

	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ <u>21,307</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>21,307</u>
Total capital assets, not being depreciated	21,307	-	-	21,307
Capital assets, being depreciated:				
Improvements other than buildings	<u>41,262</u>	<u>-</u>	<u>-</u>	<u>41,262</u>
Total capital assets, being depreciated	41,262	-	-	41,262
Less accumulated depreciation for:				
Improvements other than buildings	<u>33,532</u>	<u>2,063</u>	<u>-</u>	<u>35,595</u>
Total accumulated depreciation	<u>33,532</u>	<u>2,063</u>	<u>-</u>	<u>35,595</u>
Total capital assets, being depreciated, net	<u>7,730</u>	<u>(2,063)</u>	<u>-</u>	<u>5,667</u>
 Governmental activities				
Capital assets, net	\$ <u><u>29,037</u></u>	\$ <u><u>(2,063)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>26,974</u></u>

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

Governmental activities:

Culture and recreation \$ 2,063

Total depreciation expense - governmental activities \$ 2,063

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

8. Risk Management

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

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

9. Budgetary - GAAP Reporting Reconciliation

The accompanying financial statements present comparisons of the legally adopted budget with actual data on a GAAP (generally accepted accounting principles) basis. Accounting principles applied by the Town for purposes of developing data on a budgetary basis did not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles for the year ended September 30, 2015.

10. Contingent Liabilities

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

The Town did not receive federal grant funds during the fiscal year ended September 30, 2015, and is not, therefore, subject to the program compliance audit by the grantee under the Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations".

The Town has not entered into any operating leases with scheduled rent increases as of September 30, 2015.

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUND

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TOWN OF BELLEAIR SHORE, FLORIDA

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

SEPTEMBER 30, 2015

Governmental Funds Capital Assets:	
Land	\$ 21,307
Improvements other than buildings	<u>41,262</u>
Total Governmental Funds Capital Assts	<u>\$ 62,569</u>
Governmental Funds Capital Assets by Source:	
General Fund	<u>\$ 62,569</u>
Total Governmental Funds Capital Assets	<u>\$ 62,569</u>

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

TOWN OF BELLEAIR SHORE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

<u>Function and Activity</u>	<u>Governmental Fund Capital Assets October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Fund Capital Assets September 30, 2015</u>
Culture and recreation	\$ <u>62,569</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>62,569</u>
Total culture and recreation	62,569	-	-	62,569
Total governmental funds Capital Assets	\$ <u><u>62,569</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>62,569</u></u>

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

OTHER REPORTS

TOWN OF BELLEAIR SHORE

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*

AND

MANAGEMENT LETTER

AND

ATTESTATION REPORT
ON COMPLIANCE WITH SECTION 218.415
FLORIDA STATUTES

AND

MANAGEMENT MEMORANDUM
ON REVIEW OF INTERNAL CONTROL STRUCTURE

September 30, 2015

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

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
(727)734-5437 or 736-0771
FAX (727) 733-3487

Members of the Firm
John N. Davidson, CPA, CVA
Harry B. Jamieson, CPA
Richard A. Cristini, CPA, CPPT, CGFM
Jeanine L. Bittinger, CPA, CPPT
Karen Curren, CPA, CVA

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

The Honorable Mayor - Commissioner
and Town Commission
Town of Belleair Shore, Florida

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the AICPA Professional Standards at Sections 601.55 and 601.56, the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund and the aggregate remaining fund information of the Town of Belleair Shore, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Belleair Shore, Florida's (Town) basic financial statements, and have issued our report thereon dated September 20, 2016.

Internal Control Over Financial Reporting

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

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

The Honorable Mayor - Commissioner
and Town Commission
Town of Belleair Shore, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davidson, Jamieson & Crestine, P.L.

September 20, 2016

MANAGEMENT LETTER

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

1956 Bayshore Boulevard
Indian Rocks Beach, Florida 34698-2503
(727)734-5437 or 736-0771
FAX (727) 733-3487

Members of the Firm
John N. Davidson, CPA, CVA
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Jeanine L. Bittinger, CPA, CPPT
Karen Curran, CPA, CVA

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American Institute of
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The Honorable Mayor - Commissioner
and Town Commission
Town of Belleair Shore, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Belleair Shore, Florida as of and for the fiscal year ended September 30, 2015 and have issued our report thereon dated September 20, 2016.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General Disclosures in those reports and schedule, which are dated September 20, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

The Honorable Mayor - Commissioner
and Town Commission
Town of Belleair Shore, Florida

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This disclosure has been included in the Town's Annual Financial Report for the fiscal year ended September 30, 2015.

Financial Condition

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

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

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Town 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.

The Honorable Mayor - Commissioner
and Town Commission
Town of Belleair Shore, Florida

Other Matters

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

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

Purpose of this Letter

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

Davidson, Jamieson & Cristine, P.L.

September 20, 2016

ATTESTATION REPORT
ON COMPLIANCE WITH SECTION 218.415
FLORIDA STATUTES

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

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
(727)734-5437 or 736-0771
FAX (727) 733-3487

Members of the Firm
John N. Davidson, CPA, CVA
Harry B. Jamieson, CPA
Richard A. Cristini, CPA, CPPT, CGFM
Jeanine L. Bittinger, CPA, CPPT
Karen Curren, CPA, CVA

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

INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor - Commissioner
and Town Commission
Town of Belleair Shore, Florida

We have examined the Town of Belleair Shore, Florida 's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test bases, evidence about the Town'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 Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Davidson, Jamieson & Cristini, P.L.

September 20, 2016

**MANAGEMENT MEMORANDUM
ON REVIEW
OF INTERNAL CONTROL STRUCTURE**

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

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September 20, 2016

The Honorable Mayor - Commissioner
and Town Commission
Town of Belleair Shore, Florida

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund and the aggregate remaining fund information which collectively comprise the basic financial statements of the Town of Belleair Shore, Florida as of and for the year ended September 30, 2015, and have issued our report thereon dated September 20, 2016.

We have issued our Report on Compliance and Internal Accounting Controls in Accordance with *Government Auditing Standards* dated September 20, 2016. Disclosures in that report, if any, should be considered in conjunction with this management memorandum.

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

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

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

The Honorable Mayor - Commissioner
and Town Commission
Town of Belleair Shore, Florida

CURRENT YEAR

2015-1 Implementation of new GASB Statements

PRIOR YEAR

2014-1 Filing of Payroll Tax Returns

2014-2015

2015-1 **Implementation of New GASB Statements**

We recommend that the Finance Director and the Commission become familiar with the following new GASB Statements:

GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

GASB Statement No. 74 Financial Reporting for Postemployment Benefits Other Than Pension Plans

GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

GASB Statement No. 72 Fair Value Measurement and Application

2013-2014

2014-1 Filing of Payroll Tax Returns

The Town did not file the W-2 and W-3 forms on a timely basis for 2013. During the 2013-2014 fiscal year the Town owed \$401.72 in tax penalties. :

It is our understanding the Town is in the process of correcting the Internal Revenue Service issue. We recommended that the Town request abatement of any future penalties.

This recommendation has been implemented.

* * * * *

This memorandum is intended solely for the use of the Town of Belleair Shore, Florida and the Florida Auditor General and is not intended to be and should not be used by anyone other than those specified parties.

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

DAVIDSON, JAMIESON & CRISTINI, P.L.

MANAGEMENT RESPONSE



Town of Belleair Shore

Mayor

Robert E. Schmidt, Jr.

Commissioners

Raymond Piscitelli
Deborah Roseman
Steven Blume
Dorothy Niewiarowski

The new GASB statements are coming up and I plan on becoming familiar with them to ensure the Town of Belleair Shore is up to date.

A handwritten signature in blue ink, appearing to read "Karen Achhamer".

Karen Achhamer, Town Clerk

1200 Gulf Boulevard, Belleair Shore, Florida 33786-3351
727-593-9296 Voice/ Fax