

TOWN OF BELLEAIR SHORE, FLORIDA



ANNUAL FINANCIAL REPORT
FOR THE FISCAL
YEAR ENDED SEPTEMBER 30, 2018

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

TOWN OF BELLEAIR SHORE, FLORIDA

ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by the
Town Clerk/Treasurer

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 Treasurer

Barbara Colucci

INTRODUCTORY SECTION

TOWN OF BELLEAIR SHORE, FLORIDA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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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	Barbara Colucci
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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, 2018, 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, 2018, 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.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Governmental Accounting Standards*, we have also issued our report dated July 22, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Davidson, Jamieson & Cristine, P.L.

July 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis September 30, 2018

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, 2018.

FINANCIAL HIGHLIGHTS

- (A) The assets of the Town exceeded its liabilities at the close of the 2018 fiscal year by \$473,741 (net position). Of this amount, \$432,902 (unrestricted net position) may be used to meet the Town's ongoing operations.
- (B) The Town's net position decreased by \$18,573. 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 2018 fiscal year, the Town's general fund reported an ending fund balance of \$432,902, 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 2018. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis September 30, 2018

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, 2018

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 \$473,741 at the fiscal year ended on September 30, 2018.

The Town's capital assets represent investments in land and improvements other than buildings. Approximately 9% of the total net position are capital assets.

The unrestricted category of net position, with a balance of \$432,902 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	
	2018	2017
Cash and investments	\$ 445,598	\$ 416,146
Receivables, net	4,417	3,486
Prepaid items	-	5,362
Capital assets, net	<u>40,839</u>	<u>42,954</u>
Total assets	490,854	467,948
Current liabilities	<u>17,113</u>	<u>12,780</u>
Total liabilities	17,113	12,780
Unrestricted	432,902	412,214
Invested in capital assets	<u>40,839</u>	<u>42,954</u>
Total net position	<u>\$ 473,741</u>	<u>\$ 455,168</u>

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis
September 30, 2018

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	
		<u>2018</u>	<u>2017</u>
General Revenues:			
Property taxes	\$	90,002	\$ 88,932
Intergovernmental Revenue:			
State revenue sharing		2,138	2,179
Half-cent sales tax		5,390	6,889
Local option gas tax		1,549	932
Local option sales tax		7,084	5,948
Communication services tax		1,962	1,754
Charges for services		319	-
Investment income		6,807	3,825
Miscellaneous		<u>9,765</u>	<u>-</u>
Total General Revenues		125,016	111,450
Expenses:			
General Government		46,406	48,890
Public Safety		32,748	32,028
Physical Environment		<u>27,289</u>	<u>15,156</u>
Total expenses		<u>106,443</u>	<u>97,074</u>
Change in Net Position		18,573	14,376
Net Position - beginning of Year		<u>455,168</u>	<u>440,792</u>
Net Position - ending of year	\$	<u><u>473,741</u></u>	\$ <u><u>455,168</u></u>

Changes in net position. The Town's total general revenues were \$125,016 and \$111,450 in 2018 and 2017, respectively. The largest portion of the Town's revenues comes from Ad Valorem Taxes (72%) and (80%). 15% and 21% earnings come from intergovernmental allocations and the rest is from interest.

The total cost of all programs and services was \$106,443 for the 2018 fiscal year. The portion of these costs for general government is 45%. The rest of the expenditures are public safety and physical environment.

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis
September 30, 2018

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 2018, the Town's governmental fund reported an ending fund balances of \$432,902, a decrease of \$20,688 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 \$16,457 more than budgeted. The most significant increase in revenues is attributed to the increase in interest revenue. The actual expenditures were \$17,561 less than budgeted.

TOWN OF BELLEAIR SHORE

Management's Discussion and Analysis
September 30, 2018

CAPITAL ASSETS

The Town's investment in capital assets for its governmental activities as of September 30, 2018 amounts to \$40,839, 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	
	2018	2017
Land	\$ 21,307	\$ 21,307
Improvements other than Buildings	42,295	42,295
Total Assets	63,602	63,602
Less accumulated depreciation	(22,763)	(20,648)
Total net assets	\$ 40,839	\$ 42,954

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, 2018

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 2017-2018 fiscal year budget preparation will be up 15% from the 2016-2017 fiscal year. This will allow for an increase 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, 2018

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 86,729
Investments	358,869
Receivables (net of allowance for uncollectibles)	4,417
Capital Assets:	
Land	21,307
Improvements other than buildings	42,295
Accumulated depreciation	<u>(22,763)</u>
Total Assets	490,854
<u>LIABILITIES</u>	
Accounts payable	16,365
Accrued payroll taxes	<u>748</u>
Total Liabilities	17,113
<u>NET POSITION</u>	
Invested in Capital Assets	40,839
Unrestricted	<u>432,902</u>
Total Net Position	<u>\$ 473,741</u>

See Notes to Financial Statements.

TOWN OF BELLEAIR SHORE, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Expenses		Program Revenues Charges for Services		Change in Net Position Governmental Activities
Function/Program Activities					
Primary Government:					
Governmental Activities:					
General government	\$ 46,406	\$	139	\$	(46,267)
Public Safety	32,748		98		(32,650)
Physical environment	27,289		82		(27,207)
Total governmental activities	106,443		319		(106,124)
Total primary government	\$ 106,443	\$	319		(106,124)

GENERAL REVENUES:

Taxes:

Property taxes 90,002

Intergovernmental Revenues:

State revenue sharing 2,138

Half-cent sales tax 5,390

Communications Services tax 1,962

Local option gas tax 1,549

Local option sales tax 7,084

Investment income 6,807

Miscellaneous 9,765

Total General Revenues 124,697

Change in Net Position 18,573

Net Position - Beginning 455,168

Net Position - Ending \$ 473,741

See Notes to Financial Statements.

TOWN OF BELLEAIR SHORE, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUND

SEPTEMBER 30, 2018

ASSETS

<u>ASSETS</u>	<u>General Fund</u>
Cash and cash equivalents	\$ 86,729
Investments	358,869
Receivables (net of allowance for uncollectible accounts):	
Intergovernmental:	
State	2,158
County	2,259
	<hr/>
TOTAL ASSETS	\$ <u>450,015</u>

LIABILITIES AND FUND BALANCE

LIABILITIES AND FUND BALANCE

LIABILITIES;	
Accounts payable	\$ 16,365
Accrued payroll taxes	748
	<hr/>
TOTAL LIABILITIES	17,113
FUND BALANCE:	
Unassigned	432,902
	<hr/>
TOTAL FUND BALANCE	432,902
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>450,015</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, 2018

Fund balances - total governmental fund \$ 432,902

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	\$ 63,602	
Less accumulated depreciation	<u>(22,763)</u>	<u>40,839</u>

Net position of governmental activities \$ 473,741

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, 2018

	<u>General Fund</u>
REVENUES:	
Taxes:	
Ad valorem	\$ 90,002
Intergovernmental	18,123
Charges for services	319
Interest	6,807
Miscellaneous	<u>9,765</u>
TOTAL REVENUES	125,016
EXPENDITURES:	
Current:	
General government	46,406
Public safety	32,748
Physical environment	<u>25,174</u>
TOTAL EXPENDITURES	<u>104,328</u>
EXCESS OF REVENUES OVER EXPENDITURES	20,688
FUND BALANCE, OCTOBER 1	<u>412,214</u>
FUND BALANCE, SEPTEMBER 30	\$ <u><u>432,902</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, 2018

Net change in fund balances - total governmental fund \$ 20,688

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>(2,115)</u>	<u>(2,115)</u>
Changes in net position of governmental activities	\$		<u><u>18,573</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, 2018

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	With Final Budget- Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	\$ 88,909	\$ 88,909	\$ 90,002	\$ 1,093
Intergovernmental	18,500	18,500	18,123	(377)
Charges for services	100	100	319	219
Interest	550	550	6,807	6,257
Miscellaneous	500	500	9,765	9,265
Total Revenues	108,559	108,559	125,016	16,457
Expenditures:				
Current:				
General Government:				
Executive	20,400	22,400	17,540	4,860
Financial and administrative	33,860	33,860	28,866	4,994
Total General Government	54,260	56,260	46,406	9,854
Public Safety:				
Law enforcement	32,756	32,756	32,748	8
Physical Environment:				
Electric Utility Services	5,000	5,000	3,584	1,416
Solid Waste Control Services	10,800	13,973	12,691	1,282
Planning Services	1,200	1,200	599	601
Code Enforcement	3,000	3,000	300	2,700
Beach Access Wall Painting	-	8,500	8,000	500
Other	1,700	1,200	-	1,200
Total Physical Environment	21,700	32,873	25,174	7,699
Total Expenditures	108,716	121,889	104,328	17,561
Net Change in Fund Balance	(157)	(13,330)	20,688	34,018
Fund Balance, Beginning of Year	412,214	412,214	412,214	-
Fund Balance, End of Year	\$ 412,057	\$ 398,884	\$ 432,902	\$ 34,018

See Notes to Financial Statements.

NOTES TO
FINANCIAL STATEMENTS

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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, 2018

1. Summary of Significant Accounting Policies (Continued)

The Sheriff of Pinellas County, Florida provides the Town's residents and property owners with law enforcement service in harmony with the Town's fiscal policies of sound, economical management of public safety services.

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.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

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

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

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

GASB Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” provides financial reporting guidance for Deferred Outflows of Resources and Deferred Inflows of resources and also identifies Net Position (replacing Net Assets) as the residual of all the elements (Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources) presented in a statement of financial position.

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

The Town does not currently have any items that qualify for reporting in this category.

All tax, accounts and intergovernmental receivables, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles including those for the sewer and solid waste management enterprise funds.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

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.

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.

Intergovernmental revenues 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.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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. (Florida Prime)
- 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, 2018

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.

Government Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application” requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported in certain entities that calculate net asset value per share (or its equivalent).

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, 2018

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 8millage rate assessed by the Town was 0.6594.

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, 2018

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, 2018

1. Summary of Significant Accounting Policies (Continued)

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

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

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

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

If, after the annual audit, the assigned fund balance causes the unassigned fund balance to fall below 20% of General Fund operating expenditures, the Commission will take steps to restore the unassigned fund balance to 20% of General Fund operating expenditures.

The Commission will prepare a plan for the assigned fund balance reduction, expenditure reductions and/or revenue increases. The Town shall take action necessary to restore the unassigned fund balance to acceptable levels within two years.

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, 2018

2. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds and net position - governmental activities* as reported in the government-wide statement of net position. The detail of this \$40,839 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	\$ 63,602
Less accumulated depreciation	<u>(22,763)</u>
Net adjustment to increase <i>fund balance - total Governmental funds</i> to arrive at <i>net position - Governmental activities</i>	<u>\$ 40,839</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 (\$2,115) difference are as follows:

Capital outlay	\$ -
Depreciation expense	<u>2,115</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>\$ (2,115)</u>

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

3. Stewardship, Compliance, and Accountability

Budget Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the enterprise 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.

Encumbrance 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, 2018

4. Deposits

At year-end the carrying amount of the Town's deposits was \$86,729 and the bank balance was \$80,438. 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, 2018

	<u>Fair Value</u>	<u>Investment Quality</u>	<u>Duration (Years)</u>
Florida State Board of Administration			
Local Government Pooled Investment Fund	\$ <u>358,869</u>	Not Rated	N/A
Total investments	\$ <u><u>358,869</u></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, 2018

5. Investments (Continued)

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

- (a) The Local Government Surplus Funds Trust Fund or any Intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating policy.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.
- (d) Direct obligations of the United States Treasury.
- (e) Federal agencies and instrumentalities.
- (f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. as 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

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."

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

5. Investments (Continued)

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

Since the Florida State Board of Administration (SBA) Local Government Pooled Investment Fund (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, .

6. Receivables

Receivables at September 30, 2018, consist of the following:

	<u>General Fund</u>
Receivables:	
Intergovernmental	\$ <u>4,417</u>
Gross receivables	4,417
Less: Allowance for uncollectibles	<u>-</u>
Net total receivables	\$ <u><u>4,417</u></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, 2018

7. Capital Assets

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

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ <u>21,307</u>	\$ _____ -	\$ _____ -	\$ <u>21,307</u>
Total capital assets, not being depreciated	21,307	-	-	21,307
Capital assets, being depreciated:				
Improvements other than buildings	<u>42,295</u>	_____ -	_____ -	<u>42,295</u>
Total capital assets, being depreciated	42,295	-	-	42,295
Less accumulated depreciation for:				
Improvements other than buildings	<u>20,648</u>	<u>2,115</u>	_____ -	<u>22,763</u>
Total accumulated depreciation	<u>20,648</u>	<u>2,115</u>	_____ -	<u>22,763</u>
Total capital assets, being depreciated, net	<u>21,647</u>	<u>(2,115)</u>	_____ -	<u>19,532</u>
 Governmental activities				
Capital assets, net	\$ <u><u>42,954</u></u>	\$ <u><u>(2,115)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>40,839</u></u>

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

Governmental activities:

Physical environment \$ 2,115

Total depreciation expense - governmental activities \$ 2,115

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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, .

10. Details of Constraints on Fund Balances of Governmental Fund

The Town has recognized that adequate unassigned fund balances is needed to mitigate current and future risks (e.g., revenue shortfalls and unantizipated expenditures) and to ensure stable tax rates.

	General
	<u>Fund</u>
Fund Balance:	
Unassigned	\$ <u>432,902</u>
Total fund balance	\$ <u><u>432,902</u></u>

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

11. 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, 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.

12. Implementation of New GASB Statements

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

Fair value is described as an exit price. Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value should not be adjusted for transaction costs. The Town has implemented this standard.

The GASB has issued the following statements which will become effective in future years.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

12. Implementation of New GASB Statements (Continued)

Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” - This statement changes the focus of accounting for postemployment benefits other than pensions from whether they are responsibility funding benefits over time to a point-in-time liability that is reflected on the employer’s financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the Town in fiscal year 2018.

Statement No. 77, “Tax Abatement Disclosures” - This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments.

In June 2017, the Governmental Accounting Standards Board (GASB, the Board) issued Statement No. 87, *Leases* to provide more useful decision-making information for the users of state and local government financial statements. In many respects, Statement No. 87 is similar to the lease accounting and reporting standards established by the Financial Accounting Standards Board (FASB) for business entities. For example, both standards are based on the principle that a leased asset represents the right to use such asset for the period of the lease term, and both address accounting and reporting requirements for lessees and lessors.

Local governments will account for and report leases for fiscal periods beginning October 1, 2020 in accordance with Statement No. 87.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

13. Investment Measurement at Fair Value

Fair Value Hierarchy

The accounting standards break down the fair value hierarchy into three levels based on how observable the inputs are that make up the valuation. The most observable inputs are classified as Level 1 where the unobservable inputs are classified as Level 3.

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.

As a general rule, any asset that has a daily closing price and is actively traded will be classified as a Level 1 input.

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in active markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

As a general rule, if an asset or liability does not fall into the requirements of a Level 1 or Level 3 input, it would default to Level 2. With Level 2 inputs, there is usually data that can be easily obtained to support the valuation, even though it is not as easily obtained as a Level 1 input would be.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

13. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As a general rule, Level 3 inputs are those that are difficult to obtain on a regular basis and require verification from an outside party, such as an auditor or an appraisal, to validate the valuation.

Net asset value (NAV) is a common measurement of fair value for Level 1, Level 2, and Level 3 investments. A fund's NAV is simply its assets less its liabilities, and is often reported as a per share amount for fair value measurement purposes. The Town and Plan would multiply the NAV per share owned to arrive at fair value. Level 1 investment in funds such as mutual funds report at a daily NAV per share and are actively traded. NAV also comes in to play for Level 2 and 3 investments. As a matter of convenience (or referred to in accounting literature as a "practical expedient"), a Plan can use the NAV per share for investments in a nongovernmental entity that does not have a readily determined fair value, such as an alternative investment. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV as a matter of convenience. The Town has no NAV investments.

The Town categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

13. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

- *Debt securities* - Debt securities classified in Level 1 or Level 2 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used by International Data Pricing and Reference Data, LLC to value securities based on the securities' relationship to benchmark quoted prices.
- *Mutual funds* - The rationale for inclusion in Level 1 or Level 2 points to the unobservable inputs involved in mutual fund pricing. Mutual funds do not trade using bid and ask, as with ETF's or common stock. Instead, the prices are determined by the net asset value of the underlying investments at the close of business for the next day's open. The underlying assets themselves may include a variety of Level 1 and Level 2 securities and some may be valued using matrix pricing which interpolates the price of a security based on the price of similar securities.
- *Fixed income funds* - Valued using pricing models maximizing the use of observable input for similar securities. This includes basing value on yield currently available on comparable securities of issues with similar credit ratings.
- *Equity funds* - Valued at market prices for similar assets in active markets.
- *Common stock* - Valued at quoted market prices for identical assets in active markets.

TOWN OF BELLEAIR SHORE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

13. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The Town has the following total recurring fair value measurements as of September 30, 2018:

	September 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at fair value level				
Temporary investments	\$ 358,869	\$ 358,869	\$ -	\$ -
Total investments at fair value level	\$ 358,869	\$ 358,869	\$ -	\$ -

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, 2018

Governmental Funds Capital Assets:	
Land	\$ 21,307
Improvements other than buildings	<u>42,295</u>
Total Governmental Funds Capital Assts	\$ <u>63,602</u>
Governmental Funds Capital Assets by Source:	
General Fund	\$ <u>63,602</u>
Total Governmental Funds Capital Assets	\$ <u>63,602</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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>Function and Activity</u>	Governmental Fund Capital Assets October 1, 2017	Additions	Deductions	Governmental Fund Capital Assets September 30, 2018
Physical environment	\$ 63,602	\$ -	\$ -	\$ 63,602
Total physical environment	<u>63,602</u>	<u>-</u>	<u>-</u>	<u>63,602</u>
Total governmental funds Capital Assets	<u>\$ 63,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,602</u>

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, 2018

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
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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, 2018, 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 July 22, 2019.

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 & Cristine, P.L.

July 22, 2019

MANAGEMENT LETTER

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

1956 Bayshore Boulevard
Indian Rocks Beach, Florida 34698-2503
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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, 2018 and have issued our report thereon dated July 22, 2019.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General Disclosures in those reports and schedule, which are dated July 22, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

The Honorable Mayor - 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, 2018.

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7) Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the 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, 2018, 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, 2018. 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 & Crestine, P.L.

July 22, 2019

ATTESTATION REPORT
ON COMPLIANCE WITH SECTION 218.415
FLORIDA STATUTES

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

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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, 2018. 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, 2018.

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.

July 22, 2019

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

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

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July 22, 2019

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, 2018, and have issued our report thereon dated July 22, 2019.

We have issued our Report on Compliance and Internal Accounting Controls in Accordance with *Government Auditing Standards* dated July 22, 2019. Disclosures in that report, if any, should be considered in conjunction with this management memorandum.

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

In planning and performing our audit of the financial statements of 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 certain matters that are an opportunity for strengthening internal control and operating efficiency.

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

CURRENT YEAR

2018-1 Authorized Signatory

2018-2 Records Retention

2017-2018

2018-1 Authorized Signatory

During our audit tests on the Town's bank cash and state investment accounts we learned the following:

- A. The Town closed its Regions Bank Account #5083 during March 2018 due to the predecessor Clerk/'Treasurer unauthorized signatures on check charged to A/C 6083.
- B. On the same date the Town opened its second Regions Bank Account #1672. A check for \$140,842.86 was transferred from #5083 to account #1672.
- C. Bank account #5083 was closed on March 11, 2019 with the transfer of \$15,148.33 to account #1672.
- D. Intergovernmental revenues from the State of Florida and Pinellas County, Florida continued to be deposited into the 5083 account through March 1, 2019.

Subsequent to September 30, 2019, the Clerk/Treasurer was authorized to sign the Regions account #1672 and the Florida Prime investment account on a single signature basis. A copy of the Florida Prime account maintenance form is enclosed. During our interviews with Regions Bank and Florida Prime we found the following:

- A. There is no limitation on the access to the Regions Bank account balance to any authorized signatory.
- B. Funds in the Florida Prime account can only be moved/transferred to an approved bank account. The Regions Bank account #5083 is the approved transfer account not #1672. (See Florida Prime memorandum).

Thus the Clerk/Treasurer has unlimited signatory control over the Town's cash balance. The Town's average cash balance totaled \$454,000 during the fiscal year ended September 30, 2018.

2017-2018

2018-1 Authorized Signatory (Continued)

Our discussions with the Town's insurance carrier, FMIT (Florida Municipal Insurance Trust), disclosed that the Town does not currently have Fidelity Bond - Employer Dishonesty coverage. The Town's FMIT representative indicated that this coverage for the Town's average cash balance would be less than \$500. We recommend that the Board investigate this coverage to improve its internal control over cash.

LGIP Participant Account Maintenance Form

(One form must be completed for each agency account.)

RECORDED

AUG 23 2018

1) Account Information:

New Account Change Existing Acct (please check one)

Agency Account #: 111311

Participant Name: _____

Account Name: Town of Belleair Shore

2) Contact Information:

Address: 1200 Gulf Blvd

City/State/Zip: Belleair Shore FL 33786

Phone: 727.593.9296 Fax: _____

Banking Information:

3) Bank WIRING Instructions: Check if Change

Beneficiary Bank Name: _____ ABA/Routing Number: _____
 Bank Address: _____ Account Number: _____

****Complete this section below ONLY if your bank is not on-line with the Federal Reserve and utilizes a correspondent bank for wires****

Receiving Bank Name: _____ (Fed Bank) ABA/Routing Number: _____ (Fed Bank)

Bank Address: _____

Beneficiary Information: _____ Beneficiary Account: _____

4) Bank ACH Instructions: (Complete if plan to utilize ACH option)

Check if Change

Beneficiary Bank Name: _____ ABA/Routing Number: _____

Bank Address: _____ Account Number: _____

5) Name of ALL Persons Authorized to Transmit/Withdraw Funds:

NAME	EMAIL ADDRESS (required field)	Check if email changed
Robert E. Schmidt - Mayor	belleairshoremayor.bob@gmail.com	<input type="checkbox"/>
Deborah Roseman - Commissioner	commissionerroseman@gmail.com	<input type="checkbox"/>
Barbara Colucci - Clerk/Treasurer	clerkbelleairshore@gmail.com	<input type="checkbox"/>

6) Name of ALL With 'View Only' Website Privilege: (full access to website but may NOT conduct business)

NAME	EMAIL ADDRESS (required field)	Check if email changed
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

7) Name, Title, Email and Signature of Persons Authorized to Notify the SBA of Changes in Account Information:

Name: Barbara Colucci	Title: Clerk/Treasurer	Signature: <i>[Signature]</i>
Email: clerkbelleairshore@gmail.com		
Name: Robert E. Schmidt	Title: Mayor	Signature: <i>[Signature]</i>
Email: mayorbelleairshore.bob@gmail.com		
Name: Deborah Roseman	Title: Commissioner	Signature: <i>[Signature]</i>
Email: commissionerroseman@gmail.com		

8) Number of Authorizing Signatures Required to Change Account Information.

Please select One Two *Previously Two*

PLEASE NOTARIZE FORM AND RETURN THE ORIGINAL TO BE PROCESSED

9) This section MUST be signed by an Official authorized in the Resolution OR listed on the previously submitted Participant Account Maintenance Form as Authorized to Notify the SBA of Changes in Account Information

See with signature in box 7 above

AUTHORIZED SIGNATURE #1

See with signature in box 7 above

AUTHORIZED SIGNATURE #2 (IF REQUIRED)

TITLE

DATE

10) STATE OF FLORIDA

COUNTY OF Pinellas

The foregoing instrument was acknowledged before me this 15th day of August, 2018

by _____ who is/are personally known to me or who has produced *personally known* as identification and who did/did not take an oath.



Deborah Roseman
 Notary Public State of Florida

My Commission expires: 10/24/2018

Authorized signers must complete the Disclosure Statement on page 2 (required by FS 218.407(1))

FOR STATE BOARD OF ADMINISTRATION USE ONLY

Initial input *Deborah Roseman* Date *8/27/18*
 Mgt review & approval *[Signature]* Date *9/12/18*

Form update 7/14/2015

Page 1 of 2

Richard

From: Donna Owens <Donna.Owens@sbafla.com>
Sent: Wednesday, July 24, 2019 9:46 AM
To: Richard
Cc: Shoana Whitfield
Subject: Prime acct
Attachments: 111311_file0001_7229.pdf

Hi Richard. Please see attached copy of the current Participant Account Maintenance (PAM) form on file for the Town of Belleair Shore. Per our discussion, I wanted to outline some of the safeguards in place on your Prime account. The people listed in box 5 have Transaction capabilities on the account. Those **Authorized Users** are able to enter withdrawals online using their user name and password or by phone using their 4 digit Caller Verification number that they set up during registration. Withdrawals from the account can only be sent to the instructions on file. These instructions are set up in our bank system and can only be changed by submitted a properly completed and notarized copy of the PAM form. Our system sends an email to all Authorized Users and Authorized Signers once a withdrawal is entered.

The people listed in box 7 are the people who can make changes to the account, **Authorized Signers**. One of their signatures must be in box 9 of an updated PAM form. We discussed for additional safeguards, you can choose not to have the same people authorized for transactions and authorized to change bank instructions. Your account currently has One Signature required to make acct changes in box 8. You have the option of setting it to Two Signatures required if you'd like.

When you update the PAM form, the new one **replaces** the old one on file. Anyone not listed on the new form is deleted and anyone new is added. If your bank instructions have changed (box 3), we update them in our bank system. Our system sends an email to all Authorized Users and Authorized Signers to notify you that a change has been made. The fields were left blank on the current form indicating no change in instructions. We currently have your wires going to Regions Bank to an acct number ending in 5083. You currently don't have Withdrawals by ACH (box 4).

Let me know if you have any questions. Thanks, Donna

Donna Owens
State Board of Administration
1801 Hermitage Blvd., Ste. 100
Tallahassee FL 32303
Pool line 850/488-7311
LocalGovPool@sbafla.com

Disclaimer: This communication may contain confidential, proprietary, and/or privileged information. It is intended solely for the use of the addressee. If you are not the intended recipient, you are strictly prohibited from disclosing, copying, distributing or using any of this information. If you received this communication in error, please contact the sender immediately and destroy the material in its entirety, whether electronic or hard copy.

Additionally, please note that Florida has a very broad public records law. This communication (including your email address, any attachments and other email contents) may be subject to disclosure to the public and media.

2017-2018

2018-2 Records Retention

The Town's paid bill files, deposit receipts and bank statements from October 1, 2017 through March 31, 2018 were not in order and some did not exist. After interviews with vendors, the State of Florida and Pinellas County, Florida and Regions Bank we were able to reassemble and document the Town's cash receipts and cash disbursements records.

We now present our recommendations for improvements to the Town's records retention procedures.

- A. Currently the Town paid invoices are not cancelled when paid. Instead the check advice is stapled to the paid invoice and then stapled to the current month's bank statement. We recommend that all paid invoices be cancelled by noting the check number and date of payment on the invoice paid. Further, the Town's paid bills should be filed in a separate file in alpha order. An inexpensive alpha accordion file would work.
- B. The Town's bank reconciliations and the related bank statement should be filed by month as currently done.
- C. We recommend that the Town request that copies of cancelled checks be provided with the monthly Regions Bank statement. This would improve the Town's disbursement control and basic audit trail.
- D. A separate set of files for deposit receipts issued by the State of Florida and Pinellas County, Florida should be setup as follows:
 - 1. State of Florida
 - a. ½ Cent Sales Tax
 - b. State revenue sharing
 - c. Communication services tax
 - 2. Pinellas County, Florida
 - a. Infrastructure sales surtax (Penny)
 - b. Local option gas tax
- E. We recommend that the pages of the minutes to the Board's Commission meetings be consecutively numbered.

* * * * *

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

To: Mayor and Town Commissioners

From: B Colucci, Clerk Treasurer

Date: September 4, 2019

Subject: Response to auditor's report and management letter for fiscal year 2018.

Treasurer has reviewed the auditor's report for the fiscal year ended September 30, 2018 and offers the following comments in response to the recommendations and observations.

- A. Invoices will be marked paid with check number and date of payment. They will also be filed in a separate file in alpha order.
- B. Bank reconciliations and related bank statements will be filed monthly in a separate file.
- C. The Town will request copies of the cancelled checks from the bank be sent with the monthly statement.
- D. Deposit receipts issued by the State of Florida, Pinellas County and Clerk of the Circuit Court will be filed in individual files for:

State of FL

- ½ Cent Sales Tax
- State revenue sharing
- CST

1200 Gulf Boulevard, Belleair Shore, Florida 33786-3351

Pinellas County

- Infrastructure
- Local option gas tax

- E. Pages of the Minutes and Agendas for the Town will be consecutively numbered
- F. Town will research acquiring a Fidelity Bond for Clerk/Treasurer and will include in yearly budget.



Barbara Colucci
Town Clerk/Treasurer

727-593-9296 Voice/ Fax

1200 Gulf Boulevard, Belleair Shore, Florida 33786-3351