

TOWN OF BELLEAIR, FLORIDA



INC. 1925

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

TOWN OF BELLEAIR, FLORIDA

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2018

**Prepared by the
Department of Finance**

TOWN OF BELLEAIR, FLORIDA

COMMISSION - MANAGER FORM OF GOVERNMENT

TOWN COMMISSION

Gary H. Katica, Mayor

Karla Rettstatt
Commissioner/Deputy Mayor

Tom Shelly, Commissioner

Michael Wilkinson, Commissioner

Tom Kurey, Commissioner

Town Manager

J. P. Murphy

Director of Support Services

Stefan Massol

Town Clerk

Christine Torok

INTRODUCTORY SECTION

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LETTER OF TRANSMITTAL



September 16, 2019

To the Honorable Mayor, Town Commission, and Citizens of the Town of Belleair, Florida

State law requires that all general-purpose local governments publish within one year of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted, in the United States of America, auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Belleair, Florida for the fiscal year ended September 30, 2018.

The Comprehensive Annual Financial Report (CAFR) is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a copy of the Town's Certificate of Achievement for Excellence in Financial Reporting, and the primary government's organization chart. This CAFR includes all funds of the Town. The Town has no component units. The financial section includes the management's discussion and analysis (MD&A), the basic financial statements for the primary government, and the primary government's combining and individual financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. GAAP requires that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A contains a narrative introduction, overview, and analysis of the Town's financial statements. It should be read in conjunction with this letter of transmittal. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. In contrast to the financial section information, the statistical section information has not been audited.

This report consists of management's representations concerning the finances of the Town of Belleair, Florida. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Belleair, Florida has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the Town of Belleair, Florida's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Belleair, Florida's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Belleair, Florida's financial statements have been audited by Davidson, Jamieson & Cristini, P.L., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Belleair, Florida for the fiscal year ended September 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Belleair, Florida's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Profile of the Government

The Town of Belleair, Florida was incorporated in 1925 and was chartered under Chapter 10335, Special Laws of Florida, with a Mayor form of government. The Town of Belleair, Florida currently occupies a land area of 2.5 square miles and serves a population of 4,217 according to the U.S. Census Bureau. The Town of Belleair, Florida is empowered to levy a property tax on both real and personal properties located within its boundaries.

The Town of Belleair's charter was changed in 1973 to provide for a council-manager type of government, and in 1997, due in part to additional provisions in the charter which strengthened the authority of the town manager, was officially recognized as a council-manager form of government by the International City/County Managers Association. Policy-making and legislative authority are vested in a governing commission consisting of the mayor and four other members. The Town Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The town manager is responsible for carrying out the policies and ordinances of the Town Commission, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The commission is elected on a non-partisan basis. Commission members serve three-year staggered terms, with two commissioner members elected every three years. The mayor is elected to serve a three-year term. The mayor and commission members are elected at large.

The Town of Belleair, Florida provides a full range of services, including police protection; permitting and development review; the construction and maintenance of streets and other infrastructure; and recreational activities and cultural events. Fire & rescue services are provided on a contractual basis by the City of Largo.

The Town of Belleair, Florida also provides water and solid waste services. These departments are enterprise funds and are included in this report. Wastewater services are provided on a contractual basis by Pinellas County Utilities, and those financial impacts are also included in this report.

In May, budget requests are submitted to the town manager. The town manager uses these requests as the starting point for developing a proposed budget. The town manager then presents this proposed budget to the commission for review before July 31st. The commission is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the Town of Belleair, Florida's fiscal year. The appropriated budget is prepared by fund (e.g., general), and department (e.g., recreation). Department heads may request transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the Town Commission. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 23 as part of the basic financial statements for the governmental funds. There are no budget-to-actual comparisons for funds other than the General Fund. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project length budget has been adopted (i.e., the capital projects funds).

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Belleair, Florida operates.

Local economy. The Town is mostly a residential community with three 18-hole golf courses. However, the region has a varied manufacturing and industrial base. Major industries with headquarters or divisions located within the government's boundaries or near include; computer hardware, software manufacturers, electrical controls, and several financial and insurance institutions. The unemployment rate in Belleair is currently 3.3 percent, which is 0.4 percent lower than the national average. The median household income in Belleair is \$85,900 as compared to \$60,336 nationwide. The Town of Belleair, Florida currently has a challenging economic environment, but local indicators point to a slight upward fluctuation in the real estate market. This has had a positive impact on building permit revenues which have risen substantially from \$382,371 in 2015-16, to \$526,281 in 2016-17, and most recently remained fairly stable at \$500,360 in 2017-18. It is expected that building permit revenues will decline in future years as major development activities are completed.

Major developments are making significant progress towards completion, including Belleview Place and the Pelican Golf Club. Preliminary estimates indicate a \$400,000 annual increase in General Fund revenues once the new developments are fully operational. Full completion is expected for both properties sometime in early 2021.

At the end of 2012 John J. Osborne, a long-time resident of Belleair, passed away and left a bequest of over \$3.4 million to the town. His generous donation has measurably improved the net position of the Town of Belleair and to show respect for this great contribution the town dedicated the Public Works building to his memory.

In February 2013, the town acquired the Belleview Biltmore Golf Club to preserve green space in Belleair and to prevent future development on the golf course property. The club was sold to Pelican Golf, LLC on June 1, 2017 and the buyer is constructing significant improvements that are expected to have a positive effect on the valuation of the property.

In September 2017 the Town of Belleair was impacted significantly by Hurricane Irma. Large amounts of debris were collected from roadways, parks and public rights-of-way. In total, Hurricane Irma cost the town nearly \$700,000 in both personnel and operating costs. The majority of this cost will be reimbursed by the Federal Emergency Management Agency (FEMA) and State of Florida, however repayment is a lengthy process that can take many months to complete.

The region (which includes the Town of Belleair, Florida and the surrounding unincorporated area within the same county) has a population base of approximately one million people, with three surrounding counties playing a vital role in the region's economy. The town serves as a premium residential community for nearby areas in the Tampa Bay region.

Long-term financial planning. The Town of Belleair, Florida has long-range plans for infrastructure improvements (streets, drainage, and water system). The town's long-range financial plan has several roadways and drainage improvements scheduled throughout Belleair over the next five years. In recent years the town completed roadway and drainage projects along Manatee Rd., Eagle's Nest, Druid Rd., Althea Rd. and Bayview Dr. The Rosery Road project was completed in fiscal year 2017-18. The Town has secured matching grant funding from the Southwest Florida Water Management District (SWFWMD) for the Bayview Dr., Manatee Rd., Rosery Rd. and Pinellas Rd. projects. In fiscal year 2018-19 the Town will begin construction on the Pinellas/Ponce stormwater improvements project, which is also a cooperatively funded project with SWFWMD. Stormwater projects are prioritized on a west to east basis as much of the town's stormwater flows towards the west and eventually into the intracoastal waterway. As a policy, staff continually seeks cooperative funding opportunities, and sometimes defers projects to ensure their eligibility for cooperative funding. The Rosery Road project is one such project.

As of the 2017-18 fiscal year, the town has several revenue streams dedicated to capital improvements, including a stormwater fee, a municipal public services tax on electricity, the "Penny for Pinellas" discretionary sales surtax and a dedicated millage levy. These revenues are dedicated to funding the \$710,000 annual debt service on a \$10 million dollar bank note and continue to place money in capital reserve for future projects. Several of the town's advisory boards have taken up different measures to study methods in which the debt can be refinanced to provide additional funding for future projects. The Belleview Biltmore Golf Club was sold June 2017 with \$3,400,000 dollars transferred to the Capital Projects Fund. In preparation for future capital needs the town will consider additional financing opportunities.

The Water Fund has benefited from a new, more sustainable rate structure that has stopped the recurring net loss from recent years. Furthermore, this rate structure will enable the department to fund capital improvements in the treatment and distribution system. However, for this model to be sustainable, consistent rate increases, commensurate with controlled rise in expenses will

be required. Water infrastructure was included in the Druid Rd., Bayview Dr., Althea Rd., Manatee Rd., S. Pine/Eagle's Nest, Ponce de Leon/Indian Rocks Rd. intersection improvements and Rosery Rd. projects. Many of the distribution system improvements are scheduled to coincide with the street improvements thus increasing efficiency and reducing cost.

Additionally, staff will continue to seek the best long-term solution to the town's slowly deteriorating water supply. It is estimated that in five to ten years the salinity levels in the water sources will reach a level that cannot be treated using the current methodology. Several options exist including retrofitting a reverse osmosis system, purchasing water from a neighboring entity or providing for a system sale. Town staff and engineers will continue studying this issue to ensure that residents continue to receive excellent service at a reasonable cost.

Relevant financial policies. The town implemented Governmental Accounting Standards Board (GASB) Statement No. 75 "*Accounting and Financial Reporting by Employers for Postemployment Benefits (OPEB) Other Than Pensions*" for its governmental activities and proprietary fund types. This statement establishes standards for the measurement, recognition and display of OPEB expense/expenditures and related liabilities (assets), note disclosures and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The town finances the OPEB benefits on a pay-as-you-go basis but recognizes the cost of the benefits in the period when the employee's service is being received by the town. At the time of this transmittal, the town had three general retirees receiving OPEB benefits.

The Town of Belleair, Florida sponsors defined benefit pension plans for its public safety (sworn police officers) employees as is provided for under chapters 185 of state statute. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the Town of Belleair, Florida must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the Town of Belleair, Florida fully funds each year's annual required contribution to the pension plan as determined by the actuary.

This is the first year of implementation for GASB Statement No. 75, which impacts the accounting and financial reporting requirements for other postemployment benefits (OPEB). A valuation study was performed for this year's report.

The Town of Belleair, Florida also provides a money purchase defined contribution retirement benefit for its non-public safety employees. This benefit is provided through the International City/County Managers Association Retirement Corporation. If the employee elects to contribute at least three percent (3%) to the plan, the town will contribute nine percent (9%). The Town of Belleair, Florida has no obligation in connection with employee benefits offered through this plan beyond its contribution to the employees' plan.

In addition to the implementation of GASB Statement No. 75, the Town has adopted GASB Statement No. 54 regarding “*Fund Balance Reporting and Governmental Fund Type Definitions*”. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This statement also provides for additional classification as *restricted, committed, assigned, and unassigned* based on the relative strength of the constraints that control how specific amounts can be spent. The first financial statements reflecting these changes occur during the Comprehensive Annual Financial Report for the fiscal year 2010-11.

Annually, the town establishes conservative estimates of ongoing revenues and expenditures. The town’s revenue estimates are developed on historical trends, local economic projections and reasonable assumptions of future conditions. The town maintains, as permitted by State law, a diverse revenue base to mitigate the effects of short-term fluctuations in any one (1) revenue.

In conjunction with its review of its revenues, the town calculates the full direct cost of activities supported by user fees and considers such information while establishing user fees and other charges for service. Similarly, the town’s expenditures are estimated based on the prior year’s expense while considering potential increases as well as efficient decreases. The town is legally mandated to have a balanced budget in all funds.

At the close of 2017-18 unassigned fund balance was twenty-eight percent of operating expenditures. To the extent that unreserved, undesignated fund balance exceeds twenty percent, the town may draw upon the fund balance to provide funding for capital projects or provide funding for nonrecurring expenses.

In two of the proprietary funds (solid waste, and wastewater funds) the budgeted unreserved, undesignated, cash reserve is set at \$250,000. In the Water Fund cash reserve is set at \$450,000. The Water Fund maintains an unrestricted fund balance of \$1,691,533. Meanwhile, Solid Waste holds an unrestricted fund balance of \$1,000,746. The Wastewater Fund has an unrestricted fund balance of \$326,324. All enterprise funds have sufficient fund balance to meet financial obligations at their present levels of service.

Risk management. By being a member of the Public Risk Management (PRM) pool, the town has been able to contain its costs by spreading the risk amongst all other members of the pool; increases or decreases are resultant as a function of a deviation factor for losses of the pool. Annually, the town evaluates its risk in a variety of areas including workers’ compensation and potential natural disasters. The town in collaboration with the PRM staff continues to conduct risk assessments and subsequently implement any changes as they relate to workplace safety.

The town has won numerous safety awards for its safety program which includes a safety committee that reviews all accidents and occupational hazards. Recent Florida Supreme Court decisions regarding worker's compensation and attorney's fees have led to the insurance market responding with double-digit increases to workers compensation premiums. This raises the likelihood of cost increases for the town and the pool as a whole.

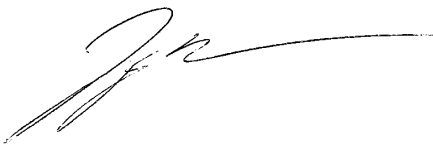
Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Belleair, Florida for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. This was the thirtieth consecutive year that the town had received this prestigious award. To be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Support Services and Administration departments. The Support Services Department works very hard to maintain strong internal controls to provide accurate financial reporting, to keep the public informed and to assist the Town Commission in decision-making. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Belleair, Florida's finances.

Respectfully submitted,



Town Manager



Finance Director



Government Finance Officers Association

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

Presented to

**Town of Belleair
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

TOWN OF BELLEAIR, FLORIDA

DEPARTMENTS



TOWN OF BELLEAIR, FLORIDA

LISTING OF TOWN OFFICIALS

ELECTED OFFICIALS

| | |
|---------------------------|-------------------|
| Mayor | Gary H. Katica |
| Commissioner/Deputy Mayor | Karla Rettstatt |
| Commissioner | Michael Wilkinson |
| Commissioner | Tom Shelly |
| Commissioner | Tom Kurey |

APPOINTED OFFICIALS

| | |
|---------------|----------------|
| Town Manager | J. P. Murphy |
| Town Attorney | David Ottinger |

DEPARTMENT HEADS AND SUPERVISORS

| | |
|--|-----------------|
| Director of Support Services | Stefan Massol |
| Police Chief | William Sohl |
| Water Department Director | David Brown |
| Director of Parks, Recreation and Public Works | Richard Allison |
| Town Clerk | Christine Torok |

FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information
Other Than MD&A

Combining and Individual Fund
Financial Statements

INDEPENDENT AUDITOR'S REPORT

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

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Karen Curran, CPA, CVA

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
and Town Commission
Town of Belleair, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of Town of Belleair, Florida (Town), 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
and Town Commission
Town of Belleair, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Belleair, Florida as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor
and Town Commission
Town of Belleair, Florida

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Belleair, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Accounting Standards*, we have also issued our report dated August 16, 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 *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Davidson, Jamieson & Crutcher, P.L.

August 16, 2019

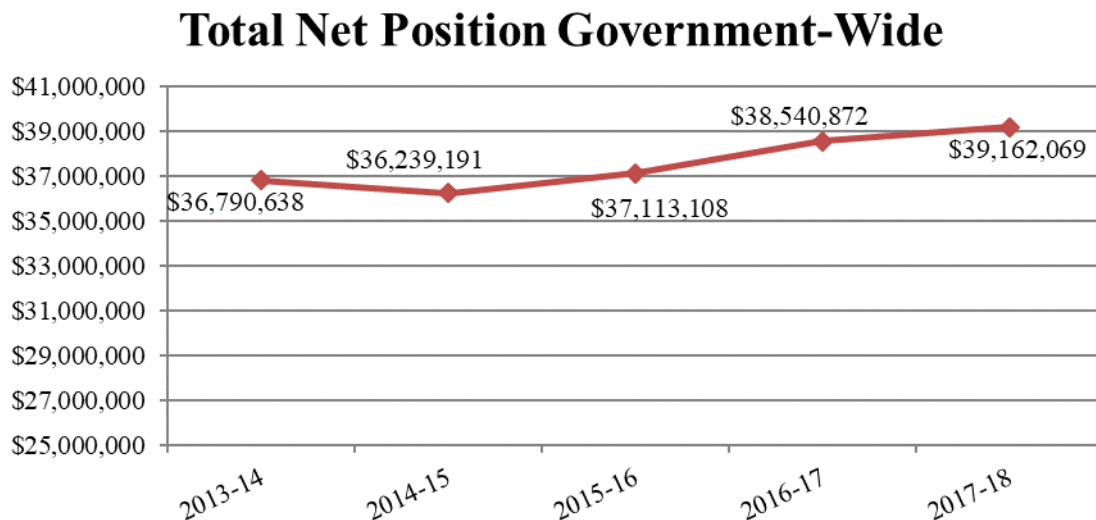
MANAGEMENT'S DISCUSSION
AND ANALYSIS

Management’s Discussion and Analysis

This narrative overview and analysis of the Town of Belleair’s financial statements for the fiscal year-ended September 30, 2018, provides readers with a comprehensive picture of the town’s fiscal health, and its financial administration. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page vi of this report.

Financial Highlights

The assets of the Town of Belleair, Florida exceeded its liabilities at the close of the most recent fiscal year by \$39,162,069 (net position). Of this amount, \$3,883,966 (*Unrestricted*) may be used to meet the government’s ongoing obligations to citizens and creditors. The government’s total net position increased by \$621,197.



The net position of the Town of Belleair has increased gradually, on average, since FY 2013-14. Since that time there have been relatively moderate changes in net position, increasing a cumulative 6% from the end of FY 2013-14 thru the end of FY 2017-18. Several factors have had considerable impact on the net position of Belleair these past five years, including the following:

- 1) The sale of the Belleview Biltmore Golf Club by the Town of Belleair, in 2016-17,
- 2) Continuance of the Capital Improvement Plan to repair roads, curbs and utility structures throughout the town,
- 3) Cooperative grant funding provided by the Southwest Florida Water Management District for various water and drainage basin projects,
- 4) Donations from the Belleair Community Foundation for various projects, including Hunter Memorial Park, Magnolia/Wall park updates, and other projects throughout town.

As of the close of the current fiscal year, the Town of Belleair, Florida's General (governmental) Fund reported an actual ending fund balance of \$1,960,687, a decrease of \$(167,987) in comparison with the beginning fund balance. Recovery from Hurricane Irma was a significant cost that was unplanned, resulting in more than \$600,000 of additional expenditures to the General Fund.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Belleair, Florida's basic financial statements. The Town of Belleair's basic financial statements consist of three elements: 1) Government-wide financial statements; 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 of Belleair's finances, in a manner similar to what one may observe for a private-sector business.

The statement of net position presents information on all of the Town of Belleair's assets, deferred outflows, liabilities and deferred inflows. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Belleair is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town of Belleair that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Belleair include general government, public safety, transportation, and culture and recreation. The business-type activities of the Town of Belleair include water and Solid Waste Funds. A third business-type activity (wastewater) was sold to Pinellas County in 2004 though the town still manages billing operations for wastewater services.

The government-wide financial statements include not only the Town of Belleair, Florida itself (known as the *primary government*) but also a police officer's pension plan and an employee's 401(k) retirement fund for which the Town of Belleair is financially accountable. Financial information for these funds is reported separately from the financial information represented for the primary government itself. The Water and Solid Waste Funds, although business-type funds, function as departments of the Town of Belleair, and, therefore, have been included as an integral part of the primary government.

The government-wide financial statements can be found beginning on page eighteen 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 of Belleair, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Belleair can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. The town uses *Governmental funds* 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 *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Belleair maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, and Golf Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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 this budget.

The basic governmental fund financial statements can be found beginning on page twenty of this report.

Proprietary funds. The town maintains one kind of proprietary fund, *enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The town uses enterprise funds to account for its Water and Solid Waste Funds. The other kind of proprietary fund is an *internal service fund*, an accounting device used to accumulate and allocate costs internally. This type of proprietary fund is not employed by the Town of Belleair.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater and Solid Waste Funds, all of which are considered to be major funds of the town.

The basic proprietary fund financial statements can be found beginning on page twenty-five of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Belleair's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found beginning on page thirty 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 32-97 of this report.

Implementation of GASB 75. The Town adopted GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement has been implemented in conjunction with the Town's actuarial valuation study for fiscal year 2017-18. Additionally, the government-wide financial schedules in this report include a restatement of ending net position for FY 2016-17 for governmental activities, which amounts to a reduction of \$(440,243). The originally stated net position combined for all funds was originally \$38,981,115 and is now \$38,540,872.

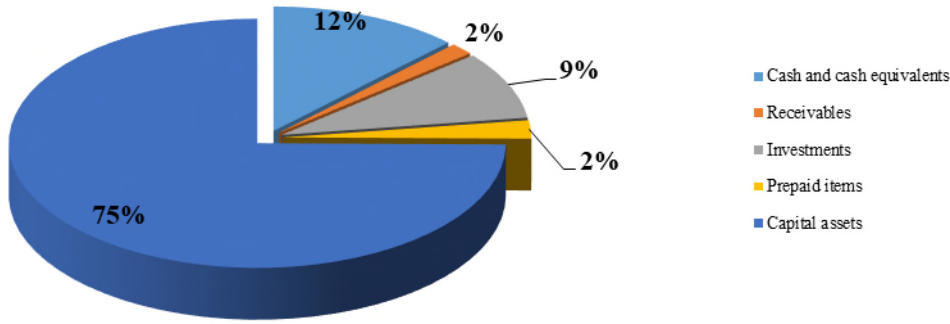
Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Belleair's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page ninety-eight.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented beginning on page 105. Combining and individual fund statements and schedules can be found on pages 105-114 of this report.

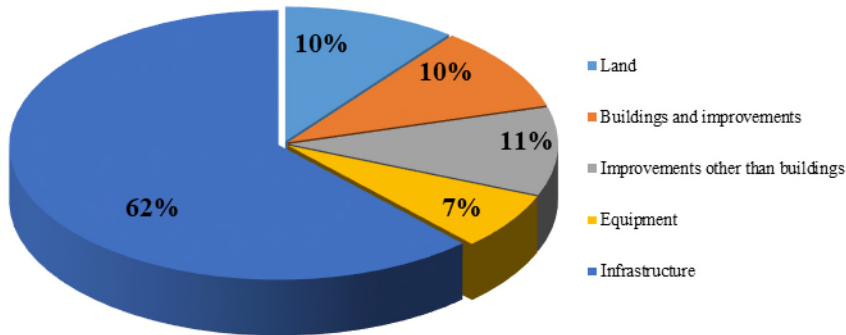
Government-wide Financial Analysis

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of Town of Belleair, Florida, net position was \$39,162,069 at the close of the most recent fiscal year.

Government-Wide Assets



Government-Wide Capital Assets



By far the largest portion of the Town of Belleair's assets (75 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The town uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Belleair, Florida's Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets | | | | | | |
| Current and other assets | \$ 8,780,047 | \$ 7,229,794 | \$ 3,788,641 | \$ 3,269,523 | \$ 12,568,688 | \$ 10,499,317 |
| Capital assets | 33,909,359 | 34,851,199 | 3,481,032 | 3,701,788 | 37,390,391 | 38,552,987 |
| Total Assets | 42,689,406 | 42,080,993 | 7,269,673 | 6,971,311 | 49,959,079 | 49,052,304 |
| Deferred Outflows of Resources | | | | | | |
| Deferred Outflows of Resources | 61,965 | 25,382 | - | - | \$ 61,965 | \$ 25,382 |
| Long-term liabilities outstanding | 9,291,340 | 8,467,678 | 611,358 | 642,985 | 9,902,698 | 9,110,663 |
| Other liabilities | 797,597 | 762,510 | 158,680 | 154,689 | 956,277 | 917,199 |
| Total Liabilities | 10,088,937 | 9,230,188 | 770,038 | 797,674 | 10,858,975 | 10,027,862 |
| Deferred Inflows of Resources | | | | | | |
| Deferred Inflows of Resources | - | 68,709 | - | - | \$ - | \$ 68,709 |
| Net Position | | | | | | |
| Net investme in capital assets | 24,865,070 | 26,107,346 | 3,481,032 | 3,701,788 | 28,346,102 | 29,809,134 |
| Restricted | 6,932,001 | 5,206,043 | - | - | 6,932,001 | 5,206,043 |
| Unrestricted | 865,363 | 1,494,089 | 3,018,603 | 2,471,849 | 3,883,966 | 3,965,938 |
| Total Net Position | \$ 32,662,434 | \$ 32,807,478 | \$ 6,499,635 | \$ 6,173,637 | \$ 39,162,069 | \$ 38,981,115 |

An additional portion of the Town of Belleair's net position (eighteen percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the *unrestricted portion of the net position* is \$3,883,966 and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the town reports positive balances in all categories of net position.

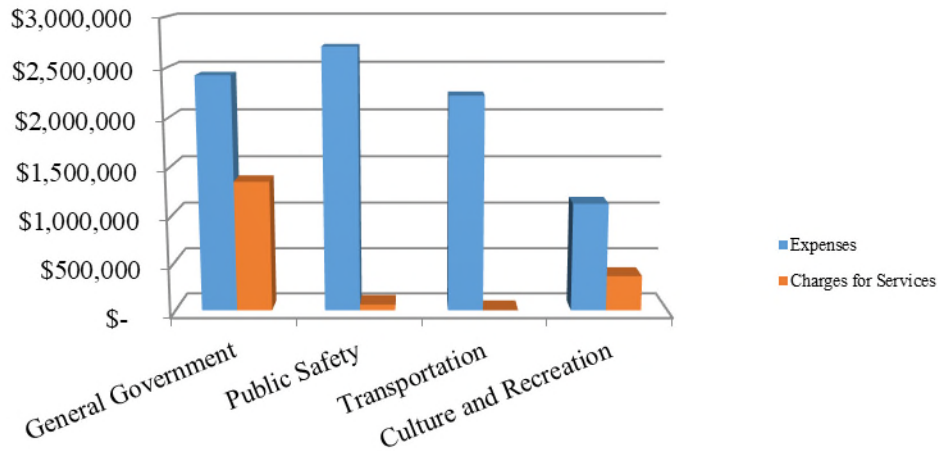
Governmental activities. Approximately one-fourth of the town's unrestricted net position (twenty-two percent) are held by governmental activities.

Town of Belleair, Florida's Net Position

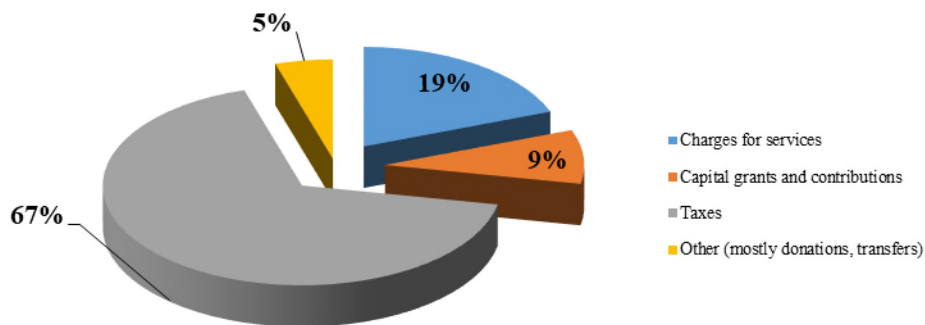
| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets | | | | | | |
| Current and other assets | \$ 8,780,047 | \$ 7,229,794 | \$ 3,788,641 | \$ 3,269,523 | \$ 12,568,688 | \$ 10,499,317 |
| Capital assets | <u>33,909,359</u> | <u>34,851,199</u> | <u>3,481,032</u> | <u>3,701,788</u> | <u>37,390,391</u> | <u>38,552,987</u> |
| Total Assets | 42,689,406 | 42,080,993 | 7,269,673 | 6,971,311 | 49,959,079 | 49,052,304 |
| Deferred Outflows of Resources | | | | | | |
| Deferred Outflows of Resources | 61,965 | 25,382 | - | - | \$ 61,965 | \$ 25,382 |
| Long-term liabilities outstanding | 9,291,340 | 8,467,678 | 611,358 | 642,985 | 9,902,698 | 9,110,663 |
| Other liabilities | <u>797,597</u> | <u>762,510</u> | <u>158,680</u> | <u>154,689</u> | <u>956,277</u> | <u>917,199</u> |
| Total Liabilities | 10,088,937 | 9,230,188 | 770,038 | 797,674 | 10,858,975 | 10,027,862 |
| Deferred Inflows of Resources | | | | | | |
| Deferred Inflows of Resources | - | 68,709 | - | - | \$ - | \$ 68,709 |
| Net Position | | | | | | |
| Net investment | 24,865,070 | 26,107,346 | 3,481,032 | 3,701,788 | 28,346,102 | 29,809,134 |
| Restricted | 6,932,001 | 5,206,043 | - | - | 6,932,001 | 5,206,043 |
| Unrestricted | <u>865,363</u> | <u>1,494,089</u> | <u>3,018,603</u> | <u>2,471,849</u> | <u>3,883,966</u> | <u>3,965,938</u> |
| Total Net Position | <u>\$ 32,662,434</u> | <u>\$ 32,807,478</u> | <u>\$ 6,499,635</u> | <u>\$ 6,173,637</u> | <u>\$ 39,162,069</u> | <u>\$ 38,981,115</u> |

- The government-wide net position increased by \$621,197 at year-end.
- The net position for governmental activities increased by \$295,199 during the year, due in part to increased building permit revenues, donations received and deferred capital projects funds expenses.
- The net position for business-type activities increased by \$325,998, largely due to a modest surplus in the Water Fund and enterprise funds receiving capital equipment transfers.
- Transfer expenses and revenues increased this year to accommodate deferred utility expenses between governmental and enterprise funds, as well as reapportionment of capital equipment reserves to enterprise funds.

Expenditure & Program Revenues: Governmental Activities



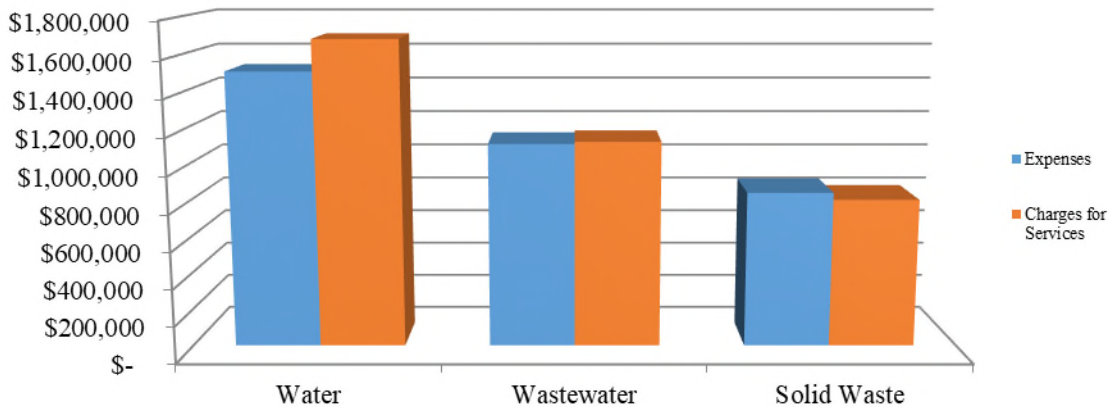
Revenues by Source: Governmental Activities



Business-type activities. Business-type activities represent 17 percent of the town’s net position. Following the new rate structure implemented in October 2013, as well as an additional rate increase in January 2017 the Water Fund continues to generate sufficient revenue with service charge income exceeding operating expenses by \$173,184. Solid Waste Fund began to normalize after Hurricane Irma with operating income of \$(38,916). The wastewater system is run by Pinellas County and charges for services are passed through to Pinellas County.

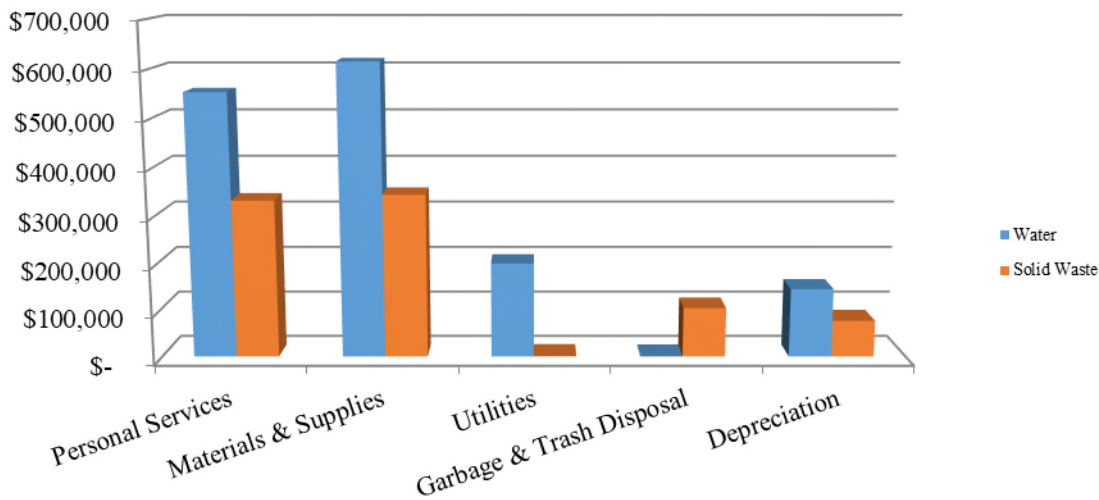
Expenses and Program Revenues - Business-type Activities

Expenses & Program Revenues: Business Type Activities



Operating Expenses by Fund - Business-type Activities

Operating Expenses by Business Type



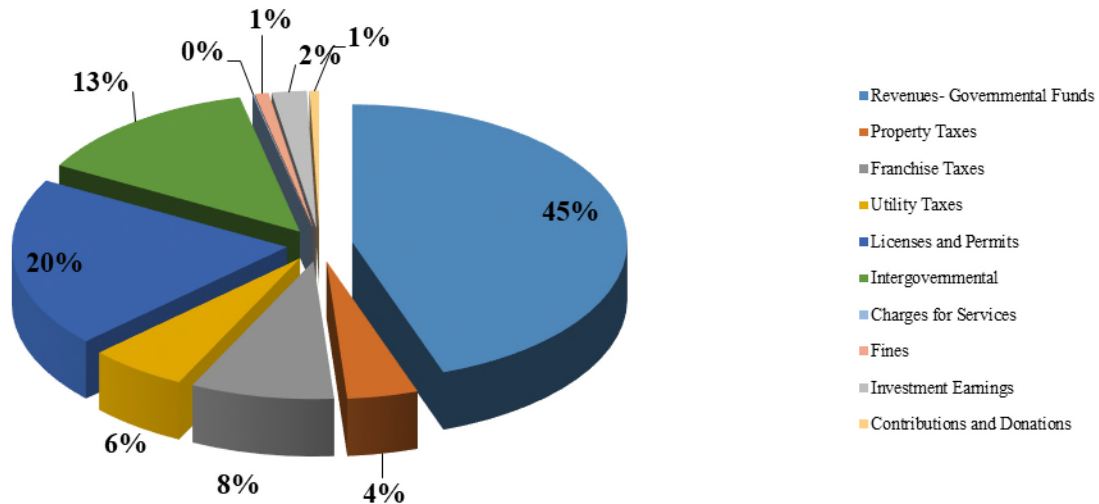
Financial Analysis of the Government's Funds

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

Government funds. The focus of the town's *governmental funds* 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.

Revenues- Total Governmental Funds

Revenues- Total Governmental Funds



As of the end of the current fiscal year, the Town of Belleair’s governmental funds reported combined ending total fund balances of \$9,132,274 an increase of \$1,571,559 in comparison with the prior year. Approximately twenty percent of total fund balance, \$1,868,171, constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund is composed of *assigned* and *restricted* balances. The *assigned* balance is \$88,029, which indicates that the amount is not available for new spending because it has already been assigned to specific purposes such as donations for the Parks and Recreation Department and the Police Department. The *restricted* balance totals to \$5,989,197, which is an amount that is earmarked for explicit purposes specified by external providers and the Town Commission, such as funding for capital improvement projects.

The General Fund is the principal operating fund of the town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,868,171 while total fund balance reached \$1,960,687. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28 percent of total General Fund expenditures while unrestricted total fund balance represents 30 percent of that same amount. The current fund balance policy requires that the town maintain unrestricted fund balance in the General Fund equivalent to 20% of expenditures. The fund balance of the town’s General Fund decreased by \$(167,987) during the current fiscal year as emergency reserves were transferred into the General Fund to satisfy expenses related to Hurricane Irma. General Fund expenditures increased by \$798,814 as a whole over the previous year.

Capital Projects Fund.

The Capital Projects Fund expended \$1,571,440 on \$2,828,402 of revenue. Prior to 2012, the Town Commission determined that the town would need to save for future projects and develop new sources of income to repair and improve the roads and stormwater structures throughout Belleair. To that end, the commission approved the stormwater fee and municipal public services tax, both of which went into effect in October 2012. The need for immediate improvement prompted the Town Commission to approve borrowing in the form of a \$10 million note, through BB&T, to be repaid over 20 years. Revenue sources such as the stormwater fee, municipal public services tax and the Penny for Pinellas discretionary sales surtax are dedicated to debt service of the loan. Also, the town provided BB&T a covenant to budget and appropriate as assurance of repayment. Additionally, a millage is dedicated to the Capital Projects Fund as a means to save for future projects. Additionally, the town has entered into a lease agreement for facility upgrades related to HVAC, lighting, electrical upgrades and a roof covering for the Town Hall building. The improvements covered by the lease are valued at \$762,390.

Special Revenue funds.

The Town of Belleair's special revenue funds include the Local Option Gas Tax Fund, Transportation Impact Fee Fund, Tree Replacement Fund, and Capital Equipment Replacement Fund. The overall fund balance of these funds is \$848,198. The special revenue funds are subject specific, and the expenditures are always used for capital improvement.

Proprietary funds. The Town of Belleair's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted portions of net position of the Water, Wastewater and Solid Waste Funds at the end of the year amounted to \$3,018,603, an increase of \$325,998 over the prior year. Other factors concerning the finances of these three funds have already been addressed in the discussion of the town's business-type activities. Of particular note, the unrestricted net position for the Water Fund is \$1,691,533; \$1,241,533 above its policy mandated level of \$450,000.

General Fund Budgetary Highlights

While there was a \$722,646 difference between the originally budgeted expenditures and the final amended budgeted expenditures, there were some variances between the final amended budget and the actuals. The revenue variance for the General Fund was \$67,261 (1 percent) higher than budgeted. The town generally uses conservative estimates for budgeted revenues so that actual revenues closely align or slightly exceed the established budget. Expenditures were \$277,100 (4 percent) less than budgeted partly due to Hurricane Irma. Not all of the funds that the town set-aside for hurricane recovery were ultimately expended as the scope and scale of debris removal and monitoring cost was not fully known at the time of budgeting. Total other financing sources (uses) was also \$77,098 less than budgeted. The resulting net variance of change in fund balance was \$421,459.

Capital Assets and Long-Term Debt

Capital Assets. The Town of Belleair's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$28,346,102. This investment in capital assets includes land, buildings & system, improvements, machinery & equipment, park facilities, roads, highways, seawalls, and bridges. The total decrease over the prior year in the town's investment in capital assets for the current fiscal year was \$(1,463,032), a \$(1,242,276) decrease in governmental activities and a \$(220,756) decrease in business-type activities. This change was driven by the deferring of new capital improvement projects into future years for the Capital Projects Fund along with significant removals of capital equipment that was disposed in the current year.

Town of Belleair, Florida's Capital Assets (Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 5,637,015 | \$ 5,637,015 | \$ 22,950 | \$ 22,950 | \$ 5,659,965 | \$ 5,659,965 |
| Building and system | 5,210,791 | 5,210,791 | 308,532 | 308,532 | 5,519,323 | 5,519,323 |
| Improvements other than buildings | 554,625 | 553,430 | 5,206,705 | 5,206,705 | 5,761,330 | 5,760,135 |
| Machinery and equipment | 2,479,406 | 2,599,662 | 1,242,932 | 1,280,733 | 3,722,338 | 3,880,395 |
| Infrastructure | 33,665,595 | 33,665,595 | - | - | 33,665,595 | 33,665,595 |
| Accumulated depreciation | (13,638,073) | (12,815,294) | (3,300,087) | (3,117,132) | (16,938,160) | (15,932,426) |
| Total | \$ 33,909,359 | \$ 34,851,199 | \$ 3,481,032 | \$ 3,701,788 | \$ 37,390,391 | \$ 38,552,987 |

Additional information on the town's capital assets can be found in Note seven on pages 60-62 of this report.

Long-term debt. At the end of the current fiscal year, the town had long-term debt obligations in the forms of a 20-year \$10,000,000 revenue bond with an outstanding liability of \$8,125,000, a five-year \$300,000 equipment loan with an outstanding liability of \$156,899, a lease for facility improvements in the amount of \$762,390, compensated absences and other post-employment benefits. Sources of income such as the stormwater fee, Penny for Pinellas surtax, municipal public services tax contribute to the repayment of the loan. Annual debt service of approximately \$710,000 will be covered by \$1,140,000 of annual revenue from those three streams. There is also a covenant to budget and appropriate other non Ad Valorem proceeds should there be a revenue shortfall.

The town receives an actuarial valuation of its other post-employment benefits (OPEB) as required under Government Accounting Standards Board (GASB) Statement No. 75 every two years. The current valuation was performed in preparation for this year's CAFR.

Additional information on the town's long-term debt activity can be found in Note 10 on pages 64-67 of this report.

Town of Belleair, Florida's Outstanding Debt and Compensated Absences

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------|-------------------------|---------------|--------------------------|-----------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenue Bonds | \$ 8,125,000 | \$ 8,530,000 | \$ - | \$ - | \$ 8,125,000 | \$ 8,530,000 |
| Equipment Lease | 156,899 | 213,853 | - | - | 156,899 | 213,853 |
| Facility Lease | 762,390 | - | - | - | 762,390 | - |
| Compensated absences | 374,847 | 316,813 | 74,903 | 74,903 | 449,750 | 391,716 |
| Net Pension Liability | 586,520 | 381,707 | - | - | 586,520 | 381,707 |
| OPEB | 420,076 | 118,736 | - | - | 420,076 | 118,736 |
| Total | \$ 10,425,732 | \$ 10,268,407 | \$ 74,903 | \$ 74,903 | \$ 10,500,635 | \$ 10,343,310 |

Economic Factors and Next Year's Budgets and Rates

- Outlook has not changed much from the prior year; local and national economic conditions continue to be showing gradual improvement. Per capita income has increased slightly along with property values.
- The unemployment rate for Pinellas County, Florida for 2018 is 3.3 percent, which was down from 3.8 percent in 2017.
- Inflationary trends in the region compare healthy to the national indices.
- The Belleview Place development is nearing completion with townhomes already receiving certificates of occupancy and mid-rise buildings nearly finished. This redevelopment, is projected to generate additional Ad Valorem revenue in excess of \$400,000 once the project is fully completed. Significant building permit fees should again be collected in the coming year.
- The town sold the Belleview Biltmore Golf Club to Pelican Golf LLC, and the buyer is constructing significant improvements that are expected to have a positive effect on the valuation of the property.
- As chloride levels continue to rise, the town is exploring alternative water source options including Reverse Osmosis, wholesale purchase of water, and sale of the utility.

All of these factors were considered in preparing the Town of Belleair's annual operating & capital budget for the 2018-19 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the Town of Belleair's finances for all those with an interest in such matters. Questions concerning any of the information supplied in this report or requests for additional financial information should be addressed to the town's Support Services Department, 901 Ponce de Leon Boulevard, Town of Belleair, Florida, 33756. The town's web address is <http://www.townofbelleair.com>.

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

This section contains the following subsections:

Government-Wide Financial Statements

Statement of Net Position
Statement of Activities

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds
Reconciliation of the Balance Sheet to the Statement of
Net Position - Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities -
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual:
General Fund

Proprietary Fund Financial Statements

Statement of Net Position - Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Funds
Statement of Cash Flows - Proprietary Funds

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position - Fiduciary Funds
Statement of Changes in Fiduciary Net Position - Fiduciary Funds

Notes to Financial Statements

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

| ASSETS | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Cash and cash equivalents | \$ 2,944,739 | \$ 3,257,108 | \$ 6,201,847 |
| Investments | 4,286,354 | 114,184 | 4,400,538 |
| Receivables (net of allowance for uncollectibles) | 362,077 | 417,349 | 779,426 |
| Prepaid items | 1,186,877 | - | 1,186,877 |
| Capital Assets: | | | |
| Land | 5,637,015 | 22,950 | 5,659,965 |
| Buildings and improvements | 5,210,791 | 308,532 | 5,519,323 |
| Improvements other than buildings | 554,625 | 5,206,705 | 5,761,330 |
| Equipment | 2,479,406 | 1,242,932 | 3,722,338 |
| Infrastructure | 33,665,595 | - | 33,665,595 |
| Accumulated depreciation | <u>(13,638,073)</u> | <u>(3,300,087)</u> | <u>(16,938,160)</u> |
| Total Assets | 42,689,406 | 7,269,673 | 49,959,079 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pension plans | 61,965 | - | 61,965 |
| LIABILITIES | | | |
| Accounts payable | 72,203 | 113,089 | 185,292 |
| Accrued salaries and wages | 85,570 | 21,098 | 106,668 |
| Accrued interest | 15,432 | - | 15,432 |
| Current liabilities: | | | |
| Due Within One Year: | | | |
| Compensated absences | 93,712 | 24,493 | 118,205 |
| Lease | 49,934 | - | 49,934 |
| Equipment loan | 60,746 | - | 60,746 |
| Revenue bond | 420,000 | - | 420,000 |
| Non current liabilities: | | | |
| Due In More Than One Year: | | | |
| Deposits | - | 27,880 | 27,880 |
| Advance | (510,000) | 510,000 | - |
| Compensated absences | 281,135 | 73,478 | 354,613 |
| Lease | 712,456 | - | 712,456 |
| Equipment loan | 96,153 | - | 96,153 |
| Revenue bond | 7,705,000 | - | 7,705,000 |
| Net pension liability | 586,520 | - | 586,520 |
| Other post-employment benefits | <u>420,076</u> | <u>-</u> | <u>420,076</u> |
| Total Liabilities | 10,088,937 | 770,038 | 10,858,975 |
| NET POSITION | | | |
| Invested in capital assets | 24,865,070 | 3,481,032 | 28,346,102 |
| Restricted for: | | | |
| Capital equipment replacement | 328,806 | - | 328,806 |
| Capital projects | 6,603,195 | - | 6,603,195 |
| Unrestricted | <u>865,363</u> | <u>3,018,603</u> | <u>3,883,966</u> |
| Total Net Position | <u>\$ 32,662,434</u> | <u>\$ 6,499,635</u> | <u>\$ 39,162,069</u> |

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|-------------------------|--|--|-----------------------------|----------------------|
| | Expenses | Charges for Services | Capital Grants and Contributions | Primary Government | | |
| | | | | Governmental Activities | Business-type Activities | Total |
| Functions/Programs | | | | | | |
| Primary government: | | | | | | |
| Governmental Activities: | | | | | | |
| General government | \$ 2,421,895 | \$ 1,344,599 | \$ - | \$ (1,077,296) | \$ - | \$ (1,077,296) |
| Public Safety | 2,706,521 | 60,100 | - | (2,646,421) | - | (2,646,421) |
| Transportation | 2,218,908 | - | 799,683 | (1,419,225) | - | (1,419,225) |
| Culture and recreation | 1,117,694 | 362,366 | - | (755,328) | - | (755,328) |
| Interest on long-term debt | 315,254 | - | - | (315,254) | - | (315,254) |
| Total governmental activities | 8,780,272 | 1,767,065 | 799,683 | (6,213,524) | - | (6,213,524) |
| Business-Type Activities: | | | | | | |
| Water | 1,510,558 | 1,683,742 | - | - | 173,184 | 173,184 |
| Wastewater management | 1,120,917 | 1,132,032 | - | - | 11,115 | 11,115 |
| Solid waste management | 853,704 | 814,788 | 2,883 | - | (36,033) | (36,033) |
| Total business-type activities | 3,485,179 | 3,630,562 | 2,883 | - | 148,266 | 148,266 |
| Total primary government | \$ 12,265,451 | \$ 5,397,627 | \$ 802,566 | (6,213,524) | 148,266 | (6,065,258) |
| General Revenues: | | | | | | |
| Property taxes | | | | 4,079,505 | - | 4,079,505 |
| Utility taxes | | | | 772,139 | - | 772,139 |
| Franchise taxes | | | | 381,011 | - | 381,011 |
| Unrestricted Intergovernmental Revenues: | | | | | | |
| State revenue sharing | | | | 103,932 | - | 103,932 |
| Communication services tax | | | | 177,863 | - | 177,863 |
| Half-cent sales tax | | | | 255,019 | - | 255,019 |
| Local option gas tax | | | | 55,336 | - | 55,336 |
| Infrastructure sales surtax | | | | 434,396 | - | 434,396 |
| Other taxes | | | | 1,033 | - | 1,033 |
| Unrestricted investment earnings | | | | 75,121 | 2,747 | 77,868 |
| Gain on sale of capital assets | | | | 81,795 | - | 81,795 |
| Miscellaneous | | | | 249,873 | 16,685 | 266,558 |
| Transfers | | | | (158,300) | 158,300 | - |
| Total General Revenues and transfers | | | | 6,508,723 | 177,732 | 6,686,455 |
| Changes in Net Position | | | | 295,199 | 325,998 | 621,197 |
| Net Position - Beginning, Restated | | | | 32,367,235 | 6,173,637 | 38,540,872 |
| Net Position - Ending | | | | \$ 32,662,434 | \$ 6,499,635 | \$ 39,162,069 |

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

| ASSETS | General | Infrastructure | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|--------------------------------|--------------------------------|
| Cash and cash equivalents | \$ 627,123 | \$ 2,061,422 | \$ 256,194 | \$ 2,944,739 |
| Investments | 828,006 | 3,154,181 | 304,167 | 4,286,354 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes: | | | | |
| Franchise taxes | 38,919 | - | - | 38,919 |
| Utility taxes | - | 94,454 | - | 94,454 |
| Accounts | 29,970 | 50,000 | - | 79,970 |
| Intergovernmental: | | | | |
| State | 68,501 | - | - | 68,501 |
| County | - | 71,169 | 9,064 | 80,233 |
| Prepaid items | 4,487 | 1,182,390 | - | 1,186,877 |
| Advance to Water Fund | 510,000 | - | - | 510,000 |
| TOTAL ASSETS | \$ 2,107,006 | \$ 6,613,616 | \$ 569,425 | \$ 9,290,047 |

LIABILITIES AND FUND BALANCES

| | | | | |
|-------------------------------------|---------------------|---------------------|-------------------|-----------|
| Liabilities: | | | | |
| Accounts payable | \$ 60,749 | \$ 10,421 | \$ 1,033 | \$ 72,203 |
| Accrued payroll | 85,570 | - | - | 85,570 |
| Total liabilities | 146,319 | 10,421 | 1,033 | 157,773 |
| Fund balances: | | | | |
| Nonspendable | 4,487 | 1,182,390 | - | 1,186,877 |
| Restricted | - | 5,420,805 | 568,392 | 5,989,197 |
| Assigned | 88,029 | - | - | 88,029 |
| Unassigned | 1,868,171 | - | - | 1,868,171 |
| Total fund balances | 1,960,687 | 6,603,195 | 568,392 | 9,132,274 |
| Total liabilities and fund balances | \$ 2,107,006 | \$ 6,613,616 | \$ 569,425 | |

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

| | |
|---|--------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Governmental funds. | 33,909,359 |
| Deferred outflows of resources | 61,965 |
| Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the Governmental funds. | (10,441,164) |

| | |
|---|----------------------|
| Net position of governmental activities | \$ 32,662,434 |
|---|----------------------|

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| REVENUES | General | Infrastructure | Governmental Funds | Total Governmental Funds |
|--|--------------|----------------|-----------------------|--------------------------------|
| Taxes: | | | | |
| Property | \$ 3,402,766 | \$ 676,739 | \$ - | \$ 4,079,505 |
| Franchise | 381,011 | - | - | 381,011 |
| Utility | - | 772,139 | - | 772,139 |
| Licenses and permits | 528,529 | - | - | 528,529 |
| Intergovernmental | 586,813 | 1,184,079 | 56,369 | 1,827,261 |
| Charges for services | 1,145,309 | - | 86,485 | 1,231,794 |
| Fines | 6,742 | - | - | 6,742 |
| Investment earnings | 44,676 | 30,445 | - | 75,121 |
| Contributions and donations | 23,193 | 165,000 | - | 188,193 |
| Miscellaneous | 50,640 | - | 100 | 50,740 |
| Total Revenues | 6,169,679 | 2,828,402 | 142,954 | 9,141,035 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 2,326,690 | 176,938 | - | 2,503,628 |
| Public safety | 2,541,087 | - | - | 2,541,087 |
| Transportation | 846,899 | 658,929 | 41,388 | 1,547,216 |
| Culture and recreation | 850,827 | 37,640 | 24,128 | 912,595 |
| Debt service: | | | | |
| Principal | 56,954 | 405,000 | - | 461,954 |
| Interest | 6,889 | 292,933 | - | 299,822 |
| Total expenditures | 6,629,346 | 1,571,440 | 65,516 | 8,266,302 |
| Excess (deficiency) of revenues over (under) expenditures | (459,667) | 1,256,962 | 77,438 | 874,733 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of capital assets | 81,796 | - | - | 81,796 |
| Proceeds from debt | - | 762,390 | - | 762,390 |
| Proceeds from insurance | 10,940 | - | - | 10,940 |
| Transfers in | 250,394 | - | 51,450 | 301,844 |
| Transfers out | (51,450) | - | (408,694) | (460,144) |
| Total other financing sources (uses) | 291,680 | 762,390 | (357,244) | 696,826 |
| Net change in fund balances | (167,987) | 2,019,352 | (279,806) | 1,571,559 |
| Fund balances, October 1 | 2,128,674 | 4,583,843 | 848,198 | 7,560,715 |
| Fund balances, September 30 | \$ 1,960,687 | \$ 6,603,195 | \$ 568,392 | \$ 9,132,274 |

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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

| | |
|---|-------------------|
| Net change in fund balances - total governmental funds | \$ 1,571,559 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period. | (941,840) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | <u>(334,520)</u> |
| Changes in net position of governmental activities | <u>\$ 295,199</u> |

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| | <u>BUDGETED AMOUNTS</u> | | | <u>VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)</u> |
|-----------------------------|-------------------------|--------------|---------------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL AMOUNTS</u> | |
| REVENUES: | | | | |
| Taxes: | | | | |
| Property | \$ 3,410,250 | \$ 3,410,250 | \$ 3,402,766 | \$ (7,484) |
| Franchise | 389,000 | 389,000 | 381,011 | (7,989) |
| Licenses and permits | 403,300 | 415,300 | 528,529 | 113,229 |
| Intergovernmental | 718,650 | 590,940 | 586,813 | (4,127) |
| Charges for services | 890,110 | 971,400 | 1,145,309 | 173,909 |
| Fines | 4,000 | 4,000 | 6,742 | 2,742 |
| Investment earnings | | 25,000 | 44,676 | 19,676 |
| Contributions and donations | 155,390 | 192,078 | 23,193 | (168,885) |
| Miscellaneous | | 104,450 | 50,640 | (53,810) |
| TOTAL REVENUES | 5,970,700 | 6,102,418 | 6,169,679 | 67,261 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government: | | | | |
| Manager | 1,475,600 | 1,634,122 | 1,595,975 | 38,147 |
| Finance and administration | 628,390 | 651,390 | 598,061 | 53,329 |
| Comprehensive planning | 151,010 | 133,010 | 132,654 | 356 |
| Total general government | 2,255,000 | 2,418,522 | 2,326,690 | 91,832 |
| Public safety: | | | | |
| Police | 1,489,200 | 1,553,100 | 1,492,312 | 60,788 |
| Fire | 575,600 | 575,600 | 575,525 | 75 |
| Emergency & Disaster Relief | 150,000 | 475,400 | 473,250 | 2,150 |
| Total public safety | 2,214,800 | 2,604,100 | 2,541,087 | 63,013 |
| Transportation: | | | | |
| Streets | 838,150 | 943,517 | 846,899 | 96,618 |
| Culture and recreation: | | | | |
| Recreation | 818,450 | 876,457 | 850,827 | 25,630 |
| Debt service: | | | | |
| Principal | 50,400 | 56,850 | 56,954 | (104) |
| Interest | 7,000 | 7,000 | 6,889 | 111 |
| TOTAL EXPENDITURES | 6,183,800 | 6,906,446 | 6,629,346 | 277,100 |

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)

| | <u>BUDGETED AMOUNTS</u> | | | <u>VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)</u> |
|---|----------------------------|----------------------------|----------------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL AMOUNTS</u> | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ (213,100) | \$ (804,028) | \$ (459,667) | \$ 344,361 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in: | | | | |
| Capital equipment | | | | |
| Replacement Fund | | 121,394 | 57,544 | (63,850) |
| Wastewater Management Fund | 63,850 | 129,000 | 129,000 | - |
| Local Option Gas Tax Fund | | | 63,850 | 63,850 |
| Transfers out: | | | | |
| Capital equipment | | | | |
| Replacement Fund | (52,550) | (51,450) | (51,450) | - |
| Infrastructure Fund | | | | - |
| Proceeds from insurance | - | 9,638 | 10,940 | 1,302 |
| Sale of capital assets | 2,000 | 6,000 | 81,796 | 75,796 |
| Total other financing sources (uses) | <u>13,300</u> | <u>214,582</u> | <u>291,680</u> | <u>77,098</u> |
| NET CHANGE IN FUND BALANCE | (199,800) | (589,446) | (167,987) | 421,459 |
| FUND BALANCE, OCTOBER 1 | <u>2,128,674</u> | <u>2,128,674</u> | <u>2,128,674</u> | <u>-</u> |
| FUND BALANCE, SEPTEMBER 30 | \$ <u><u>1,928,874</u></u> | \$ <u><u>1,539,228</u></u> | \$ <u><u>1,960,687</u></u> | \$ <u><u>421,459</u></u> |

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2018

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

ASSETS

| | <u>Water</u> | <u>Waste- Water Management</u> | <u>Solid Waste Management</u> | <u>Totals</u> |
|---|----------------------------|--|---------------------------------------|----------------------------|
| CURRENT ASSETS: | | | | |
| Cash and cash equivalents | \$ 2,105,208 | \$ 226,696 | \$ 925,204 | \$ 3,257,108 |
| Investments | 29,895 | 58,579 | 25,710 | 114,184 |
| Accounts receivable (net of allowance for uncollectible accounts) | <u>173,956</u> | <u>133,903</u> | <u>109,490</u> | <u>417,349</u> |
| TOTAL CURRENT ASSETS | 2,309,059 | 419,178 | 1,060,404 | 3,788,641 |
| NONCURRENT ASSETS: | | | | |
| Capital Assets: | | | | |
| Land | 22,950 | - | - | 22,950 |
| Buildings | 308,532 | - | - | 308,532 |
| Improvements other than buildings | 5,206,705 | - | - | 5,206,705 |
| Equipment | <u>614,572</u> | <u>-</u> | <u>628,360</u> | <u>1,242,932</u> |
| | 6,152,759 | - | 628,360 | 6,781,119 |
| Less accumulated depreciation | <u>2,890,977</u> | <u>-</u> | <u>409,110</u> | <u>3,300,087</u> |
| TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION) | <u>3,261,782</u> | <u>-</u> | <u>219,250</u> | <u>3,481,032</u> |
| TOTAL ASSETS | \$ <u>5,570,841</u> | \$ <u>419,178</u> | \$ <u>1,279,654</u> | \$ <u>7,269,673</u> |

See Notes to Financial Statements

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2018

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

LIABILITIES AND NET POSITION

| | <u>Water</u> | <u>Waste- Water Management</u> | <u>Solid Waste Management</u> | <u>Totals</u> |
|-------------------------------------|---------------------|--|---------------------------------------|---------------------|
| CURRENT LIABILITIES: | | | | |
| Accounts payable | \$ 4,630 | \$ 92,854 | \$ 15,605 | \$ 113,089 |
| Accrued payroll | 13,571 | - | 7,527 | 21,098 |
| Compensated absences | 15,361 | - | 9,132 | 24,493 |
| TOTAL CURRENT LIABILITIES | <u>33,562</u> | <u>92,854</u> | <u>32,264</u> | <u>158,680</u> |
| NONCURRENT LIABILITIES: | | | | |
| Utility deposits | 27,880 | - | - | 27,880 |
| Advance from General Fund | 510,000 | - | - | 510,000 |
| Compensated absences | 46,084 | - | 27,394 | 73,478 |
| TOTAL NONCURRENT LIABILITIES | <u>583,964</u> | <u>-</u> | <u>27,394</u> | <u>611,358</u> |
| TOTAL LIABILITIES | <u>617,526</u> | <u>92,854</u> | <u>59,658</u> | <u>770,038</u> |
| NET POSITION | | | | |
| Invested in capital assets | 3,261,782 | - | 219,250 | 3,481,032 |
| Unrestricted | 1,691,533 | 326,324 | 1,000,746 | 3,018,603 |
| TOTAL NET POSITION | <u>\$ 4,953,315</u> | <u>\$ 326,324</u> | <u>\$ 1,219,996</u> | <u>\$ 6,499,635</u> |

See Notes to Financial Statements

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

| | Water | Waste- Water Management | Solid Waste Management | Totals |
|---|--------------|-------------------------------|------------------------------|--------------|
| OPERATING REVENUES: | | | | |
| Charges for sales and services | \$ 1,683,742 | \$ 1,132,032 | \$ 814,788 | \$ 3,630,562 |
| Total operating revenues | 1,683,742 | 1,132,032 | 814,788 | 3,630,562 |
| OPERATING EXPENSES: | | | | |
| Personal services | 552,990 | 1,120,917 | 330,364 | 2,004,271 |
| Materials and supplies | 615,046 | | 342,536 | 957,582 |
| Utilities | 198,376 | - | 553 | 198,929 |
| Garbage and trash disposal | - | - | 103,640 | 103,640 |
| Depreciation | 144,146 | - | 76,611 | 220,757 |
| Total operating expenses | 1,510,558 | 1,120,917 | 853,704 | 3,485,179 |
| OPERATING INCOME (LOSS) | 173,184 | 11,115 | (38,916) | 145,383 |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Interest revenue | 2,137 | - | 610 | 2,747 |
| Other income | 2,066 | - | 6,000 | 8,066 |
| Total nonoperating revenues | 4,203 | - | 6,610 | 10,813 |
| Income (loss) before contributions and transfers | 177,387 | 11,115 | (32,306) | 156,196 |
| Capital contributions - tap fees | 11,502 | - | - | 11,502 |
| Transfers in | 102,800 | - | 184,500 | 287,300 |
| Transfers (out) | - | (129,000) | - | (129,000) |
| CHANGE IN NET POSITION | 291,689 | (117,885) | 152,194 | 325,998 |
| NET POSITION - | | | | |
| Beginning of Year | 4,661,626 | 444,209 | 1,067,802 | 6,173,637 |
| NET POSITION - | | | | |
| End of Year | \$ 4,953,315 | \$ 326,324 | \$ 1,219,996 | \$ 6,499,635 |

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

(CONTINUED)

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

| | Water | Waste- Water Management | Solid Waste Management | Totals |
|---|---------------------|-------------------------------|------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from customers and users | \$ 1,753,564 | \$ 1,280,171 | \$ 838,995 | \$ 3,872,730 |
| Payments to suppliers for goods and services | (796,641) | (1,123,520) | (440,488) | (2,360,649) |
| Payments to employees for services | (563,467) | - | (326,692) | (890,159) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 393,456 | 156,651 | 71,815 | 621,922 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Other income | 2,066 | | 6,000 | 8,066 |
| Transfers from other funds | 102,800 | - | 184,500 | 287,300 |
| Transfers to other funds | | (129,000) | | (129,000) |
| NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES | 104,866 | (129,000) | 190,500 | 166,366 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Proceeds from capital contributions for tap fees | 11,502 | - | - | 11,502 |
| Purchases of capital assets | - | - | - | - |
| NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES | 11,502 | - | - | 11,502 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Purchase of investments | (3,141) | - | (610) | (3,751) |
| Proceeds from sales and maturities of investments | 1,041 | - | - | 1,041 |
| Repayment of Advance to General Fund | (40,000) | - | - | (40,000) |
| Interest on investments | 2,137 | - | 610 | 2,747 |
| NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES | (39,963) | - | - | (39,963) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 469,861 | 27,651 | 262,315 | 759,827 |
| CASH AND CASH EQUIVALENTS, OCTOBER 1 | 1,635,347 | 199,045 | 662,889 | 2,497,281 |
| CASH AND CASH EQUIVALENTS, SEPTEMBER 30 | \$ 2,105,208 | \$ 226,696 | \$ 925,204 | \$ 3,257,108 |

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

(Continued)

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

| | <u>Water</u> | <u>Waste- Water Management</u> | <u>Solid Waste Management</u> | <u>Totals</u> |
|--|-------------------|--|---------------------------------------|-------------------|
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u> | | | | |
| Operating income (loss): | \$ 173,184 | \$ 11,115 | \$ (38,916) | \$ 145,383 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation | 144,146 | - | 76,611 | 220,757 |
| Change in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | 71,073 | 148,139 | 24,207 | 243,419 |
| Increase (decrease) in accounts payable | (4173) | (2,603) | 6,240 | (536) |
| Increase (decrease) in accrued payroll | 1,566 | - | (248) | 1,318 |
| Increase (decrease) in compensated absences | 8,911 | - | 3,921 | 12,832 |
| Increase (decrease) in utility deposits | (1,251) | - | - | (1,251) |
| Total adjustments | <u>220,272</u> | <u>145,536</u> | <u>110,731</u> | <u>476,539</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ <u>393,456</u> | \$ <u>156,651</u> | \$ <u>71,815</u> | \$ <u>621,922</u> |

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

SEPTEMBER 30, 2018

Assets

| | <u>Police Pension Fund</u> |
|--|--------------------------------|
| Receivables: | |
| Plan members | \$ 747 |
| Employer | 42,802 |
| Intergovernmental revenue | 52,650 |
| Interest and dividends | <u>1,116</u> |
| Total receivables | 97,315 |
| Investment at fair value: | |
| U. S. Government agency securities | 1,593 |
| Domestic fixed income investment funds | 1,153,394 |
| International fixed income investment fund | 148,323 |
| Domestic equity investment funds | 1,171,214 |
| Domestic stock | 752,648 |
| International equity investment fund | 575,369 |
| Temporary investments | <u>137,078</u> |
| Total investments | 3,939,619 |
| Prepaid expenses | <u>2,511</u> |
| Total assets | 4,039,445 |

Liabilities

| | |
|---|----------------------------|
| Accounts payable | <u>14,769</u> |
| Total liabilities | <u>14,769</u> |
| Net position restricted for pensions | \$ <u><u>4,024,676</u></u> |

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| | <u>Police Pension Fund</u> |
|---|--------------------------------|
| ADDITIONS: | |
| Contributions: | |
| Employer | \$ 168,361 |
| Plan members | <u>54,471</u> |
| Total contributions | 222,832 |
| Intergovernmental revenue: | |
| State excise tax rebate | 52,950 |
| Investment earnings (loss): | |
| Net realized and unrealized appreciation (depreciation) in fair value of investments | 213,894 |
| Interest and dividends | <u>78,286</u> |
| Investment earnings | 292,180 |
| Less investment expenses | <u>34,988</u> |
| Net investment earnings | <u>257,192</u> |
| Total additions | 532,974 |
| DEDUCTIONS: | |
| Benefits | 193,311 |
| Administrative expenses | <u>35,850</u> |
| Total deductions | <u>229,161</u> |
| Net increase in net position | 303,813 |
| Net position restricted for pensions: | |
| October 1 | <u>3,720,863</u> |
| Net position restricted for pensions: | |
| September 30 | <u>\$ 4,024,676</u> |

See Notes to Financial Statements.

NOTES TO
FINANCIAL STATEMENTS

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies

The Town of Belleair (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 west central portion of the state. The Town was incorporated in 1925 under the provisions of the Laws of Florida, Chapter 10335 and since that time has operated under the same charter. The Town is approximately 2.5 square miles in area. The Town is a full service municipality providing its citizens with a full complement of municipal services. In addition, the Town owns and operates three utilities including: a water production and distribution system; a wastewater collection and treatment system; and a solid waste removal system.

In evaluating how to define the Town of Belleair, 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, the Financial Reporting entity.

This governmental accounting standard requires that this financial statement present the Town of Belleair (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 Town's police officers' defined benefit pension fund is included in these financial statements as a pension fund.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Police Officers' Pension Fund - The Town's police officers participate in the police officers' pension plan. The plan was created by the Town Commission under Florida Statutes Chapter 185 to provide pension services solely to the Town, functions for the benefit of these employees and is governed by a five-member pension board. Two police officers, two Town residents and a fifth member elected by the other four members constitute the pension board. The Town and the plan participants are obligated to fund all plan costs based upon actuarial valuations. The Town is authorized to establish benefit levels and the board of pension trustees approves the actuarial assumptions used in the determination of contribution levels.

During the fiscal year ended September 30, 2014 the Town adopted Governmental Accounting Standards Board (GASB) Statement 67, Financial Reporting for Pension Plans which became effective for fiscal year ended September 30 2014 (Note 15). During the fiscal year ended September 30, 2015, the Town adopted (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*. Since separate trust financial statements have not been issued for this police pension plan and are only reported as a fiduciary fund in these statements. All of the disclosures required by GASB 67 have been reported in these statements. Further, the Town has chosen to use September 30, 2018 as the measurement date for GASB 68 reporting purposes. This statement changes the focus of pension accounting for employers from where they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits to date.

The Police Officers' Pension Fund financial statements include solely the account of the plan which include all programs, activities and functions relating to the accumulation and investment of the assets and related income necessary to provide the service, disability and death benefits required under the terms of the plan and the amendments thereto.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Employees' 401 (K) Fund - The Town's full-time employees not covered under the police officers' pension plan participate in the Employees' 401(K) Plan. The plan is governed by a four-member retirement plan committee. The Town manager, the mayor and two representatives of the Town's finance committee constitute the retirement plan committee. The plan provides that the Town will match the participants' contributions with an employer contribution of nine percent of earnings. The participants are required to contribute at least three percent of their compensation to be eligible for the matching contribution.

Complete custodial statements of the above individual funds can be obtained from: Town of Belleair, finance director's office, 901 Ponce de Leon Boulevard, Belleair, Florida 33756.

Government-Wide and Fund Financial Statements - As discussed more fully in Note 20 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 required under this statement (the statement of net position and the statement of changes in net position) 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 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*.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Fiduciary funds (i.e. the pension trust fund) are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Receivables and payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources/Deferred Inflows of Resources (Continued)

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 has the following items that qualify for reporting in this category:

- A. Pension contributions after measurement date. These contributions are deferred and recognized in the following fiscal year.
- B. Difference in projected and actual earning on pension assets - This difference is deferred and amortized over a closed five year period.

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, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Complete custodial statements of the above individual funds can be obtained from: Town of Belleair, finance director's office, 901 Ponce de Leon Boulevard, Belleair, Florida 33756.

Government-Wide and Fund Financial Statements - As discussed more fully in Note 20 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 required under this statement (the statement of net position and the statement of changes in net position) 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 offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Fiduciary funds (i.e. the pension trust fund) are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

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.

The Town's fiduciary funds are presented in the fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third-party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Franchise taxes, 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 funds:

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

The *infrastructure fund* accounts for the capital projects funded by the infrastructure sales surtax.

The *golf fund* accounts for the golf course operations. This fund was closed as of the fiscal year ended September 30 2017.

The Town reports the following major proprietary funds:

Water fund - to account for the assets, operation and maintenance of the town-owned water system.

Wastewater management - to account for operation of the sewer system.

Solid waste management - accounts for the assets, operation and maintenance of the town-owned refuse disposal system.

Additionally, the Town reports the following fund type:

Pension fund - accounts for the activities of the public safety employees' pension plan, which accumulates resources for pension benefit payments to qualified public safety employees.

TOWN OF BELLEAIR, 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 charges between the government's water, wastewater and solid waste functions and various other functions of the government. Elimination of these charges would distort the direct costs 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's water, wastewater management and solid waste management enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, Liabilities, and Net Position or Equity:

Deposits and investments - The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

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

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

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Investments held by the Town's police officers' pension plan are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

New Accounting Pronouncements - The GASB has issued the following statement which became effective for fiscal year 2018.

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.

Property Taxes - Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the county property appraiser and county tax collector.

The tax levy of the town is established by the town commission prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the town's millages 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 2018 millage rate assessed by the town was 5.9257.

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.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 water, wastewater and solidwaste management enterprise funds.

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

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

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

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 |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Franchise Fees - The Town's franchise fees are based on payments to the Town which equal a percentage of the grantees' gross revenues net of any customer credits. The Town's current grantees include the electric and the natural gas utilities.

Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, seawalls and stormlines), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (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 the date of donation.

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

During the fiscal year ended September 30, 2003 the Town elected to implement the retroactive addition of infrastructure assets acquired prior to October 1, 2002.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings | 45 - 55 |
| Building improvements | 20 - 30 |
| Improvements other than buildings | 45 - 55 |
| Machinery and equipment | 5 - 15 |
| Infrastructure | 45 - 60 |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Compensated absences - It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

Regular, full-time, permanent employees earn vacation and sick leave starting with the first day of employment.

Vacation leave is earned based on years of continuous and creditable service as follows:

| <u>Years of Service</u> | <u>Total Days Per Year</u> |
|-----------------------------|--------------------------------|
| 1 to 5 | 10 |
| 5 to 15 | 15 |
| 15 years and over | 20 |

A maximum of thirty days vacation leave may be carried over from one year to the next. An employee who has served one year or more and who voluntarily terminates employment with the Town is paid for any unused vacation leave accumulated to the time of termination.

Sick leave is earned at the rate of eight hours for each month of service and shall be cumulative up to a maximum of two hundred forty hours for union employees and four hundred eighty hours for non-union employees. Each year employees have the option of receiving a lump-sum payment for sick leave earned in excess of eighty hours. Upon termination, providing the employee has two continuous years of service and that termination is not a dismissal, the employee is entitled to a lump-sum payment for all accrued unused sick leave.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported in long-term debt. No expenditure is reported for these amounts. Vested or accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

Net position - The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components - net investment in capital assets, restrict, and unrestricted.

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets. This component does not include the position of debt attributable to the unspent proceeds.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Restricted - This component consists of net position that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$6,932,001 of restricted net position, which is restricted by enabling legislation.

Unrestricted - This component consists of net position that does not meet the definition of “net investment in capital assets” and “restricted”.

Nature and Purpose of Classifications of Fund Equity - In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by

a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or

b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the Commission through a resolution are classified as committed fund balances. Amounts that are constrained by the Town’s intent to be used for specific purposes but are not either restricted nor committed are classified as assigned fund balances. Assignments are made by the Town’s management based on Commission direction. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the governmental funds.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

Fund Balance Policy

The Town hereby establishes and will maintain Fund Balance, as defined herein, in accordance with Governmental Accounting and Financial Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund Balance shall be composed of non-spendable, restricted, committed, assigned and unassigned amounts.

A Fund Balance Policy is adopted in order to secure and maintain investment-grade credit ratings, meet seasonal shortfalls in cash flow, and reduce susceptibility to emergency or unanticipated expenditures and/or revenue shortfalls. Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing ones, or enhance the financial position of the Town, in accordance with policies established by the Town Commission.

This Fund Balance Policy establishes:

- a. Fund balance policy for the general fund;
- b. The method of budgeting the amount of estimated unrestricted fund balance (also known as estimated beginning fund balance) available for appropriation during the annual budget adoption process (prior to the actual, audited fund balance being known) and what actions may need to be taken if the actual fund balance is significantly different than the budgeted fund balance; and
- c. Establish the spending order of fund balances.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

NON-SPENDABLE FUND BALANCE

Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

RESTRICTED FUND BALANCE

Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

COMMITTED FUND BALANCE

Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Town Commission, the highest level of decision making authority. Commitments may be changed or lifted only by the Town Commission taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

ASSIGNED FUND BALANCE

This includes spendable fund balance amounts established by the Town Manager that are intended to be used for specific purposes that are neither considered restricted or committed. Assignments are made by the Town Manager based on Commission direction.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

UNASSIGNED FUND BALANCE

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or 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.

MINIMUM LEVEL OF UNASSIGNED FUND BALANCE

If, after the annual audit, prior or committed or assigned fund balance causes the unassigned fund balance to fall below 20% of General Fund operating expenditures, the Manager will so advise the Commission in order for the necessary action to be taken to restore the unassigned fund balance to 20% of General Fund operating expenditures.

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

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Summary of Significant Accounting Policies (Continued)

ASSIGNED FUND BALANCE

The Town policy hereby established the following assigned fund balance reserves in the General Fund:

Assignment to Subsequent Year's Budget - the subsequent year's budget fund balance reserve is assigned by Commission as set forth in the annual budget (and any amendments thereto) to appropriate a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over revenues.

Comparative data/reclassifications - Comparative total data for the prior year have been presented only for individual pension funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Subsequent Events - Management has adopted the provisions set forth in GASB Statement No. 56, *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, 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 \$23,530,160 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 | \$ 47,547,432 | |
| Less accumulated depreciation | (13,638,073) | |
| | <hr/> | |
| | | \$ 33,909,359 |

Certain deferred outflows of resources are not available to pay current period expenditures and therefore are not reported in the funds.

| | |
|---|--------|
| Deferred outflows of resources related to pension plan. | 61,965 |
|---|--------|

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

| | | |
|---------------------------------------|-------------|-------------|
| Other post-employment benefits (OPEB) | (420,076) | |
| Revenue loan | (8,125,000) | |
| Equipment loan | (156,899) | |
| Lease | (762,390) | |
| Accrued interest | (15,432) | |
| Compensated absences | (374,847) | |
| | <hr/> | |
| | | (9,854,644) |

Certain liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds.

| | | |
|-----------------------|-------|-----------|
| Net pension liability | <hr/> | (586,520) |
|-----------------------|-------|-----------|

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

\$ 23,530,160

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses.” The details of this \$(941,840) difference are as follows

| | |
|---|----------------------------|
| Capital outlay | \$ 129,772 |
| Depreciation expense | <u>(1,071,612)</u> |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net position of governmental activities | \$ <u><u>(941,840)</u></u> |

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(334,520) difference are as follows:

| | |
|---|----------------------------|
| Principal payment on bond | \$ 405,000 |
| Principal payment on loan | 56,954 |
| Proceeds from debt | (762,390) |
| Compensated absences | (58,034) |
| OPEB obligation | 138,903 |
| Pension expense | (99,521) |
| Accrued interest | <u>(15,432)</u> |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net position of governmental activities | \$ <u><u>(334,520)</u></u> |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

3. Stewardship, Compliance, and Accountability

Budgetary 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. The Town adopts project-length budgets for its infrastructure capital projects fund. All annual appropriations lapse at fiscal year end.

In accordance with the requirements of Section 4.04(c) of the Town's charter, budgetary data for the Town's enterprise funds have been reported in the combining and individual fund section of this report. The Town Manager is authorized to transfer budget amounts within departments; however, any revision that alters the total expenditures of any department or fund must be approved by the Town Commission.

On or before May 31 of each year, all departments of the Town submit requests for appropriation to the Town Manager 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.

The proposed budget is presented to the Town Commission for review before August 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 Town Manager 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 one supplementary appropriation was necessary.

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Establishment/Elimination of Funds - No funds were established or eliminated during the fiscal year ended September 30, 2018.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

3. Stewardship, Compliance, and Accountability (Continued)

Excess of expenditures (expenses) over revenues - The following funds had an operating deficit for the fiscal year ended September 30, 2018 summarized as follows:

| <u>Fund</u> | <u>Operating Deficit</u> |
|------------------------|------------------------------|
| General | \$ <u>(459,667)</u> |
| Solid Waste Management | \$ <u>(38,916)</u> |

The Town's Board of Commissioners will use the available fund balances in the above funds to cover these deficits.

4. Deposits

At year-end the carrying amount of the Town's deposits was \$6,201,847 and the bank balance was \$6,276,847. 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.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

5. Investments

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

| | <u>Fair Value</u> | <u>Bond Rating</u> | <u>Weighted Average Duration (Years)</u> |
|--|---------------------|------------------------|--|
| Investments not subject to categorization: | | | |
| U.S. Government Securities and Agencies | \$ 1,593 | AA | Daily |
| Domestic fixed income investment funds | 1,153,394 | AA | Daily |
| International fixed income investment fund | 148,323 | AAA | Daily |
| Domestic Stock | 752,648 | N/A | N/A |
| Domestic equity investment funds | 1,171,214 | N/A | N/A |
| International equity investment fund | 575,369 | N/A | N/A |
| Temporary investments | 137,078 | N/A | N/A |
| Florida State Board of Administration Local Government Pooled Investment Fund (SBA) | <u>4,400,538</u> | Not Rated | N/A |
| Total investments | <u>\$ 8,340,157</u> | | |

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Town manages its exposure to fair value losses arising from increasing interest rates through its adopted investment policies. The Town limits the effective duration of its investment portfolio through the adoption of nationally recognized risk measure benchmarks.

Credit Risk - Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with chapter 218 of the Florida Statutes the Town's investment guidelines limit its fixed income investments to a quality rating of 'A' or equivalent as rated by one or more recognized bond rating service at the time of purchase. Fixed income investments which are downgraded to 'BAA' or equivalent must be liquidated within a reasonable period of time not to exceed twelve months. Fixed income investments which are downgraded below 'BAA' shall be liquidated immediately.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

5. Investments (Continued)

Custodial Credit Risk - Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Plan requires all securities to be held by a third party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a “delivery vs. payment” basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. The investments in mutual funds are considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

The Town has adopted a written investment policy in accordance with Florida Statute 218(16). That statute is intended to minimize interest rate, credit and custodial risk by directing the 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 agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.
- (d) Direct obligations of the United States Treasury.
- (e) Federal agencies and instrumentalities.
- (f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

5. Investments (Continued)

The investment in the MBS-FNMA 30 year conventional represents the purchase of a security as a part of an overnight repurchase agreement under a bank sweep account contract. Terms of the master repurchase agreement permit investment only in U.S. government or agency securities. At September 30, 2018 this investment was held by the Town's bank in the Town's name and is recorded in the general fund.

Investments in common stock, U.S. government and agency bonds are assets of the Town's police officers' pension plan and are traded on a national securities exchange and are valued at the last reported sales price on the last business day of the year.

The federated treasury fund is an asset of the Town's police officers' pension plan. The fair value of these investments was determined by the funds' share price as of September 30, 2018.

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

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

Since the Florida State Board of Administration (SBA) local government pooled investment fund typically owns a substantial amount of treasury bills and notes, the fund has utilized security lending programs to generate supplemental income. This income is used to pay a significant portion of the fees associated with the fund which otherwise would have

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

5. Investments (Continued)

to be paid from regular fund earnings. Any residual is used to build the fund's reserve on behalf of participants. Both of these goals have been accomplished without impacting the regular earnings in the fund with no change in the fund's investment strategy. The investment in the Florida SBA pool is carried at the pool's share price at September 30, 2018. The Florida SBA is a 2a-7 like pool.

6. Receivables

Receivables at of September 30, 2018 for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are summarized as follows:

| | <u>General</u> | <u>Infra- structure</u> | <u>Water</u> | <u>Waste- Water Management</u> | <u>Solid Waste Management</u> | <u>Nonmajor and Other Funds</u> | <u>Police Pension</u> | <u>Total</u> |
|------------------------------------|-------------------|-----------------------------|-------------------|--|---------------------------------------|---|---------------------------|-------------------|
| Receivables: | | | | | | | | |
| Taxes | \$ 38,919 | \$ 94,454 | \$ - | \$ - | \$ - | \$ - | \$ - | 133,373 |
| Accounts | 29,970 | 50,000 | 198,956 | 148,903 | 119,490 | - | 44,665 | 591,984 |
| Intergovernmental | <u>68,501</u> | <u>71,169</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,064</u> | <u>52,650</u> | <u>201,384</u> |
| Gross receivables | 137,390 | 215,623 | 198,956 | 148,903 | 119,490 | 9,064 | 97,315 | 926,741 |
| Less: Allowance for uncollectibles | <u>-</u> | <u>-</u> | <u>25,000</u> | <u>15,000</u> | <u>10,000</u> | <u>-</u> | <u>-</u> | <u>50,000</u> |
| Net total receivables | <u>\$ 137,390</u> | <u>\$ 215,623</u> | <u>\$ 173,956</u> | <u>\$ 133,903</u> | <u>\$ 109,490</u> | <u>\$ 9,064</u> | <u>\$ 97,315</u> | <u>\$ 876,741</u> |

As the operator of three utilities, (water, wastewater management and solid waste management enterprise funds) the Town grants credit to their customers, substantially all of whom are Town residents.

Revenues of the water, wastewater and solid waste funds are reported net of uncollectible amounts. There were no uncollectible amounts related to revenues that were written off during the fiscal year ended September 30, 2018.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

7. Capital Assets

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

| | Balance October 1, 2017 | Increases | Decreases | Balance September 30, 2018 |
|--|-------------------------------|---------------------|----------------|----------------------------------|
| <u>Governmental activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 5,637,015 | \$ - | \$ - | \$ 5,637,015 |
| Total capital assets, not being depreciated | 5,637,015 | - | - | 5,637,015 |
| Capital assets, being depreciated: | | | | |
| Buildings | 5,210,791 | - | - | 5,210,791 |
| Improvements other than buildings | 553,430 | 1,195 | -- | 554,625 |
| Machinery and Equipment | 2,599,662 | 128,577 | 248,833 | 2,479,406 |
| Infrastructure | <u>33,665,595</u> | <u>-</u> | <u>-</u> | <u>33,665,595</u> |
| Total capital assets, being depreciated | 42,029,478 | 129,772 | 248,833 | 41,910,417 |
| Less accumulated depreciation for: | | | | |
| Buildings | (1,403,658) | (139,154) | - | (1,542,812) |
| Improvements other than buildings | (203,143) | (32,211) | - | (235,354) |
| Machinery and equipment | (1,307,106) | (267,118) | 248,833 | (1,325,391) |
| Infrastructure | <u>(9,901,387)</u> | <u>(633,129)</u> | <u>-</u> | <u>(10,534,516)</u> |
| Total accumulated depreciation | <u>(12,815,294)</u> | <u>(1,071,612)</u> | <u>248,833</u> | <u>(13,638,073)</u> |
| Total capital assets, being depreciated, net | <u>29,214,184</u> | <u>(941,840)</u> | <u>-</u> | <u>28,272,344</u> |
| Governmental activities capital assets, net | <u>\$ 34,851,199</u> | <u>\$ (941,840)</u> | <u>\$ -</u> | <u>\$ 33,909,359</u> |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

7. Capital Assets (Continued)

| | Balance October 1, 2017 | Increases | Decreases | Balance September 30, 2018 |
|--|-------------------------------|---------------------|------------------|----------------------------------|
| | <u>2017</u> | <u>Increases</u> | <u>Decreases</u> | <u>2018</u> |
| <u>Business-type activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 22,950 | \$ - | \$ - | \$ 22,950 |
| Total capital assets, not being depreciated | <u>22,950</u> | <u>-</u> | <u>-</u> | <u>22,950</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 308,532 | - | - | 308,532 |
| Improvements other than buildings | 5,206,705 | - | - | 5,206,705 |
| Machinery and Equipment | 1,280,733 | - | (38,301) | 1,242,432 |
| Total capital assets, being depreciated | <u>6,795,970</u> | <u>-</u> | <u>(38,301)</u> | <u>6,757,669</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (282,223) | (5,890) | - | (288,113) |
| Improvements other than buildings | (1,998,146) | (107,761) | - | (2,105,907) |
| Machinery and equipment | (836,763) | (107,106) | 37,802 | (906,067) |
| Total accumulated depreciation | <u>(3,117,132)</u> | <u>(220,757)</u> | <u>37,802</u> | <u>(3,300,087)</u> |
| Total capital assets, being depreciated, net | <u>3,678,838</u> | <u>(220,757)</u> | <u>(499)</u> | <u>3,457,582</u> |
| Business-type activities capital assets, net | <u>\$ 3,701,788</u> | <u>\$ (220,757)</u> | <u>\$ (499)</u> | <u>\$ 3,480,532</u> |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

7. Capital Assets (Continued)

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

Governmental activities:

| | | |
|---|----|-------------------------|
| General government | \$ | 128,908 |
| Public safety | | 65,913 |
| Streets | | 671,692 |
| Culture and recreation | | <u>205,099</u> |
| Total depreciation expenses - governmental activities | \$ | <u><u>1,071,612</u></u> |

Business-type activities:

| | | |
|---|----|-----------------------|
| Water | \$ | 144,146 |
| Wastewater | | - |
| Solid waste | | <u>76,611</u> |
| Total depreciation expense - business-type activities | \$ | <u><u>220,757</u></u> |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

8. Interfund Transfers

Transfers were made from the Capital Equipment Replacement and Infrastructure Funds to subsidize the budgeted acquisition of capital asset additions for the fiscal year ended September 30, 2018.

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

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|-------------------------|--------------------------|
| General fund | \$ 250,394 | \$ 51,450 |
| Nonmajor governmental funds | 51,450 | 408,694 |
| Water fund | 102,800 | - |
| Solid waste fund | 184,500 | - |
| Waste water fund | <u>-</u> | <u>129,000</u> |
| Total | <u>\$ 589,144</u> | <u>\$ 589,144</u> |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

9. Intra-Governmental Charges

The costs of certain general and administrative functions of the Town are recorded and controlled in the general fund. These administrative costs have been allocated to the Town's enterprise funds for the year ended September 30, 2018, as shown in the following table:

| Enterprise Fund | Administrative Costs Allocated |
|------------------------|-----------------------------------|
| Water | \$ 364,050 |
| Solid Waste Management | 203,950 |
| Total | \$ 568,000 |

10. Long-Term Debt

Long-term debt includes accrued leave as of September 30, 2018:

During the fiscal year ended September 30, 2018, the following changes occurred in liabilities reported in long-term debt:

| | Balance October 1 | Additions | Reductions | Balance September 30 | Due Within One Year |
|--|----------------------|-----------|------------|-------------------------|------------------------|
| Governmental activities: | | | | | |
| Revenue bonds | \$ 8,530,000 | \$ - | \$ 405,000 | \$ 8,125,000 | \$ 420,000 |
| Lease | - | 762,390 | - | 762,390 | 49,934 |
| Equipment loan | 213,853 | - | 56,954 | 156,899 | 60,746 |
| Accrued leave | 316,813 | 244,662 | 186,628 | 374,847 | 93,712 |
| Net pension liability | 381,707 | 204,813 | - | 586,520 | - |
| Other post-employment benefits (OPEB) | 118,736 | 301,340 | - | 420,076 | - |
| Total Government activities | 9,561,109 | 1,513,205 | 648,582 | \$ 10,425,732 | \$ 624,392 |
| Business-type activities: | | | | | |
| Accrued leave | \$ 85,139 | \$ 45,228 | \$ 32,396 | \$ 97,971 | \$ 24,493 |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

10. Long-Term Debt (Continued)

Compensated absences are generally liquidated by the general fund for governmental activities. The general fund has typically been used to liquidate pension liabilities. The general fund, water fund, and solidwaste management fund typically have been used to liquidate other post-employment benefit liabilities.

Capital Improvement Revenue Bond, Series 2012

On September 19, 2012, the Town Commission adopted Resolution 2012-37 to approve the issuance of \$10,000,000 of revenue bonds. The bonds are to finance a portion of the construction of stormwater and roadway improvements and a new municipal services building.

Pledged revenues for these bonds are sales surtax revenues, public service utility tax revenues, and stormwater fee revenues.

BB&T Bond Issuance

| | |
|--|--|
| Term: | September 21, 2012 through October 1, 2032 |
| Amount issued: | \$10,000,000 |
| Interest rate: | 3.61% |
| Annual Principal Payments: | \$340,000 to \$685,000 |
| Amount outstanding at September 30, 2018: | <u>\$ 8,125,000</u> |

Debt service requirements to maturity are as follows:

| | <u>Principal</u> | <u>Interest</u> |
|-----------|---------------------|---------------------|
| 2019 | \$ 420,000 | \$ 293,312 |
| 2020 | 435,000 | 278,150 |
| 2021 | 450,000 | 262,447 |
| 2022 | 465,000 | 246,202 |
| 2023 | 480,000 | 229,415 |
| 2024-2028 | 2,680,000 | 873,801 |
| 2029-2033 | <u>3,195,000</u> | <u>354,142</u> |
| | <u>\$ 8,125,000</u> | <u>\$ 2,537,469</u> |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

10. Long-Term Debt (Continued)

SunTrust Equipment Loan

On March 30, 2016 the Town entered into a loan agreement with SunTrust Bank for \$300,000. The Town Commission adopted Resolution 2016-03 authorizing the execution of the loan agreement.

| | |
|--|---|
| Term: | March 30, 2016 through September 30, 2018 |
| Amount issued: | \$300,000 |
| Interest rate: | 3.00% |
| Annual Debt Service | \$63,843 |
| Amount outstanding at September 30, 2018: | <u>\$ 156,899</u> |

Debt service requirements to maturity are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Debt Service</u> |
|------|-------------------|-----------------|---------------------|
| 2019 | \$ 60,746 | \$ 3,829 | \$ 64,575 |
| 2020 | 62,593 | 1,982 | 64,575 |
| 2021 | <u>33,560</u> | <u>281</u> | <u>33,841</u> |
| | <u>\$ 156,899</u> | <u>\$ 6,092</u> | <u>\$ 162,991</u> |

Lease

On March 6, 2018, the Town entered into a master lease agreement with the City National Capital Finance, Inc. for \$762,390. The Town Commission adopted Resolution 2018-16 authorizing the execution of the lease agreement.

| | |
|---|-------------------------------------|
| Term: | March 6, 2018 through April 1, 2030 |
| Amount: | \$762,390 |
| Interest rate: | 3.529% |
| Annual Debt Service | \$78,716 |
| Amount outstanding at September 30, 2018 | <u>\$762,390</u> |

TOWN OF BELLEAIR, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

10. Long-Term Debt (Continued)

Lease (Continued)

Debt service requirements to maturity are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Debt Service</u> |
|-----------|-------------------|-------------------|---------------------|
| 2019 | \$ 49,933 | \$ 28,467 | \$ 78,400 |
| 2020 | 54,043 | 24,673 | 78,716 |
| 2021 | 55,967 | 22,749 | 78,716 |
| 2022 | 57,960 | 20,756 | 78,716 |
| 2023 | 60,024 | 18,692 | 78,716 |
| 2024-2028 | 333,739 | 59,841 | 393,580 |
| 2029 | 74,044 | 4,672 | 78,716 |
| 2030 | 76,680 | 2,036 | 78,716 |
| | <u>\$ 762,390</u> | <u>\$ 181,886</u> | <u>\$ 944,276</u> |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

11. Detail of Constraints on Fund Balances of General Fund

| | <u>General Fund</u> |
|----------------------|-------------------------|
| Fund balances: | |
| Nonspendable: | |
| Prepaid items | \$ 4,487 |
| Assigned: | |
| Park improvement | 7,100 |
| Recreation donations | 48,458 |
| Master landscaping | 20,722 |
| Police equipment | <u>11,749</u> |
| Total assigned | 88,029 |
| Unassigned: | <u>1,868,171</u> |
| Total fund balances | <u>\$ 1,960,687</u> |

12. Lease Commitments

The Town currently leases certain equipment under a four and five year noncancellable operating leases. Total lease expense for 2018 was \$9,280. The following is a schedule of future minimum annual lease payments remaining under these leases.

| <u>Year</u> | <u>Amount</u> |
|-------------|------------------------|
| 2019 | \$ <u>1,576</u> |
| Total | \$ <u><u>1,576</u></u> |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

13. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In an effort to reduce the rising costs of commercial insurance, the Town purchases all of its insurance coverages from Public Risk Management of Florida (PRM). The Town does not retain any risk of loss as a member of the PRM program which operates as any commercial insurance carrier.

The PRM program is structured under a protected self-insured retention insurance program with the following retention levels:

| | |
|-------------------------|-----------|
| · Property | \$200,000 |
| · Liability | \$200,000 |
| · Errors and Omissions | \$200,000 |
| · Workers' Compensation | \$650,000 |
| · Crime | \$ 25,000 |

This is a “protected self-insurance retention program,” not a self-funded program with insurance.

Specific excess insurance provides coverage to losses above the self-insured retention. A loss fund which is funded 100% by the program's members on a pro-rata basis pays the self insured retention amounts.

In the event that the loss fund is exhausted, stop loss insurance is provided. The only deductible payable by members is \$1,000 for property, inland marine, automobile physical damage and crime. In the event of a hurricane a Shared Named Wind Deductible is 3% of total value per Unit involved in the loss. Cyber liability has been recently added to the coverage and the deductible is \$5,000 per loss. Members' contributions are allocated into three categories as follows:

- insurance premiums
- loss fund (paid annually as part of the Town’s insurance premium)
- administrative costs

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

13. Risk Management (Continued)

The excess insurance carriers and their coverage areas are summarized as follows:

| <u>Carrier</u> | <u>Coverage</u> |
|---|--|
| Markel | excess property, general liability & law enforcement |
| Markel & NY Marine & General Insurance Company | excess workers' compensation |
| Chartis | crime |

The PRM program provides specified insurance coverages for 61 governmental entities. The major benefits of such a pooling approach include:

- 1) Broader insurance coverage through mass purchasing power;
- 2) The reduction of insurance costs, with some measure of cost stabilization;
- 3) The availability of insurance from year to year; and
- 4) The development of a loss prevention program common to all members.

As indicated above, the Town continues to carry commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

14. 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 is involved in certain ongoing construction projects. Management's estimate of the costs of these projects through the next two fiscal years ending September 30, 2020 is between \$5,500,000 and \$6,500,000. The funding for these projects will come from the countywide one percent infrastructure sales surtax.

The Town did not receive federal grant funds during the fiscal year ended September 30, 2018, and is not, therefore, subject to the program compliance audit by the grantee under the Office of Management and Budget circular A-133, "Audits of States, Local Governments and Non-profit Organizations".

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

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

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

15. 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 and Police Officers' Pension Fund (Plan) 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, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

15. 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 and Plan have no NAV investments.

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

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

15. 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, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

15. 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 and Plan have 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 | | | | |
| Debt Securities: | | | | |
| U.S. Government agency securities | \$ 1,593 | \$ - | \$ 1,593 | \$ - |
| Domestic fixed income investment funds | 1,153,394 | 1,153,394 | - | - |
| International fixed income investment fund | <u>148,323</u> | <u>148,323</u> | - | - |
| Total debt securities | 1,303,310 | 1,301,717 | 1,593 | - |
| Equity securities: | | | | |
| Domestic equity investment funds | 1,171,214 | 1,171,214 | - | - |
| Domestic stock | 752,648 | 752,648 | - | - |
| International equity investment fund | <u>575,369</u> | <u>575,369</u> | - | - |
| Total equity securities | 2,499,231 | 2,499,231 | - | - |
| Temporary investments | <u>137,078</u> | <u>137,078</u> | - | - |
| Total investments at fair value level | <u>\$ 3,939,619</u> | <u>\$ 3,938,026</u> | <u>\$ 1,593</u> | <u>\$ -</u> |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System

The Town maintains a single employer, defined benefit pension plan (police officers' pension plan) which covers all of its police officers as well as a defined contribution 401(k) plan which covers substantially all of the Town's remaining general employees.

Police Officers' Pension Fund

Plan Description:

The following brief description of the Town of Belleair police officers' retirement plan (plan) is provided for general information purposes only. Participants should refer to the plan ordinance for more complete information.

The plan is a single employer defined benefit pension plan covering all full-time sworn police officers of the Town of Belleair, Florida (Town). Participation in the plan is required as a condition of employment. Originally established by Town ordinance in 1977 and amended in 1997, 2002 and 2007 the plan provides for pension, death and disability benefits. The plan is subject to provisions of chapter 185 of the State of Florida statutes.

Basis of accounting is the method by which revenues and expenses are recognized in the accounts and are reported in the financial statements. The accrual basis of accounting is used for the plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Plan member contributions are recognized in the period in which the contributions are due. Town contributions to the plan, as calculated by the plan's actuary, are recognized as revenue when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Plan Description (continued)

Basis of accounting:

A State excise tax (rebate) collected from the Town's residents by the State of Florida is restricted to fund the plan under Florida Statutes, Chapter 185. This rebate has been included in the general fund's revenues and expenditures for the fiscal year ended September 30, 2018. Contributions are received from the Town in amounts sufficient to fund the plan at an actuarially determined rate specified by state statute, chapter 185. The plan's administrative costs are financed through investment earnings. The plan has no undue investment concentrations.

The plan has not issued a stand-alone financial report for the fiscal year ended September 30, 2018.

The plan, in accordance with the above statute, is governed by a five member pension board. Two police officers who are elected by a majority of the members of the plan, two are residents of the Town who are appointed by the Town Commission and a fifth member elected by the other four members constitute the pension board. The Town and the plan participants are obligated to fund all plan costs based upon actuarial valuations. The Town is authorized to establish benefit levels and the board of trustees approve the actuarial assumptions used in the determination of contribution levels.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Plan Description (continued)

Benefits Provided:

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility: Earlier of age 55 and the completion of 5 years of Credited Service or the completion of 25 years of Credited Service, regardless of age.

Benefit Amount: 3.50% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 years of Credited Service.

Benefit Amount: Accrued benefit, reduced 3% for each year that benefit commencement precedes normal retirement.

Disability:

Eligibility: Total and permanent disability prior to Normal Retirement Date. 10 years of Creditable Service required for non-service related disability.

Benefit Amount: (Service): Unreduced accrued benefit, but not less than 42% of Average Final Compensation.

Pre-Retirement Death Benefits:

Vested or On-Duty: Member's accrued benefit payable at what would have been the Member's Normal or Early (reduced) retirement date for 10 years.

Non-Vested, Off-Duty: Refund of Member contributions.

Vesting (Termination):

Less than 10 years of Credited Service: Refund of Member's contributions.

10 or more years of Credited Service: Accrued benefit payable at age 50 or later, on Credited an actuarially reduced basis if to commence prior to Normal Retirement Date, or a refund of member's contributions with interest.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Plan Description (continued)

Benefits Provided (Continued):

Chapter 185 Share Account:

Pursuant to Chapter 2015-39, Laws of Florida, a supplemental benefit component for special benefits exists but is currently not funded as no premium tax allocations have been made to the share accounts.

Contributions:

Employee 6% of salary.

Remaining amounts required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2018.

The measurement period for the pension expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2017 through September 30, 2018.

The Town's net liability was measured as of September 30, 2018.

The total pension liability used to calculate the net pension liability was determined as of that date.

Actuarial Assumptions:

The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions:

| | |
|---------------------------|---------------|
| Inflation | 2.50% |
| Salary increases | Service based |
| Discount rate | 7.50% |
| Investment rate of return | 7.50% |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Plan Description (continued)

Mortality Rate Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.

Mortality Rate Healthy Inactive Lives:

Female: RP200 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The actuarial assumptions used in the October 1, 2018 valuation were based on the results of an actuarial experience study dated October 15, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns; Net of Pension Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For 2018 the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage made by adding expected inflation.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Plan Description (continued)

Best estimate of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2018 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocations</u> | <u>Long Term Expected Real Rate of Return</u> |
|-----------------------|---------------------------|---|
| Domestic Equity | 45% | 7.5% |
| International Equity | 15% | 5.65% |
| Domestic Fixed Income | 35% | 2.5% |
| Global Fixed Income | <u>5%</u> | 3.5% |
| Total | <u>100%</u> | |

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Plan Description (continued)

CHANGES IN NET PENSION LIABILITY

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a)-(b) |
| Reporting period ending September 30, 2017 | \$ 4,102,570 | \$ 3,720,863 | \$ 381,707 |
| Changes for a year: | | | |
| Service cost | 276,250 | - | 276,250 |
| Interest | 329,454 | - | 329,454 |
| Differences between expected and actual experience | 83,595 | - | 83,595 |
| Changes of assumptions | 12,638 | - | 12,638 |
| Changes of benefit terms | - | - | - |
| Contributions - Employer | - | 168,361 | (168,361) |
| Contributions - State | - | 52,950 | (52,950) |
| Contributions - Employees | - | 54,471 | (54,471) |
| Net Investment earnings | - | 257,192 | (257,192) |
| Benefit Payments, including | | | |
| Refunds of Employee Contributions | (193,311) | (193,311) | - |
| Administration expense | - | (35,850) | 35,850 |
| Net changes | 508,626 | 303,813 | 204,813 |
| Reporting period ending September 30, 2018 | \$ 4,611,196 | \$ 4,024,676 | \$ 586,520 |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Plan Description (continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of the Town calculated using the discount rate of 7.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-----------------------------|---------------------|-----------------------------|-------------------|
| | <u>6.50%</u> | <u>7.50%</u> | <u>8.50%</u> |
| Town' Net Pension Liability | \$ <u>1,045,122</u> | \$ <u>586,520</u> | \$ <u>196,235</u> |

Rate of Return - For the year ended September 30, 2018 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 7.11 percent.

The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations:

The Plan did not hold investments in any one organization that represents 5 percent or more of the Pension Plan's fiduciary net position.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Plan Description (continued)

Current membership in the plan is comprised of all full-time sworn police officers of the Town of Belleair and is summarized as follows:

| <u>Group</u> | <u>September 30, 2018</u> |
|--|-------------------------------|
| Retirees and beneficiaries currently receiving benefits | 9 |
| Terminated plan members entitled to but not yet receiving benefits | 6 |
| Active plan members: | |
| Fully vested | 3 |
| Nonvested | 10 |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Plan Description (continued)

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION**

For the year ended September 30, 2018 the Town will recognize a pension expense of \$321,402 . On September 30, 2018 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 41,798 | \$ - |
| Changes of assumptions | 6,319 | - |
| Net difference between projected and actual earnings on pension plan investments | 13,848 | - |
| Total | <u>\$ 61,965</u> | <u>\$ -</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension plans will be recognized in pension expense as follows:

| | |
|--------------------------|-----------|
| Year ended September 30: | |
| 2019 | \$ 88,861 |
| 2020 | (9,688) |
| 2021 | (23,050) |
| 2022 | 5,842 |
| 2023 | - |
| Thereafter | - |

Payable to the Pension Plan

On September 30, 2018, the Town reported a payable of \$42,802 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2018.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System (Continued)

Employees' 401(k) fund

The Town provides retirement benefits for all of its full-time employees not covered under the police officers' pension plan through a defined contribution 401(k) plan administered by the ICMA Retirement Corporation as a third party administrator and investment advisor under their prototype profit-sharing plan and trust agreement. At September 30, 2018 there were 48 plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of employment. The 401(k) plan requires that participants contribute at least three percent (but not to exceed fourteen percent or the maximum amount allowed by the Internal Revenue Code whichever is greater) of their compensation which, if made, will be matched by a nine percent Town contribution. The Town's contributions for each employee (and interest allocated to the employee's account) are fully vested after three years of continuous service. Town contributions for, and interest forfeited by, employees who leave employment before three years of service are used to reduce the Town's current-period contribution requirement. The 401(k) plan provisions and contribution requirements are established and may be amended by the Town Commission.

The Town's total payroll in fiscal year 2018 was \$3,263,420. The Town's contributions were calculated using the participants' salary amount of \$2,057,311. Both the Town and the covered employees made the required contributions in addition to certain voluntary participant contributions summarized as follows:

| | <u>Contribution amount</u> | <u>Percentage of current covered payroll</u> |
|---------------------|--------------------------------|--|
| Required: | | |
| Town | \$ 185,157 | 9.0 % |
| Employee | 61,719 | 3.0 |
| Voluntary: | | |
| Employee | <u>41,458</u> | |
| Total contributions | <u>\$ 288,334</u> | |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

16. Employee Retirement System (Continued)

Employees' 401(k) Plan (Continued)

During the fiscal year ended September 30, 2001 the 401(k) plan was amended to increase the amount that the Town will contribute to the 401(k) plan from 6% of earnings to 9% of earnings for each plan year starting with the first pay period commencing after October 1, 2001.

The 401(k) plan has not issued a stand alone financial report for the fiscal year ended September 30, 2018.

17. Implementation of New GASB Statements

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

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. The Town has implemented this standard.

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

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

17. Implementation of New GASB Statements (Continued)

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.

18. Deferred Compensation Plan

The Town maintains a deferred compensation plan (plan) under the provisions of section 457 of the Internal Revenue Code, as amended. This law stipulates that all assets and income of the plan must be held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Town's plan is administered by the international city management association retirement corporation and provides the plan participants with the option to invest in thirteen different registered investment funds (mutual funds). Although the Town is the trustee of the plan, the Town has no administrative involvement and performs no investing function for the plan and has not therefore, reported the plan in this financial report.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

19. Post-Employment Health Care Benefits

GASB Statement No. 75: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB), established new accounting standards for postretirement benefits. The new standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation. The effective date for implementation of GASB 75 by the Town of Belleair, Florida is October 1, 2017. Accordingly, the District did obtain an actuarial valuation in accordance with GASB 75 standards as of October 1, 2017 and discloses the following:

In addition to the pension benefits described in Note 14, the Town provides postretirement health care benefits in accordance with an employment policy adopted for the Town's seven full-time department heads during the year ended September 30, 1993. Under terms of this policy, department heads who retire from the Town on or after attaining age fifty-five with at least twenty-five years of service will receive family medical coverage (medical, dental and hospitalization) until age sixty-five at which time a medicare supplement will be provided until the age of seventy. The Town will pay for this supplemental coverage for the employee and his or her spouse, at the rate in effect at the time of the employee's retirement with the employee paying any increased cost after that date. During the year ended September 30, 2018 the Town had two employee eligible to receive these benefits. These postemployment benefits are financed on a pay-as-you-go basis.

Except for the department heads who qualify for postretirement health care benefits (as previously discussed), the Town provides no funding for any portion of the premiums after retirement. However, the Town recognizes that there is an "implicit subsidy" arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund as an irrevocable trust has not been established to fund the plan. The plan does not issue a separate financial report.

The employer is the sole employer in a plan with fewer than one hundred plan members.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

19. Post-Employment Health Care Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. Since GASB Statement 75 only requires an actuarial valuation every two years, the Town's last valuation was for the fiscal year ended September 30, 2018.

Discount Rate:

The discount rate used to determine the liabilities under GASB 75 depends upon Town's funding policy. The discount rate for governments that do not prefund benefits is based on 20-year general obligation bond (GO bond) rates.

The discount rate assumption for disclosure purposes for FYE 2018 is 4.15%, the 20-year GO bond index as of 9/30/2018. The rate at the beginning of the year was 3.63%, the 20-year Go bond index as of 9/30/2017.

Funding Policy

The Town will pay benefits on a pay-as-you-go basis.

Plan Description

The Town provides post-employment medical benefits (OPEB) to eligible Town employees and their eligible dependents and retirees and their eligible dependents. No assets are accumulated in a trust that meets the criteria in paragraphs 4 of GASB Statement 75.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

19. Post-Employment Health Care Benefits (Continued)

OPEB Expense:

For the year ended September 30, 2018, the Town will recognize OPEB Expense of \$80,720.

OPEB LIABILITY

| | <u>FY 2017/18</u> |
|---|--------------------------|
| Total OPEB Liability - beginning of year | \$ 558,979 |
| Service Cost | 27,679 |
| Interest | 20,249 |
| Difference Between Expected and Actual Experience | (112,702) |
| Changes in Assumptions | (15,946) |
| Changes of Benefit Terms | - |
| Benefit Payments | <u>(58,183)</u> |
| Net changes in total OPEB Liability | <u>(138,903)</u> |
| Total OPEB liability - end of year | <u><u>\$ 420,076</u></u> |

Plan Fiduciary Net Position

| | |
|---|--------------------------|
| Plan fiduciary net position - beginning of year | \$ - |
| Contributions - employer | 58,183 |
| Contributions - active employees | - |
| Net investment income | - |
| Benefit payments | (58,183) |
| Trust administrative expenses | - |
| Net changes in plan fiduciary net position | <u>-</u> |
| Plan fiduciary net position - end of year | <u><u>\$ -</u></u> |
| Net OPEB Liability - end of year | <u><u>\$ 420,076</u></u> |

| | |
|--|--------------|
| Plan fiduciary net position as % of total OPEB liability | 0.0% |
| Covered employee payroll | \$ 2,817,098 |
| Net OPEB liability as % of covered payroll | 14.9% |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

19. Post-Employment Health Care Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

Sensitivity of the Total OPEB Liability to changes in the Discount Rate:

The following presents the Total OPEB Liability of the Town as well as what the Town's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

| | 1% Decrease <u>3.15%</u> | Current Discount Rate <u>4.15%</u> | 1% Increase <u>5.15%</u> |
|------------------------------|-----------------------------|--|-----------------------------|
| Total OPEB Liability (Asset) | \$ 444,179 | \$ 420,076 | \$ 397,797 |

Sensitivity of Total OPEB Liability to changes in the Healthcare Cost Trend Rates:

The following presents the Total OPEB Liability of the Town as well as what the Town's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease <u>7.00%</u> | Medical Trend Rate <u>8.00%</u> | 1% Increase <u>9.00%</u> |
|------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| Total OPEB Liability (Asset) | \$ 393,224 | \$ 420,076 | \$ 451,931 |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

19. Post-Employment Health Care Benefits (Continued)

Annual OPEB Cost

| | |
|--|------------------|
| Reporting Period Ending | 09/30/2018 |
| Measurement Date | 09/30/2018 |
| OPEB Expense | |
| Service Cost | \$ 27,679 |
| Interest | 20,249 |
| OPEB Administrative Expense | - |
| Changes in benefit terms | - |
| Difference Between Expected and Actual Experience | - |
| Projected earnings on OPEB investments | - |
| Reduction for contributions from active employees | - |
| Current period recognition of deferred | |
| Outflows/(inflows) of resources | (112,702) |
| Changes of assumptions | (15,946) |
| Net difference between projected and actual earnings | |
| on OPEB plan investments | - |
| Total current period recognition | - |
| | <hr/> |
| Total OPEB expense | <u>\$ 80,720</u> |

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

19. Post-Employment Health Care Benefits (Continued)

Substantive Plan Provisions

Eligibility

Department Heads and
General Employees

Department Heads and general employees are eligible for lifetime retiree health benefits once they meet the Defined Contribution plan eligibility requirements which is age 59 ½ and 3 years of service.

Police

Police officers are eligible for lifetime retiree health benefits once they meet the Town of Belleair police pension retirement eligibility requirements which are as follows:

1. Age 50 with 10 years of service (early retirement)
2. Age 55 with 5 years of service (normal retirement)
3. 25 years of service (normal retirement)

Spouse Benefit

Surviving spouses are eligible for COBRA coverage upon death of retirees.

Medical Benefit

Same benefit options are available to retirees as active employees. All health plans are fully-insured and experience-rated.

Retiree Cost Sharing

General and Police retirees are required to pay the full cost of coverage.

Department Heads are eligible for subsidized retiree health benefits if they retire at age 59.5 with 3 years of service. Retirees pay the portion of the cost that is not covered by the Town's explicit subsidy.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

19. Post-Employment Health Care Benefits (Continued)

Substantive Plan Provisions (Continued)

Explicit Subsidy For Department Heads, the Town’s subsidy is frozen at the dollar premium amount in effect at the time of retirement until the retiree is eligible for Medicare. Upon Medicare eligibility, the Town will subsidize the Medicare Supplement coverage until the retiree reaches age 70 at the same dollar amount in effect at the time of retirement. Spouse is also eligible for this explicit subsidy while the retiree is alive.

The actual assumptions used in this report represent a reasonable long-term expectation of future OPEB outcomes. As national economic and Town experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

Measurement Date For fiscal year ending September 30, 2018 measurement date was used.

Actuarial Valuation Date September 30, 2018 with no adjustments to get to the September 30, 2018 measurement date. Liabilities as of October 1, 2017 are based on an actuarial valuation date of October 1, 2016 projected to October 1, 2017 on a “no loss/no gain” basis.

Discount Rate 3.63% as of October 1, 2017 and 4.15% as of September 30, 2018 for accounting disclosure purposes.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

19. Post-Employment Health Care Benefits (Continued)

Substantive Plan Provisions (Continued)

Payroll Growth

Sample rates are shown below based on the Florida Retirement System (FRS) actuarial valuation as of July 1, 2018 and the Town of Belleair Municipal Police Officers' Retirement System actuarial valuation as of September 30, 2017.

| Service | General and | | Police |
|----------------|-------------------------|---------------|---------------|
| | Department Heads | | |
| | Male | Female | |
| 0 | 7.50% | 7.80% | 6.50% |
| 5 | 4.90% | 4.80% | 6.50% |
| 10 | 4.50% | 4.60% | 6.50% |
| 15 | 4.40% | 4.40% | 6.50% |
| 20 | 4.30% | 4.30% | 6.50% |
| 25 | 4.00% | 4.00% | 6.50% |
| 30+ | 4.40% | 4.60% | 6.50% |

Inflation Rate

3.0% per year

Cost Methods

Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

Employee

Funding Policy

Pay-as-you-go basis.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

20. Restatement of Beginning Net Position

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, requires the net other postemployment benefits (OPEB) liability of the District's OPEB Trust Fund be reported as a liability in the Statement of Net Position. Accordingly, the beginning net position as of October 1, 2017 has been restated as follows:

Statement of Net Position

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Beginning net position, previously reported | \$ 32,807,478 |
| Deduct: | |
| Net OPEB liability 10/1/2017 | <u>(440,243)</u> |
| Total | <u>\$ 32,367,235</u> |

REQUIRED

SUPPLEMENTARY INFORMATION

OTHER THAN MD&A

OTHER POST-EMPLOYMENT

BENEFITS

TOWN OF BELLEAIR

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2018

**SCHEDULE OF CHANGE IN TOTAL OPEB LIABILITY AND
RELATED RATIOS
Last Fiscal Year**

| Total OPEB Liability | <u>2018</u> |
|--|--------------------------|
| Service Cost | \$ 27,679 |
| Interest | 20,249 |
| Difference Between Expected and Actual Experience | (112,702) |
| Change in Assumptions | (15,946) |
| Changes of Benefit Terms | - |
| Benefit Payments | <u>(58,183)</u> |
| Net Change in Total OPEB Liability | (138,903) |
| Total OPEB Liability - Beginning | <u>558,979</u> |
| Total OPEB Liability - Ending | <u><u>\$ 420,076</u></u> |
| Covered payroll | \$ 2,817,098 |
| Total OPEB liability as a percentage of covered-payroll | 14.90% |

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

POLICE OFFICERS'

PENSION FUND

GASB STATEMENT 68

TOWN OF BELLEAIR, FLORIDA

POLICE OFFICERS' PENSION TRUST FUND

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

| | | <u>Last Five Fiscal Years</u> | | | | |
|---|-----------|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Reporting period ending | 9/30/2018 | | | | | |
| Measurement date | 9/30/2018 | September 30, 2018 | September 30, 2017 | September 30, 2016 | September 30, 2015 | September 30, 2014 |
| Total pension liability: | | | | | | |
| Service cost | | \$ 276,250 | \$ 235,024 | \$ 237,141 | \$ 202,940 | \$ 239,594 |
| Interest | | 329,454 | 321,366 | 280,727 | 270,052 | 236,179 |
| Changes of benefit terms | | - | (29,812) | - | - | - |
| Difference between expected and actual experience | | 83,595 | (137,418) | (123,703) | (127,034) | - |
| Change in assumptions | | 12,638 | - | 143,054 | - | - |
| Benefit payments, including refunds of employee contributions | | <u>(193,311)</u> | <u>(180,671)</u> | <u>(158,004)</u> | <u>(141,005)</u> | <u>(141,832)</u> |
| Net change in total pension liability | | 508,626 | 208,489 | 379,215 | 204,953 | 333,941 |
| Total pension liability - beginning | | <u>4,102,570</u> | <u>3,894,081</u> | <u>3,514,866</u> | <u>3,309,913</u> | <u>2,975,972</u> |
| Total pension liability ending (a) | | <u>\$ 4,611,196</u> | <u>\$ 4,102,570</u> | <u>\$ 3,894,081</u> | <u>\$ 3,514,866</u> | <u>\$ 3,309,913</u> |
| Plan fiduciary net position: | | | | | | |
| Contributions - employer | | \$ 168,361 | \$ 176,105 | \$ 150,036 | \$ 213,760 | \$ 237,836 |
| Contributions - state | | 52,950 | 48,160 | 48,560 | 47,291 | 44,305 |
| Contributions - employees | | 54,471 | 52,223 | 46,400 | 47,017 | 46,612 |
| Net investment income (loss) | | 257,192 | 408,804 | 166,378 | (17,732) | 242,548 |
| Benefit payments including refunds of employee contributions | | (193,311) | (180,671) | (158,004) | (141,005) | (141,832) |
| Administrative expenses | | <u>(35,850)</u> | <u>(29,286)</u> | <u>(27,832)</u> | <u>(28,373)</u> | <u>(20,917)</u> |
| Net change in plan fiduciary net position | | 303,813 | 475,335 | 225,538 | 120,958 | 408,552 |
| Plan fiduciary net position - beginning | | <u>3,720,863</u> | <u>3,245,528</u> | <u>3,019,990</u> | <u>2,899,032</u> | <u>2,490,480</u> |
| Plan fiduciary net position - ending (b) | | <u>\$ 4,024,676</u> | <u>\$ 3,720,863</u> | <u>\$ 3,245,528</u> | <u>\$ 3,019,990</u> | <u>\$ 2,899,032</u> |
| Net pension liability (asset) (a) - (b) | | <u>\$ 586,520</u> | <u>\$ 381,707</u> | <u>\$ 648,553</u> | <u>\$ 494,876</u> | <u>\$ 410,881</u> |

TOWN OF BELLEAIR, FLORIDA

POLICE OFFICERS' PENSION TRUST FUND

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

SCHEDULE OF RATIOS

Last Five Fiscal Years

| | <u>September 30, 2018</u> | <u>September 30, 2017</u> | <u>September 30, 2016</u> | <u>September 30, 2015</u> | <u>September 30, 2014</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Plan fiduciary net position as a percentage of the total pension liability | <u>87.29%</u> | <u>90.70%</u> | <u>83.34%</u> | <u>85.92%</u> | <u>87.59%</u> |
| Covered payroll* | \$ <u>907,853</u> | \$ <u>870,386</u> | \$ <u>773,326</u> | \$ <u>783,615</u> | \$ <u>738,422</u> |
| Net pension liability as a percentage of covered payroll | <u>64.61%</u> | <u>43.85%</u> | <u>83.87%</u> | <u>63.15%</u> | <u>55.64%</u> |

**For the fiscal year 2018, the Covered Payroll is shown in compliance with GASB 82.*

TOWN OF BELLEAIR, FLORIDA

POLICE OFFICERS' PENSION TRUST FUND

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

SCHEDULE OF CONTRIBUTIONS

Last Five Fiscal Years

| | | | | | | |
|--|-----------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Report period ending | 9/30/2018 | | | | | |
| Measurement date | 9/30/2018 | | | | | |
| | | September 30, 2018 | September 30, 2017 | September 30, 2016 | September 30, 2015 | September 30, 2014 |
| Actuarially determined contributions | \$ | 221,881 | \$ 223,396 | \$ 197,989 | \$ 261,051 | \$ 286,371 |
| Contributions in relation to the actuarially determined contributions | | 221,881 | 223,396 | 198,596 | 261,051 | 286,371 |
| Contribution deficiency (excess) | \$ | <u>-</u> | \$ <u>-</u> | \$ <u>(607)</u> | \$ <u>-</u> | \$ <u>-</u> |
| Covered payroll | \$ | <u>907,853</u> | \$ <u>870,386</u> | \$ <u>773,326</u> | \$ <u>783,615</u> | \$ <u>738,422</u> |
| Contributions as a percentage of covered payroll | | <u>24.44%</u> | <u>25.67%</u> | <u>25.60%</u> | <u>33.31%</u> | <u>38.78%</u> |

TOWN OF BELLEAIR, FLORIDA

POLICE OFFICERS' PENSION TRUST FUND

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

NOTES TO SCHEDULE OF CONTRIBUTIONS

Last Five Fiscal Years

Notes to Schedule

Valuation date 10/01/2016 (ais 10/17/2017)
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Mortality rate: Healthy Lives:
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.
Disabled Lives:
Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.
Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White collar with no setback, no projection scale.
The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuation of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

Interest rate: 7.75 % per year compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

TOWN OF BELLEAIR, FLORIDA

POLICE OFFICERS' PENSION TRUST FUND

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

NOTES TO SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Last Five Fiscal Years

Retirement age: Earlier of Age 55 with 5 years of credited service or 25 years of credited service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel that this assumptions is reasonable based on Plan provisions.

Early retirement: Commencing with the earliest Early Retirement (age 50 with 10 years of Credited Service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We feel that this assumptions is reasonable based on Plan provisions.

Disability rate: See table below (65% of which are assumed to be regular in-line of duty, 10% catastrophic, and 25% not-in-line of duty). This assumption weas developed from those used by other plans containing Florida municipa. Police Officers.

Termination rate: See table below. This is based on the results of an experience study for the period 3002 to 2010.

Salary increases: 6.5% per year until the assumed retirement age, see table below. Projected salary at retirement is increased 20% to account for final non-regular compensation. This is supported by the results of an experience study for the period 1987 to 2010.

Payroll growth: 3% per year. This is in compliance with Part VII of Chapter 112, Florida Statutes.

Funding method: Frozen Entry Age Actuarial Cost Method.

Amortization method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 30 Years (as of 10/01/2017 Valuation).

Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

| Decrement tables: | % Terminating | | % Becoming Disabled |
|-------------------|---------------|------------------------|------------------------|
| | <u>Age</u> | <u>During the Year</u> | <u>During the Year</u> |
| | 20 | 12.0% | 0.03% |
| | 30 | 10.0% | 0.04% |
| | 40 | 5.2% | 0.07% |
| | 50 | 1.6% | 0.18% |

TOWN OF BELLEAIR, FLORIDA

POLICE OFFICERS' PENSION TRUST FUND

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

SCHEDULE OF INVESTMENT RETURNS

Last Five Fiscal Years*

| | September 30, 2018 | September 30, 2017 | September 30, 2016 | September 30, 2015 | September 30, 2014 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Annual money-weighted rate of return net of investment expense | <u>7.11%</u> | <u>12.48%</u> | <u>5.68%</u> | <u>-0.75%</u> | <u>9.80%</u> |

*Schedule will continue to be expanded until ten years are presented.

NONMAJOR
COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS
AND SCHEDULES

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to finance particular activities and are created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by legal, regulatory or administrative action to pay for certain activities with some form of continuing revenues.

Park and Public District Enhancement Fund - to account for the receipt of fees in lieu of the replacement of trees removed from Town property as required by the Town's Land Development Code. All fees collected must be used for landscape planning, tree and other plantings and maintenance of public properties.

Local Option Gas Tax Fund - to account for proceeds from the local option gas tax as levied by the Pinellas County, Florida Board of County Commissioners.

Transportation Impact Fee Fund - to account for proceeds from the transportation impact fee as levied by the Pinellas County, Florida Board of County Commissioners.

CAPITAL PROJECTS FUND

Capital projects fund is used to account for the acquisition and construction of capital facilities other than those financed by proprietary funds and trust funds.

Capital Equipment Replacement Fund - To account for the planned acquisition of equipment, tools, and vehicles. The general fund will transfer the funding for these purchases to the capital equipment replacement fund.

TOWN OF BELLEAIR, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

| | Special Revenue | | | | Capital Projects | Total Nonmajor Governmental Funds |
|---|--------------------------------|----------------------------|---------------------------------|-------------------|-------------------------------------|--|
| | Public District Enhancement | Local Option Gas Tax | Transportation Impact Fee | Total | Capital Equipment Replacement | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 66,740 | \$ 94,612 | \$ 66,036 | \$ 227,388 | \$ 28,806 | \$ 256,194 |
| Investments | 126 | 3,000 | 1,041 | 4,167 | 300,000 | 304,167 |
| Receivables (net of allowance for uncollectible accounts): | | | | | | |
| Accounts | - | - | - | - | - | - |
| County | - | 9,064 | - | 9,064 | - | 9,064 |
| TOTAL ASSETS | \$ 66,866 | \$ 106,676 | \$ 67,077 | \$ 240,619 | \$ 328,806 | \$ 569,425 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 1,033 | \$ - | \$ - | \$ 1,033 |
| TOTAL LIABILITIES | - | - | 1,033 | - | - | 1,033 |
| FUND BALANCES | | | | | | |
| FUND BALANCES: | | | | | | |
| Restricted | 66,866 | 106,676 | 66,044 | 239,586 | 328,806 | 568,392 |
| TOTAL FUND BALANCES | 66,866 | 106,676 | 66,044 | 239,586 | 328,806 | 568,392 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 66,866 | \$ 106,676 | \$ 67,077 | \$ 239,586 | \$ 328,806 | \$ 569,425 |

TOWN OF BELLEAIR, FLORIDA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| | Special Revenue | | | | Capital Projects Capital Equipment Replacement | Total Nonmajor Governmental Funds |
|---|--|----------------------------|---------------------------------|-------------------|--|--|
| | Park and Public District Enhancement | Local Option Gas Tax | Transportation Impact Fee | Total | | |
| Revenues: | | | | | | |
| Intergovernmental | \$ - | \$ 55,336 | \$ 1,033 | \$ 56,369 | \$ - | \$ 56,369 |
| Charges for services | 86,485 | - | - | 86,485 | - | 86,485 |
| Miscellaneous | - | - | - | - | - | - |
| Interest earned | 3 | 72 | 25 | 100 | - | 100 |
| TOTAL REVENUES | 86,488 | 55,408 | 1,058 | 142,954 | - | 142,954 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Recreation | 24,128 | - | - | 24,128 | - | 24,128 |
| Transportation | - | 41,388 | - | - | - | 41,388 |
| TOTAL EXPENDITURES | 24,128 | 41,388 | - | 24,128 | - | 65,516 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 62,360 | 14,020 | 1,058 | 77,438 | - | 77,438 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in: | | | | | | |
| Solid Waste Management Fund | - | - | - | - | - | - |
| Water Fund | - | - | - | - | - | - |
| General Fund | - | - | - | - | 51,450 | 51,450 |
| Capital Equipment Replacement | - | - | - | - | - | - |
| Infrastructure Fund | - | - | - | - | - | - |
| Transfers out: | | | | | | |
| General Fund | - | (63,850) | - | (63,850) | (57,544) | (121,394) |
| Infrastructure Fund | - | - | - | - | - | - |
| Local Option Gas Tax Fund | - | - | - | - | - | - |
| Water Fund | - | - | - | - | (102,800) | (102,800) |
| Solid Waste Management Fund | - | - | - | - | (184,500) | (184,500) |
| Total other financing sources and (uses) | - | (63,850) | - | (63,850) | (293,394) | (357,244) |
| NET CHANGE IN FUND BALANCES | 62,360 | (49,830) | 1,058 | 13,588 | (293,394) | (279,806) |
| FUND BALANCES, OCTOBER 1 | 4,506 | 156,506 | 64,986 | 225,998 | 622,200 | 848,198 |
| FUND BALANCES, SEPTEMBER 30 | \$ 66,866 | \$ 106,676 | \$ 66,044 | \$ 239,586 | \$ 328,806 | \$ 568,392 |

CAPITAL PROJECTS FUND -
BUDGET AND ACTUAL - FROM INCEPTION

Infrastructure fund

To account for proceeds from the Pinellas County, Florida one-cent sales surtax collections, other governmental resources and grant revenues used for the acquisition or construction of capital assets identified in the town's five-year capital improvement plan.

TOWN OF BELLEAIR, FLORIDA

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

CAPITAL PROJECTS FUND

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| | Infrastructure Fund | | | |
|---|--------------------------|-------------------|------------------|-------------------|
| | Project Authorization | Prior Years | Current Year | Total to Date |
| REVENUES: | | | | |
| Taxes: | | | | |
| Property | \$ 3,344,600 | \$ 7,630,105 | \$ 676,739 | \$ 8,306,844 |
| Utility | 1,150,000 | 3,639,721 | 772,139 | 4,411,860 |
| Intergovernmental: | | | | |
| Infrastructure sales surtax | 1,992,600 | 6,149,020 | 434,396 | 6,583,416 |
| Grant | 5,162,800 | 1,358,165 | 749,683 | 2,107,848 |
| Interest earned | 193,000 | 194,010 | 30,445 | 224,455 |
| Donations | 4,098,000 | 4,101,871 | 165,000 | 4,266,871 |
| Miscellaneous | - | 118,519 | - | 118,519 |
| TOTAL REVENUES | 15,941,000 | 23,191,411 | 2,828,402 | 26,019,813 |
| EXPENDITURES: | | | | |
| Capital outlay: | | | | |
| Manager | - | 709,597 | - | 709,597 |
| Finance and administration | - | 1,562,802 | 176,938 | 1,739,740 |
| Streets | 43,131,628 | 26,526,591 | 658,929 | 27,185,520 |
| Culture and recreation | - | 6,941,803 | 37,640 | 6,979,443 |
| Debt service: | | | | |
| Principal | - | 1,470,000 | 405,000 | 1,875,000 |
| Interest and fees | - | 1,836,069 | 292,933 | 2,129,002 |
| TOTAL EXPENDITURES | 43,131,628 | 39,046,862 | 1,571,440 | 40,618,302 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (27,190,628) | (15,855,451) | 1,256,962 | (14,598,489) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from debt | 10,000,000 | 10,000,000 | 762,390 | 10,762,390 |
| Transfers in (out): | | | | |
| General Fund | 3,160,000 | 6,488,671 | - | 6,488,671 |
| Golf Fund | 3,960,614 | 4,023,940 | - | 4,023,940 |
| Local Option Gas Tax | - | 560,600 | - | 560,600 |
| Water Fund | - | (982,016) | - | (982,016) |
| Wastewater Management Fund | - | 100,000 | - | 100,000 |
| Park and Public District Enhancement Fund | - | 36,100 | - | 36,100 |
| Equipment Replacement Fund | - | 95,200 | - | 95,200 |
| Total other financing sources (uses) | 17,120,614 | 20,322,495 | 762,390 | 21,084,885 |
| NET CHANGE IN FUND BALANCE | \$ (10,070,014) | \$ 4,467,044 | 2,019,352 | \$ 6,486,396 |
| FUND BALANCE, OCTOBER 1 | | | 4,583,843 | |
| FUND BALANCE, SEPTEMBER 30 | | | \$ 6,603,195 | |

ENTERPRISE FUNDS

Enterprise funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges.

water fund - to account for the assets, operation and maintenance of the town-owned water system.

wastewater management - to account for the assets, operation and maintenance of the town-owned sewer system.

solid waste management fund - to account for the assets, operation and maintenance of the town-owned refuse disposal system.

TOWN OF BELLEAIR, FLORIDA

WATER ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| | <u>ORIGINAL BUDGETED AMOUNTS</u> | <u>FINAL BUDGETED AMOUNTS</u> | <u>ACTUAL AMOUNTS</u> | <u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u> |
|---|--|---------------------------------------|---------------------------|--|
| OPERATING REVENUES: | | | | |
| Charges for sales and services | \$ 1,480,000 | \$ 1,667,000 | \$ 1,683,742 | \$ 16,742 |
| Total operating revenues | 1,480,000 | 1,667,000 | 1,683,742 | 16,742 |
| OPERATING EXPENSES: | | | | |
| Personal services | 567,000 | 567,000 | 552,990 | 14,010 |
| Materials and supplies | 660,350 | 660,350 | 615,046 | 45,304 |
| Utilities | 116,150 | 248,150 | 198,376 | 49,774 |
| Depreciation | 127,500 | 127,500 | 144,146 | (16,646) |
| Total operating expenses | 1,471,000 | 1,603,000 | 1,510,558 | 92,442 |
| OPERATING INCOME (LOSS) | 9,000 | 64,000 | 173,184 | 109,184 |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Interest revenue | - | - | 2,137 | 2,137 |
| Gain on disposal of assets | - | - | - | - |
| Grant | - | - | - | - |
| Other income | - | - | 2,066 | 2,066 |
| Total nonoperating revenues | - | - | 4,203 | 4,203 |
| Income (loss) before contributions and transfers | 9,000 | 64,000 | 177,387 | 113,387 |
| Capital contributions - tap fees | 1,000 | 1,000 | 11,502 | 10,502 |
| Transfers in | 55,000 | 102,800 | 102,800 | - |
| Transfers (out) | - | - | - | - |
| CHANGE IN NET POSITION | 65,000 | 167,800 | 291,689 | 123,889 |
| NET POSITION, OCTOBER 1 | 4,661,626 | 4,661,626 | 4,661,626 | - |
| NET POSITION, SEPTEMBER 30 | \$ 4,726,626 | \$ 4,829,426 | \$ 4,953,315 | \$ 123,889 |

TOWN OF BELLEAIR, FLORIDA

WASTEWATER MANAGEMENT ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| | <u>ORIGINAL BUDGETED AMOUNTS</u> | <u>FINAL BUDGETED AMOUNTS</u> | <u>ACTUAL AMOUNTS</u> | <u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u> |
|---|--|---------------------------------------|---------------------------|--|
| OPERATING REVENUES: | | | | |
| Charges for sales and services \$ | 750,000 | \$ 1,000,000 | \$ 1,132,032 | \$ 132,032 |
| OPERATING EXPENSES: | | | | |
| Materials and supplies | 750,000 | 1,129,000 | 1,120,917 | (8,083) |
| Utilities | - | - | - | - |
| Depreciation | - | - | - | - |
| Total operating expenses | <u>750,000</u> | <u>1,129,000</u> | <u>1,120,917</u> | <u>(8,083)</u> |
| OPERATING INCOME (LOSS) | - | (129,000) | 11,115 | 140,115 |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Interest revenue | - | - | - | - |
| Other income | - | - | - | - |
| Loss on disposal of fixed assets | - | - | - | - |
| Total nonoperating revenues (expenses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Income (loss) before contributions and transfers | - | (129,000) | 11,115 | 140,115 |
| Transfers out | <u>(55,000)</u> | <u>(129,000)</u> | <u>(129,000)</u> | <u>-</u> |
| CHANGE IN NET POSITION | (55,000) | (258,000) | (117,885) | 140,115 |
| NET POSITION, OCTOBER 1 | <u>444,209</u> | <u>444,209</u> | <u>444,209</u> | <u>-</u> |
| NET POSITION, SEPTEMBER 30 | <u><u>389,209</u></u> | <u><u>\$ 186,209</u></u> | <u><u>\$ 326,324</u></u> | <u><u>\$ 140,115</u></u> |

TOWN OF BELLEAIR, FLORIDA

SOLID WASTE MANAGEMENT ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| | ORIGINAL BUDGETED AMOUNTS | FINAL BUDGETED AMOUNTS | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE) |
|--|---------------------------------|------------------------------|-------------------|--|
| OPERATING REVENUES: | | | | |
| Charges for sales and services | \$ 805,000 | \$ 805,000 | \$ 814,788 | \$ 9,788 |
| Total operating revenues | 805,000 | 805,000 | 814,788 | 9,788 |
| OPERATING EXPENSES: | | | | |
| Personal services | 343,250 | 343,250 | 330,364 | 12,886 |
| Materials and supplies | 695,253 | 695,253 | 342,536 | 352,717 |
| Utilities | 1,450 | 1,450 | 553 | 897 |
| Garbage and trash disposal | 125,400 | 107,400 | 103,640 | 3,760 |
| Depreciation | 77,500 | 77,500 | 76,611 | 889 |
| Total operating expenses | 1,242,853 | 1,224,853 | 853,704 | 371,149 |
| OPERATING INCOME (LOSS) | (437,853) | (419,853) | (38,916) | 380,937 |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Interest revenue | 500 | 500 | 610 | 110 |
| Grant | 3,000 | 3,000 | 2,883 | (117) |
| Gain (loss) on disposal | 60,000 | 60,000 | | (60,000) |
| Other income | 500 | 500 | 3,117 | 2,617 |
| Total nonoperating revenues | 64,000 | 64,000 | 6,610 | (57,390) |
| Income (loss) before transfers | (373,853) | (355,853) | (32,306) | 323,547 |
| Transfers in | | 184,500 | 184,500 | - |
| Transfers out | - | - | - | - |
| CHANGE IN NET POSITION | (373,853) | (171,353) | 152,194 | 323,547 |
| NET POSITION, OCTOBER 1 | 1,067,802 | 1,067,802 | 1,067,802 | - |
| NET POSITION, SEPTEMBER 30 | \$ 693,949 | \$ 896,449 | \$ 1,219,996 | \$ 323,547 |

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

TOWN OF BELLEAIR, FLORIDA

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

SEPTEMBER 30, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|
| Governmental Funds Capital Assets: | | |
| Land | \$ 5,637,015 | \$ 5,637,015 |
| Buildings and improvements | 5,210,791 | 5,210,791 |
| Improvements other than buildings | 554,625 | 553,430 |
| Equipment | 2,479,406 | 2,599,662 |
| Infrastructure | <u>33,665,595</u> | <u>33,665,595</u> |
| Total Governmental Funds Capital Assets | \$ <u>47,547,432</u> | \$ <u>47,666,493</u> |
| Governmental Funds Capital Assets by Source: | | |
| General Fund | \$ 23,458,904 | \$ 23,577,965 |
| Special revenue funds | 3,576,547 | 3,576,547 |
| Capital projects fund | 20,480,912 | 20,480,912 |
| Federal revenue sharing entitlements | <u>31,069</u> | <u>31,069</u> |
| Total Governmental Funds Capital Assets | \$ <u>47,547,432</u> | \$ <u>47,666,493</u> |

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

TOWN OF BELLEAIR, FLORIDA

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

SEPTEMBER 30, 2018 AND 2017

| Function and Activity | 2018 | | | | | | |
|--|---------------|--------------|----------------------------|-----------------------------------|--------------|--------------------------|-----------------|
| | Total | Land | Buildings and Improvements | Improvements Other Than Buildings | Equipment | Construction in Progress | Infra-structure |
| General Government: | | | | | | | |
| Manager | \$ 297,721 | \$ - | \$ - | \$ 53,642 | \$ 244,079 | \$ - | \$ - |
| Finance and Administration | 6,214,999 | 3,186,475 | 2,257,066 | 239,800 | 531,658 | - | - |
| Comprehensive Planning | 9,751 | - | - | - | 9,751 | - | - |
| Town Clerk | 16,430 | - | - | - | 16,430 | - | - |
| Total general government | 6,538,901 | 3,186,475 | 2,257,066 | 293,442 | 801,918 | - | - |
| Public Safety: | | | | | | | |
| Police | 523,900 | - | - | - | 523,900 | - | - |
| Transportation: | | | | | | | |
| Streets | 35,502,019 | 1,598,000 | 6,592 | - | 231,832 | - | 33,665,595 |
| Culture and Recreation: | | | | | | | |
| Parks | 1,329,265 | 749,300 | - | 111,928 | 468,037 | - | - |
| Recreation | 3,653,347 | 103,240 | 2,947,133 | 149,255 | 453,719 | - | - |
| Total culture and recreation | 4,982,612 | 852,540 | 2,947,133 | 261,183 | 921,756 | - | - |
| Total governmental funds Capital Assets | \$ 47,547,432 | \$ 5,637,015 | \$ 5,210,791 | \$ 554,625 | \$ 2,479,406 | \$ - | \$ 33,665,595 |

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

TOWN OF BELLEAIR, FLORIDA

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

SEPTEMBER 30, 2018 AND 2017

| Function and Activity | 2017 | | | | | | |
|--|---------------|--------------|----------------------------------|---|--------------|--------------------------------|---------------------|
| | Total | Land | Buildings and Improvements | Improvements Other Than Buildings | Equipment | Construction in Progress | Infra- structure |
| General Government: | | | | | | | |
| Manager | \$ 293,170 | \$ - | \$ - | \$ 53,642 | \$ 239,528 | \$ - | \$ - |
| Finance and Administration | 6,029,648 | 3,186,475 | 2,257,066 | 239,800 | 346,307 | - | - |
| Comprehensive Planning | 34,422 | - | - | - | 34,422 | - | - |
| Town Clerk | 16,430 | - | - | - | 16,430 | - | - |
| Total general government | 6,373,670 | 3,186,475 | 2,257,066 | 293,442 | 636,687 | - | - |
| Public Safety: | | | | | | | |
| Police | 594,532 | - | - | - | 594,532 | - | - |
| Transportation: | | | | | | | |
| Streets | 35,696,166 | 1,598,000 | 6,592 | - | 425,979 | - | 33,665,595 |
| Culture and Recreation: | | | | | | | |
| Parks | 1,383,723 | 749,300 | - | 111,929 | 522,494 | - | - |
| Recreation | 3,618,402 | 103,240 | 2,947,133 | 148,059 | 419,970 | - | - |
| Total culture and recreation | 5,002,125 | 852,540 | 2,947,133 | 259,988 | 942,464 | - | - |
| Total governmental funds Capital Assets | \$ 47,666,493 | \$ 5,637,015 | \$ 5,210,791 | \$ 553,430 | \$ 2,599,662 | \$ - | \$ 33,665,595 |

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

TOWN OF BELLEAIR, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| <u>Function and Activity</u> | Governmental Funds Capital Assets October 1, 2017 | Additions | Deductions | Governmental Funds Capital Assets September 30, 2018 |
|--|---|-------------------|-------------------|--|
| General Government: | | | | |
| Manager | \$ 293,170 | \$ 33,554 | \$ 29,003 | \$ 297,721 |
| Finance and Administration | 6,029,648 | 229,545 | 44,194 | 6,214,999 |
| Comprehensive Planning | 34,422 | - | 24,671 | 9,751 |
| Town Clerk | 16,430 | - | | 16,430 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total general government | 6,373,670 | 263,099 | 97,868 | 6,538,901 |
| Public Safety: | | | | |
| Police | 594,532 | | 70,632 | 523,900 |
| Transportation: | | | | |
| Streets | 35,696,166 | 67,047 | 261,194 | 35,502,019 |
| Culture and Recreation: | | | | |
| Parks | 1,383,723 | | 54,458 | 1,329,265 |
| Recreation | 3,618,402 | 78,873 | 43,928 | 3,653,347 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total culture and recreation | 5,002,125 | 78,873 | 98,386 | 4,982,612 |
| Total governmental funds Capital Assets | \$ <u>47,666,493</u> | \$ <u>409,019</u> | \$ <u>528,080</u> | \$ <u>47,547,432</u> |

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

STATISTICAL SECTION

This part of the Town of Belleair, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

| Content | Page |
|---|-------------|
| Financial Trends | 115 |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time</i> | |
| Revenue Capacity | 126 |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 131 |
| <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue debt in the future.</i> | |
| Demographic and Economic Information | 135 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i> | |
| Operating Information | 137 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> | |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

COMMENTS ON THE STATISTICAL SECTION

September 30, 2018

The following statistical tables recommended by GASB Statement No. 44 are not included for the reasons stated below:

A table on ratios of outstanding debt by type, ratios of general bonded debt outstanding, and pledged revenue coverage has been omitted because the town has no general obligation or revenue bonded debt.

A table on the computation of legal debt margin has been omitted because the constitution of the State of Florida, Florida Statutes 200.181 and the charter of the Town of Belleair, Florida have no set legal debt margin.

Additional schedules which are felt to be useful to various users, principally investors, underwriters, and rating agencies, have been included in this section.

FINANCIAL TRENDS

TOWN OF BELLEAIR, FLORIDA

NET POSITION BY COMPONENT

(accrual basis of accounting)

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Governmental activities: | | | | | | | | | | |
| Invested in capital assets | \$ 24,865,070 | \$ 26,107,346 | \$ 26,838,533 | \$ 24,653,063 | \$ 23,677,895 | \$ 24,452,960 | \$ 20,407,306 | \$ 19,934,854 | \$ 18,612,877 | \$ 19,122,641 |
| Restricted | 6,932,001 | 5,206,043 | 2,951,253 | 4,743,141 | 7,109,356 | 6,257,868 | 6,605,664 | 4,821,760 | 5,710,035 | 4,918,345 |
| Unrestricted | <u>865,363</u> | <u>1,494,089</u> | <u>1,621,008</u> | <u>1,991,762</u> | <u>2,094,892</u> | <u>2,409,635</u> | <u>2,258,858</u> | <u>5,106,852</u> | <u>4,648,413</u> | <u>5,973,331</u> |
| Total governmental activities net position | \$ <u>32,662,434</u> | \$ <u>32,807,478</u> | \$ <u>31,410,794</u> | \$ <u>31,387,966</u> | \$ <u>32,882,143</u> | \$ <u>33,120,463</u> | \$ <u>29,271,828</u> | \$ <u>29,863,466</u> | \$ <u>28,971,325</u> | \$ <u>30,014,317</u> |
| Business-type activities: | | | | | | | | | | |
| Invested in capital assets | \$ 3,481,032 | \$ 3,701,788 | \$ 3,797,561 | \$ 3,311,142 | \$ 2,581,793 | \$ 2,394,821 | \$ 2,929,249 | \$ 1,141,684 | \$ 2,919,090 | \$ 2,894,524 |
| Restricted | - | - | - | - | - | - | - | 1,560,745 | 1,568,889 | 1,611,695 |
| Unrestricted | <u>3,018,603</u> | <u>2,471,849</u> | <u>1,904,753</u> | <u>1,540,083</u> | <u>1,326,702</u> | <u>1,196,803</u> | <u>1,106,435</u> | <u>1,690,031</u> | <u>207,383</u> | <u>286,154</u> |
| Total business-type activities net position | \$ <u>6,499,635</u> | \$ <u>6,173,637</u> | \$ <u>5,702,314</u> | \$ <u>4,851,225</u> | \$ <u>3,908,495</u> | \$ <u>3,591,624</u> | \$ <u>4,035,684</u> | \$ <u>4,392,460</u> | \$ <u>4,695,362</u> | \$ <u>4,792,373</u> |
| Primary government: | | | | | | | | | | |
| Invested in capital assets | \$ 28,346,102 | \$ 29,809,134 | \$ 30,636,094 | \$ 27,964,205 | \$ 26,259,688 | \$ 26,847,781 | \$ 23,336,555 | \$ 21,076,538 | \$ 21,531,967 | \$ 22,017,165 |
| Restricted | 6,932,001 | 5,206,043 | 2,951,253 | 4,743,141 | 7,109,356 | 6,257,868 | 6,605,664 | 6,382,505 | 7,278,924 | 6,530,040 |
| Unrestricted | <u>3,883,966</u> | <u>3,965,938</u> | <u>3,525,761</u> | <u>3,531,845</u> | <u>3,421,594</u> | <u>3,606,438</u> | <u>3,365,293</u> | <u>6,796,883</u> | <u>4,855,796</u> | <u>6,259,485</u> |
| Total primary government net position | \$ <u>39,162,069</u> | \$ <u>38,981,115</u> | \$ <u>37,113,108</u> | \$ <u>36,239,191</u> | \$ <u>36,790,638</u> | \$ <u>36,712,087</u> | \$ <u>33,307,512</u> | \$ <u>34,255,926</u> | \$ <u>33,666,687</u> | \$ <u>34,806,690</u> |

TOWN OF BELLEAIR, FLORIDA

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| EXPENSES | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General government | \$ 2,421,895 | \$ 1,967,156 | \$ 2,053,304 | \$ 2,054,234 | \$ 1,184,964 | \$ 1,342,208 | \$ 1,773,552 | \$ 1,697,883 | \$ 1,837,143 | \$ 2,159,122 |
| Public safety | 2,706,521 | 2,039,913 | 2,034,289 | 1,897,974 | 1,983,092 | 1,894,025 | 1,853,235 | 1,818,641 | 1,717,806 | 1,812,338 |
| Transportation | 2,218,908 | 1,850,840 | 1,526,427 | 1,960,039 | 2,850,323 | 1,228,942 | 1,728,212 | 607,758 | 2,111,298 | 1,216,164 |
| Culture and recreation | 1,117,694 | 1,314,695 | 1,593,065 | 1,562,682 | 2,103,713 | 2,643,548 | 1,328,378 | 631,017 | 631,840 | 752,449 |
| Interest on long-term debt | 315,254 | 313,991 | 325,571 | 335,549 | 348,726 | 371,028 | - | - | - | - |
| Total governmental activities expenses | <u>8,780,272</u> | <u>7,486,595</u> | <u>7,532,656</u> | <u>7,810,478</u> | <u>8,470,818</u> | <u>7,479,751</u> | <u>6,683,377</u> | <u>4,755,299</u> | <u>6,298,087</u> | <u>5,940,073</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 1,510,558 | 1,340,841 | 1,258,032 | 1,330,521 | 1,357,055 | 1,286,178 | 1,293,463 | 1,295,431 | 1,228,616 | 1,382,515 |
| Waste water management | 1,120,917 | 1,161,092 | 1,090,771 | 1,029,745 | 1,018,861 | 1,088,648 | 898,706 | 817,919 | 838,632 | 991,631 |
| Solid waste management | 853,704 | 820,199 | 777,415 | 730,794 | 768,853 | 779,554 | 801,014 | 827,307 | 789,649 | 760,528 |
| Total business-type activities expenses | <u>3,485,179</u> | <u>3,322,132</u> | <u>3,126,218</u> | <u>3,091,060</u> | <u>3,144,769</u> | <u>3,154,380</u> | <u>2,993,183</u> | <u>2,940,657</u> | <u>2,856,897</u> | <u>3,134,674</u> |
| Total primary government expenses | <u>\$ 12,265,451</u> | <u>\$ 10,808,727</u> | <u>\$ 10,658,874</u> | <u>\$ 10,901,538</u> | <u>\$ 11,615,587</u> | <u>\$ 10,634,131</u> | <u>\$ 9,676,560</u> | <u>\$ 7,695,956</u> | <u>\$ 9,154,984</u> | <u>\$ 9,074,747</u> |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | \$ 1,767,065 | \$ 1,685,143 | \$ 1,558,152 | \$ 1,730,392 | \$ 2,075,803 | \$ 2,353,821 | \$ 1,194,490 | \$ 1,179,717 | \$ 1,096,623 | \$ 759,833 |
| Capital grants and contributions | 799,683 | 583,095 | 711,739 | 765 | 67,928 | 28,527 | 29,360 | 4,465 | 540 | 2,534,079 |
| Total governmental activities program revenues | <u>2,566,748</u> | <u>2,268,238</u> | <u>2,269,891</u> | <u>1,731,157</u> | <u>2,143,731</u> | <u>2,382,348</u> | <u>1,223,850</u> | <u>1,184,182</u> | <u>1,097,163</u> | <u>3,293,912</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 1,683,742 | 1,730,516 | 1,473,926 | 1,430,682 | 1,664,602 | 889,344 | 905,418 | 989,853 | 829,194 | 986,824 |
| Waste water management | 1,132,032 | 1,167,614 | 1,105,844 | 1,089,009 | 1,059,708 | 1,056,848 | 946,043 | 811,867 | 778,319 | 803,723 |
| Solid waste management | 814,788 | 794,404 | 780,881 | 792,490 | 802,262 | 834,709 | 818,764 | 792,796 | 770,832 | 725,643 |
| Total business-type activities revenues | <u>3,630,562</u> | <u>3,692,534</u> | <u>3,360,651</u> | <u>3,312,181</u> | <u>3,526,572</u> | <u>2,780,901</u> | <u>2,670,225</u> | <u>2,594,516</u> | <u>2,378,345</u> | <u>2,516,190</u> |
| Total primary government program revenues | <u>\$ 6,197,310</u> | <u>\$ 5,960,772</u> | <u>\$ 5,630,542</u> | <u>\$ 5,043,338</u> | <u>\$ 5,670,303</u> | <u>\$ 5,163,249</u> | <u>\$ 3,894,075</u> | <u>\$ 3,778,698</u> | <u>\$ 3,475,508</u> | <u>\$ 5,810,102</u> |
| NET (EXPENSE) REVENUE | | | | | | | | | | |
| Governmental activities | \$ (6,213,524) | \$ (5,218,357) | \$ (5,262,765) | \$ (6,079,321) | \$ (6,327,087) | \$ (5,097,403) | \$ (5,459,527) | \$ (3,571,117) | \$ (5,200,924) | \$ (2,646,161) |
| Business-type activities | <u>148,266</u> | <u>373,302</u> | <u>245,087</u> | <u>221,121</u> | <u>381,803</u> | <u>(373,479)</u> | <u>(322,958)</u> | <u>(346,141)</u> | <u>(478,552)</u> | <u>(618,484)</u> |
| Total primary government net expense | <u>\$ (6,065,258)</u> | <u>\$ (4,845,055)</u> | <u>\$ (5,017,678)</u> | <u>\$ (5,858,200)</u> | <u>\$ (5,945,284)</u> | <u>\$ (5,470,882)</u> | <u>\$ (5,782,485)</u> | <u>\$ (3,917,258)</u> | <u>\$ (5,679,476)</u> | <u>\$ (3,264,645)</u> |

TOWN OF BELLEAIR, FLORIDA

CHANGE IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
| Governmental Activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 4,079,505 | \$ 3,848,662 | \$ 3,634,385 | \$ 3,475,114 | \$ 3,403,996 | \$ 3,341,656 | \$ 3,427,519 | \$ 3,097,480 | \$ 3,114,150 | \$ 3,448,485 |
| Utility taxes | 772,139 | 773,455 | 774,675 | 762,198 | 781,857 | 547,536 | - | - | - | - |
| Franchise fees | 381,011 | 367,097 | 362,980 | 388,063 | 395,205 | 359,533 | 372,119 | 401,711 | 436,393 | 438,850 |
| Intergovernmental revenues: | | | | | | | | | | |
| Infrastructure sale surtax | 434,396 | 409,965 | 398,838 | 379,217 | 352,312 | 330,116 | 312,431 | 295,159 | 305,641 | 355,186 |
| Sales taxes | 255,019 | 245,186 | 244,096 | 237,384 | 225,502 | 214,026 | 213,743 | 204,003 | 198,117 | 198,650 |
| Communications | | | | | | | | | | |
| service tax | 177,863 | 172,563 | 173,413 | 182,916 | 187,353 | 201,448 | 205,018 | 198,023 | 202,368 | 237,782 |
| Other taxes | 56,369 | 122,867 | 60,177 | 58,013 | 59,345 | 57,738 | 56,922 | 57,961 | 59,260 | 58,694 |
| State revenue sharing | 103,932 | 101,460 | 97,630 | 96,097 | 91,596 | 88,164 | 86,813 | 86,232 | 85,640 | 85,290 |
| Investment earnings | 75,121 | 5,165 | 3,853 | 19,784 | 13,562 | 9,713 | 14,704 | 21,001 | 19,669 | 63,857 |
| Miscellaneous | 249,873 | 104,342 | 131,810 | 84,770 | 451,656 | 3,714,808 | 129,120 | 120,188 | 104,794 | 67,938 |
| Gain on sale of capital assets | 81,795 | 551,138 | - | - | 8,883 | - | - | - | - | - |
| Transfers | (158,300) | (86,859) | (596,264) | (687,531) | 117,500 | 81,300 | 49,500 | (18,500) | (368,100) | 367,730 |
| Total governmental activities | <u>6,508,723</u> | <u>6,615,041</u> | <u>5,285,593</u> | <u>4,996,025</u> | <u>6,088,767</u> | <u>8,946,038</u> | <u>4,867,889</u> | <u>4,463,258</u> | <u>4,157,932</u> | <u>5,322,462</u> |
| Business-type activities: | | | | | | | | | | |
| Capital contributions | - | - | - | - | - | 925 | 1,957 | 3,988 | - | 2,345 |
| Investment earnings | 2,747 | 1,233 | 628 | 7,394 | 163 | 130 | 99 | 1,768 | 10,311 | 31,912 |
| Gain on sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 16,685 | 9,929 | 9,110 | 26,684 | 52,405 | 9,664 | 13,626 | 18,983 | 3,130 | 15,173 |
| Transfers | 158,300 | 86,859 | 596,264 | 687,531 | (117,500) | (81,300) | (49,500) | 18,500 | 368,100 | (367,730) |
| Total business-type activities | <u>177,732</u> | <u>98,021</u> | <u>606,002</u> | <u>721,609</u> | <u>(64,932)</u> | <u>(70,581)</u> | <u>(33,818)</u> | <u>43,239</u> | <u>381,541</u> | <u>(318,300)</u> |
| Total primary government | <u>\$ 6,686,455</u> | <u>\$ 6,713,062</u> | <u>\$ 5,891,595</u> | <u>\$ 5,717,634</u> | <u>\$ 6,023,835</u> | <u>\$ 8,875,457</u> | <u>\$ 4,834,071</u> | <u>\$ 4,506,497</u> | <u>\$ 4,539,473</u> | <u>\$ 5,004,162</u> |
| CHANGE IN NET POSITION | | | | | | | | | | |
| Governmental activities | \$ 295,199 | \$ 1,396,684 | \$ 22,828 | \$ (1,083,296) | \$ (238,320) | \$ (591,638) | \$ 892,141 | \$ (1,042,992) | \$ 2,676,301 | \$ 1,275,820 |
| Business-type activities | <u>325,998</u> | <u>471,323</u> | <u>851,089</u> | <u>942,730</u> | <u>316,871</u> | <u>(356,776)</u> | <u>(302,902)</u> | <u>(97,011)</u> | <u>(936,784)</u> | <u>(202,754)</u> |
| Total primary government | <u>\$ 621,197</u> | <u>\$ 1,868,007</u> | <u>\$ 873,917</u> | <u>\$ (140,566)</u> | <u>\$ 78,551</u> | <u>\$ (948,414)</u> | <u>\$ 589,239</u> | <u>\$ (1,140,003)</u> | <u>\$ 1,739,517</u> | <u>\$ 1,073,066</u> |

TOWN OF BELLEAIR, FLORIDA

PROGRAM REVENUES BY FUNCTIONS/PROGRAM

LAST TEN FISCAL YEARS

(accrual basis of accounting)

| | PROGRAM REVENUES | | | | | | | | | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| <u>FUNCTIONS/PROGRAMS</u> | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General government | \$ 1,344,599 | \$ 1,214,939 | \$ 1,032,888 | \$ 989,962 | \$ 876,498 | \$ 693,805 | \$ 864,629 | \$ 430,752 | \$ 457,775 | \$ 362,674 |
| Public safety | 60,100 | 7,105 | 15,468 | 161,572 | 79,047 | 8,093 | 13,659 | 197,073 | 170,508 | 106,999 |
| Transportation | - | - | 509,796 | 578,858 | - | - | - | 72,704 | 72,704 | 43,392 |
| Culture and recreation | 362,366 | 463,099 | - | - | 1,120,258 | 1,651,923 | 316,202 | 479,188 | 395,636 | 246,768 |
| Subtotal governmental activities | <u>1,767,065</u> | <u>1,685,143</u> | <u>1,558,152</u> | <u>1,730,392</u> | <u>2,075,803</u> | <u>2,353,821</u> | <u>1,194,490</u> | <u>1,179,717</u> | <u>1,096,623</u> | <u>759,833</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 1,683,742 | 1,730,516 | 1,473,926 | 1,430,682 | 1,417,237 | 889,344 | 905,418 | 989,853 | 829,194 | 986,824 |
| Waste water management | 1,132,032 | 1,167,614 | 1,105,844 | 1,089,009 | 1,059,708 | 1,056,848 | 946,043 | 811,867 | 778,319 | 803,723 |
| Solid waste management | 814,788 | 794,404 | 780,881 | 792,490 | 802,262 | 834,709 | 818,764 | 792,796 | 770,832 | 725,643 |
| Subtotal business-type activities | <u>3,630,562</u> | <u>3,692,534</u> | <u>3,360,651</u> | <u>3,312,181</u> | <u>3,279,207</u> | <u>2,780,901</u> | <u>2,670,225</u> | <u>2,594,516</u> | <u>2,378,345</u> | <u>2,516,190</u> |
| Total primary government | <u>\$ 5,397,627</u> | <u>\$ 5,377,677</u> | <u>\$ 4,918,803</u> | <u>\$ 5,042,573</u> | <u>\$ 5,355,010</u> | <u>\$ 5,134,722</u> | <u>\$ 3,864,715</u> | <u>\$ 3,774,233</u> | <u>\$ 3,474,968</u> | <u>\$ 3,276,023</u> |

TOWN OF BELLEAIR, FLORIDA

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ 4,487 | \$ 1,617 | \$ 3,599 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Assigned | 88,029 | 88,029 | 95,531 | 109,505 | 102,220 | 101,510 | 93,173 | 107,113 | 20,211 | 966,411 |
| Unassigned | <u>1,868,171</u> | <u>2,039,028</u> | <u>1,137,936</u> | <u>1,372,003</u> | <u>1,275,946</u> | <u>1,631,544</u> | <u>1,931,887</u> | <u>4,473,212</u> | <u>4,486,941</u> | <u>4,852,783</u> |
| Total general fund | <u>\$ 1,960,687</u> | <u>\$ 2,128,674</u> | <u>\$ 1,237,066</u> | <u>\$ 1,481,508</u> | <u>\$ 1,378,166</u> | <u>\$ 1,733,054</u> | <u>\$ 2,025,060</u> | <u>\$ 4,580,325</u> | <u>\$ 4,507,152</u> | <u>\$ 5,819,194</u> |
| All Other Governmental Funds: | | | | | | | | | | |
| Nonspendable | \$ 1,182,390 | \$ 405,000 | \$ 390,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted, reported in: | | | | | | | | | | |
| Capital projects fund | 5,420,805 | 4,178,843 | 1,864,603 | 4,051,391 | 6,653,456 | 5,981,668 | 6,356,164 | 4,860,157 | 5,326,735 | 4,395,745 |
| Special revenue funds | <u>568,392</u> | <u>848,198</u> | <u>1,942,902</u> | <u>1,925,143</u> | <u>1,663,049</u> | <u>1,473,789</u> | <u>785,296</u> | <u>825,202</u> | <u>813,518</u> | <u>897,239</u> |
| Total all other governmental funds | <u>\$ 7,171,587</u> | <u>\$ 5,432,041</u> | <u>\$ 4,197,505</u> | <u>\$ 5,976,534</u> | <u>\$ 8,316,505</u> | <u>\$ 7,455,457</u> | <u>\$ 7,141,460</u> | <u>\$ 5,685,359</u> | <u>\$ 6,140,253</u> | <u>\$ 5,292,984</u> |

TOWN OF BELLEAIR, FLORIDA

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--|---------------------|---------------------|-----------------------|-----------------------|-------------------|-------------------|-----------------------|---------------------|---------------------|-------------------|
| REVENUES | | | | | | | | | | |
| Taxes | \$ 4,079,505 | \$ 3,848,662 | \$ 3,634,385 | \$ 3,475,114 | \$ 3,403,996 | \$ 3,341,656 | \$ 3,427,519 | \$ 3,097,480 | \$ 3,114,150 | \$ 3,448,485 |
| Utility taxes | 772,139 | 773,455 | 774,675 | 762,198 | 781,857 | 547,536 | - | - | - | - |
| Franchise fees | 381,011 | 367,097 | 362,980 | 388,063 | 395,205 | 359,533 | 372,119 | 401,711 | 436,393 | 438,850 |
| Licenses, fees and permits | 528,529 | 548,624 | 412,204 | 352,039 | 387,263 | 208,161 | 232,258 | 234,098 | 303,606 | 272,733 |
| Intergovernmental | 1,827,261 | 1,631,310 | 1,682,506 | 954,392 | 979,203 | 915,803 | 899,012 | 839,415 | 844,344 | 935,577 |
| Charges for services | 1,231,794 | 1,133,033 | 1,141,953 | 1,375,347 | 1,686,268 | 2,142,641 | 955,660 | 912,815 | 786,853 | 460,481 |
| Fines and forfeits | 6,742 | 3,485 | 3,995 | 3,006 | 2,272 | 3,019 | 6,573 | 32,804 | 6,163 | 8,254 |
| Contributions and donations | 188,193 | 68,198 | 82,487 | 18,985 | 319,435 | 3,630,924 | 28,179 | 29,065 | 72,805 | 90,439 |
| Investment earnings | 75,121 | 5,165 | 3,853 | 19,784 | 13,562 | 9,713 | 14,704 | 21,001 | 19,669 | 78,836 |
| Resource management fees | - | - | - | - | - | - | - | 2,382 | 2,579 | - |
| Miscellaneous | 50,740 | 37,895 | 52,710 | 119,517 | 135,791 | 84,320 | 66,814 | 95,169 | 36,633 | 71,968 |
| Total revenues | 9,141,035 | 8,416,924 | 8,151,748 | 7,468,445 | 8,104,852 | 11,243,306 | 6,002,838 | 5,665,940 | 5,623,195 | 5,805,623 |
| EXPENDITURES | | | | | | | | | | |
| General government | 2,503,628 | 1,969,983 | 2,009,528 | 2,036,543 | 3,125,430 | 1,822,605 | 1,822,411 | 1,562,911 | 1,722,371 | 2,092,080 |
| Public safety | 2,541,087 | 2,071,733 | 2,014,029 | 1,965,930 | 1,989,357 | 1,839,766 | 1,860,604 | 1,805,437 | 1,692,031 | 1,755,475 |
| Transportation | 1,547,216 | 3,921,145 | 3,752,295 | 2,935,891 | 4,742,506 | 6,819,411 | 2,292,156 | 1,980,596 | 1,712,324 | 835,118 |
| Culture and recreation | 912,595 | 1,257,937 | 1,378,191 | 1,446,373 | 1,934,255 | 5,851,451 | 1,256,015 | 693,292 | 593,142 | 701,794 |
| Debt service: | | | | | | | | | | |
| Principal | 461,954 | 447,785 | 403,362 | 365,000 | 340,000 | - | - | - | - | - |
| Interest | 299,822 | 313,991 | 325,571 | 509,912 | 354,863 | 190,528 | - | - | - | 14,979 |
| Total expenditures | 8,266,302 | 9,982,574 | 9,882,976 | 9,259,649 | 12,486,411 | 16,523,761 | 7,231,186 | 6,042,236 | 5,719,868 | 5,399,446 |
| Excess of revenues over (under) expenditures | 874,733 | (1,565,650) | (1,731,228) | (1,791,204) | (4,381,559) | (5,280,455) | (1,228,348) | (376,296) | (96,673) | 406,177 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Proceeds from debt issuance | 762,390 | - | 300,000 | - | 4,750,341 | 5,214,659 | 35,000 | - | - | - |
| Proceeds from insurance | 10,940 | 2,076 | - | 1,000 | 1,263 | 3,780 | 39,401 | - | - | - |
| Sale of equipment | 81,796 | 3,776,637 | 3,961 | 241,106 | 18,615 | 2,707 | 5,283 | 13,075 | - | 25,003 |
| Transfers in | 301,844 | 5,417,015 | 656,400 | 717,150 | 653,900 | 1,150,775 | 2,188,700 | 94,300 | 1,268,165 | 239,600 |
| Transfers out | (460,144) | (5,503,874) | (1,252,664) | (1,404,681) | (536,400) | (1,069,475) | (2,139,200) | (112,800) | (1,636,265) | (205,000) |
| Total other financing sources (uses) | 696,826 | 3,691,854 | (292,303) | (445,425) | 4,887,719 | 5,302,446 | 129,184 | (5,425) | (368,100) | 59,603 |
| Net change in fund balances | \$ 1,571,559 | \$ 2,126,204 | \$ (2,023,531) | \$ (2,236,629) | \$ 506,160 | \$ 21,991 | \$ (1,099,164) | \$ (381,721) | \$ (464,773) | \$ 465,780 |
| Debt service as a percentage of noncapital expenditures | <u>9.36%</u> | <u>11.11%</u> | <u>12.19%</u> | <u>11.81%</u> | <u>8.66%</u> | <u>1.20%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.28%</u> |

TOWN OF BELLEAIR, FLORIDA

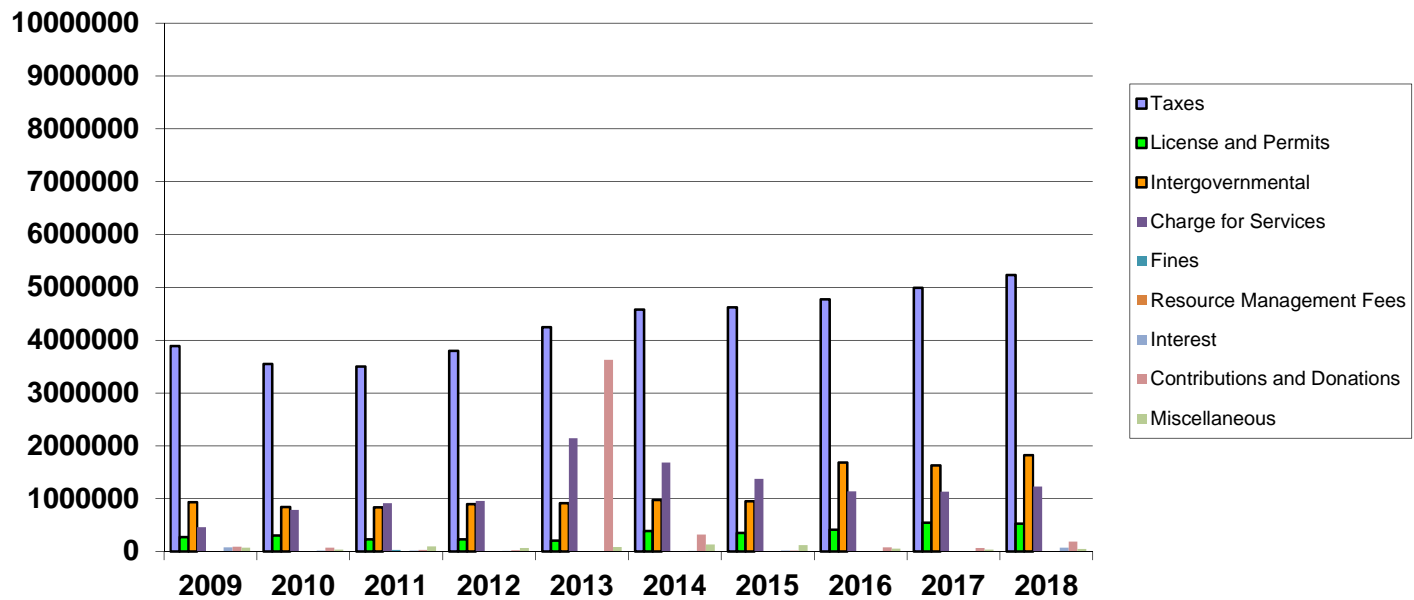
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION⁽¹⁾
LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>General Government</u> | <u>Public Safety</u> | <u>Transportation</u> | <u>Culture and Recreation</u> | <u>Debt Service</u> | <u>Total</u> |
|--------------------|---------------------------|----------------------|-----------------------|-------------------------------|---------------------|--------------|
| 2009 | \$ 2,092,080 | \$ 1,755,475 | \$ 835,118 | \$ 701,794 | 14,979 | \$ 5,399,446 |
| 2010 | 1,722,371 | 1,692,031 | 1,712,324 | 593,142 | - | 5,719,868 |
| 2011 | 1,562,911 | 1,805,437 | 1,980,596 | 693,292 | - | 6,042,236 |
| 2012 | 1,822,411 | 1,860,604 | 2,292,156 | 1,256,015 | - | 7,231,186 |
| 2013 | 1,822,605 | 1,839,766 | 6,819,411 | 5,851,451 | 190,528 | 16,523,761 |
| 2014 | 3,125,430 | 1,989,357 | 4,742,506 | 1,934,255 | 694,863 | 12,486,411 |
| 2015 | 2,036,543 | 1,965,930 | 2,935,891 | 1,446,373 | 874,912 | 9,259,649 |
| 2016 | 2,009,528 | 2,014,029 | 3,752,295 | 1,378,191 | 728,933 | 9,882,976 |
| 2017 | 1,969,983 | 2,071,733 | 3,921,145 | 1,257,937 | 761,776 | 9,982,574 |
| 2018 | 2,503,628 | 2,541,087 | 1,547,216 | 912,595 | 761,776 | 8,266,302 |

⁽¹⁾ Includes general, special revenue and capital projects funds.

TOWN OF BELLEAIR, FLORIDA

General Governmental Revenue by Source Last Ten Fiscal Years



TOWN OF BELLEAIR, FLORIDA

GENERAL GOVERNMENTAL REVENUES BY SOURCE⁽¹⁾
LAST TEN FISCAL YEARS

| Fiscal Year | Taxes | License and Permits | Intergovernmental | Charge for Services | Fines | Resource Management Fees | Interest | Contributions and Donations ⁽²⁾ | Miscellaneous | Total |
|-------------|--------------|---------------------|-------------------|---------------------|----------|--------------------------|-----------|--|---------------|--------------|
| 2009 | \$ 3,887,335 | \$ 272,733 | \$ 935,577 | \$ 460,481 | \$ 8,254 | \$ 25 | \$ 78,836 | \$ 90,439 | \$ 71,943 | \$ 5,805,623 |
| 2010 | 3,550,543 | 303,606 | 844,344 | 786,853 | 6,163 | 2,579 | 19,669 | 72,805 | 36,633 | 5,623,195 |
| 2011 | 3,499,191 | 234,098 | 839,415 | 912,815 | 32,804 | 2,382 | 21,001 | 29,065 | 95,169 | 5,665,940 |
| 2012 | 3,799,638 | 232,258 | 899,012 | 955,660 | 6,573 | - | 14,704 | 28,179 | 66,814 | 6,002,838 |
| 2013 | 4,248,725 | 208,161 | 915,803 | 2,142,641 | 3,019 | - | 9,713 | 3,630,924 | 84,320 | 11,243,306 |
| 2014 | 4,581,058 | 387,263 | 979,203 | 1,686,268 | 2,272 | - | 13,562 | 319,435 | 135,791 | 8,104,852 |
| 2015 | 4,625,375 | 352,039 | 954,392 | 1,375,347 | 3,006 | - | 19,784 | 18,985 | 119,517 | 7,468,445 |
| 2016 | 4,772,040 | 412,204 | 1,682,506 | 1,141,953 | 3,995 | - | 3,853 | 82,487 | 52,710 | 8,151,748 |
| 2017 | 4,989,214 | 548,624 | 1,631,310 | 1,133,033 | 3,485 | - | 5,165 | 68,198 | 37,895 | 8,416,924 |
| 2018 | 5,232,655 | 528,529 | 1,827,261 | 1,231,794 | 6,742 | - | 75,121 | 188,193 | 50,740 | 9,141,035 |

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

| Fiscal Year | Property Tax | Utility Tax | Franchise Taxes | Total |
|-------------|--------------|-------------|-----------------|--------------|
| 2009 | \$ 3,448,485 | \$ - | \$ 438,850 | \$ 3,887,335 |
| 2010 | 3,114,150 | - | 436,393 | 3,550,543 |
| 2011 | 3,097,480 | - | 401,711 | 3,499,191 |
| 2012 | 3,427,519 | - | 372,119 | 3,799,638 |
| 2013 | 3,341,656 | 547,536 | 359,533 | 4,248,725 |
| 2014 | 3,403,996 | 781,857 | 395,205 | 4,581,058 |
| 2015 | 3,475,114 | 762,198 | 388,063 | 4,625,375 |
| 2016 | 3,634,385 | 774,675 | 362,980 | 4,772,040 |
| 2017 | 3,848,662 | 773,455 | 367,097 | 4,989,214 |
| 2018 | 4,079,505 | 772,139 | 381,011 | 5,232,655 |

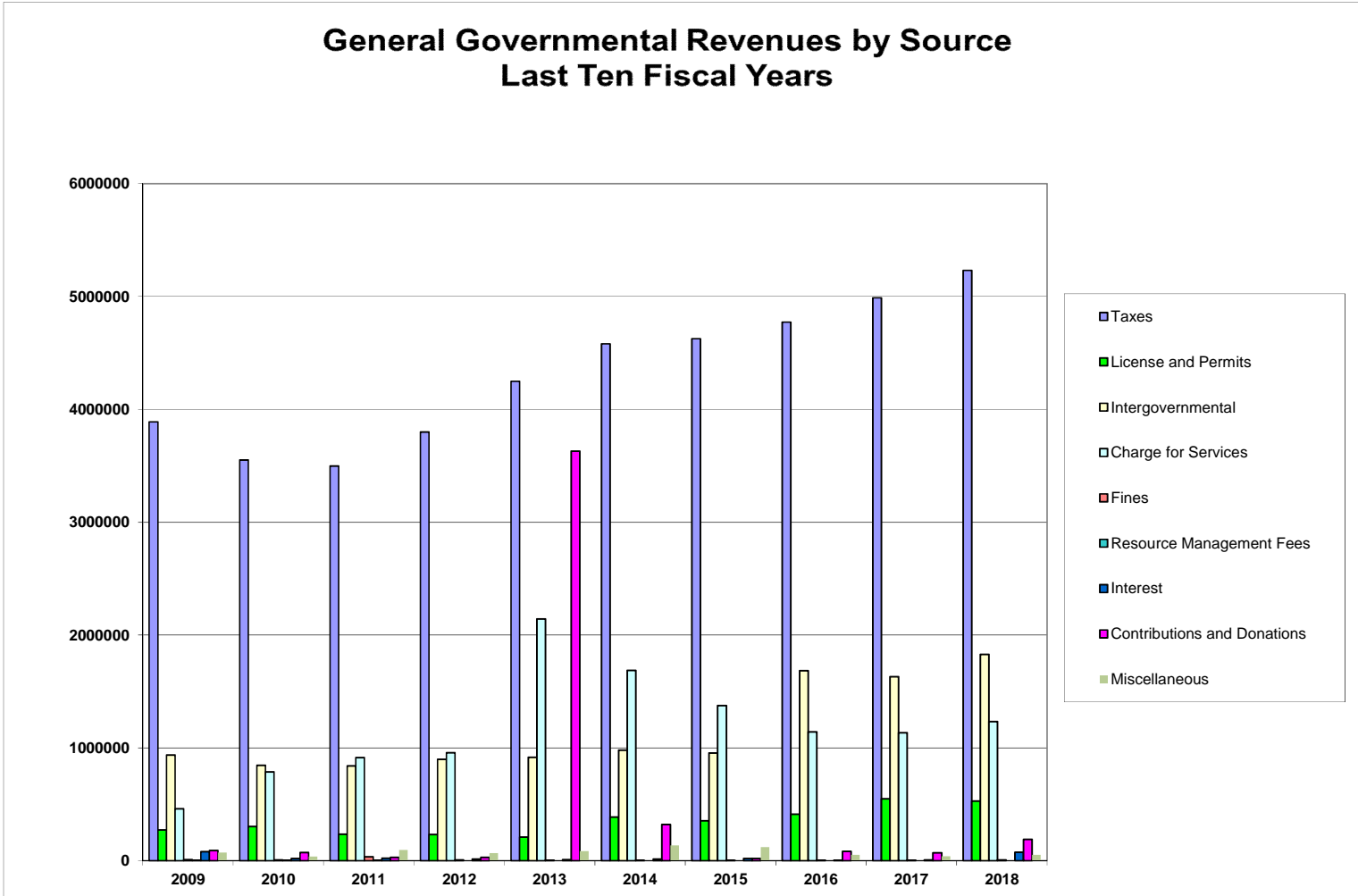
⁽¹⁾ Includes general, special revenue and capital projects funds.

⁽²⁾ Public contributions to community center construction campaign.

⁽³⁾ Town rescinded the utility tax ordinance effective October 2006.
The ordinance was reinstated effective October 2013.

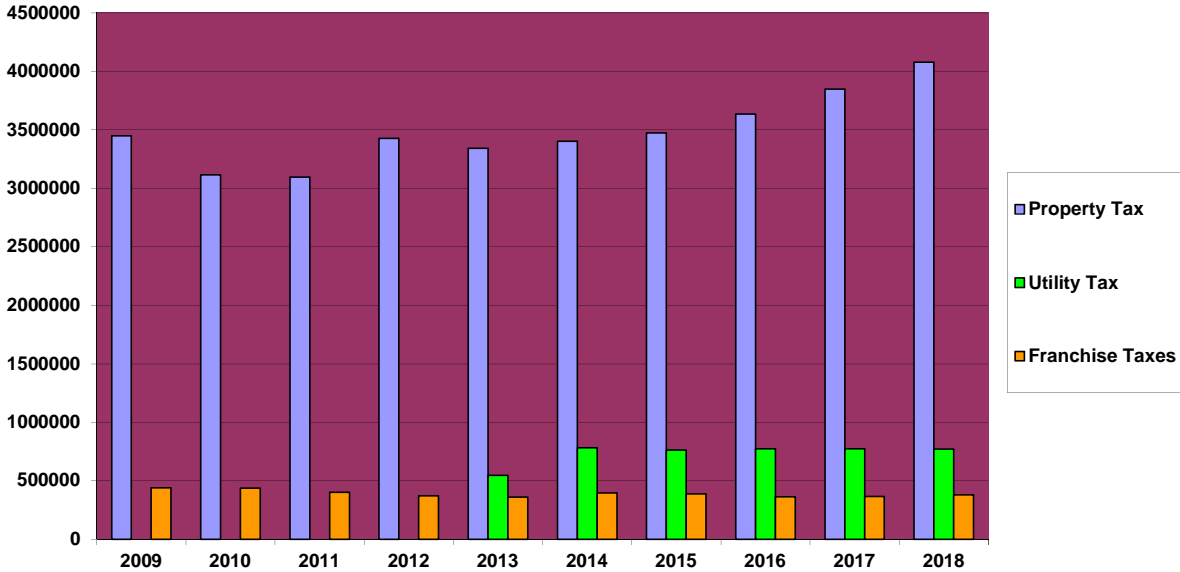
TOWN OF BELLEAIR, FLORIDA

**General Governmental Revenues by Source
Last Ten Fiscal Years**



TOWN OF BELLEAIR, FLORIDA

**General Governmental Tax Revenues by Source
Last Ten Fiscal Years**



REVENUE CAPACITY

TOWN OF BELLEAIR, FLORIDA

ASSESSSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

| Fiscal Year | Assessed Valuations | | | | | Total All | Assessed Values to Estimated Market | Percentage | | Total Direct Tax Rate |
|-------------|---------------------|------------|-------------------|---------------|--------------|---------------|-------------------------------------|------------------|---------|-----------------------|
| | Real Property | | Personal Property | Total Taxable | Total Exempt | | | Yearly Increases | | |
| | Residential | Commercial | | | | | | Taxable | Total | |
| 2009 | 1,038,776,100 | 55,036,100 | 9,616,760 | 780,937,423 | 322,491,537 | 1,103,428,960 | 100 | (7.0) | (11.00) | 4.5605 |
| 2010 | 872,679,953 | 47,687,999 | 7,657,863 | 701,587,679 | 226,438,136 | 928,795,522 | 100 | (10.2) | (2.00) | 4.5605 |
| 2011 | 716,297,284 | 42,395,511 | 6,544,496 | 621,660,713 | 98,321,464 | 765,237,291 | 100 | 2.6 | (33.00) | 5.1465 |
| 2012 | 646,755,411 | 38,131,356 | 6,371,040 | 595,307,227 | 93,950,580 | 691,257,807 | 100 | (4.2) | (3.99) | 5.9432 |
| 2013 | 631,565,876 | 37,570,826 | 6,271,935 | 580,712,681 | 94,695,956 | 675,408,637 | 100 | (2.5) | (2.29) | 5.9432 |
| 2014 | 638,202,678 | 35,915,734 | 6,155,922 | 583,340,612 | 96,933,722 | 680,274,334 | 100 | 0.5 | 0.72 | 6.0257 |
| 2015 | 665,671,571 | 37,040,034 | 6,493,542 | 608,453,321 | 100,751,826 | 709,205,147 | 100 | 4.3 | 4.25 | 5.9257 |
| 2016 | 693,397,101 | 37,338,994 | 6,209,050 | 634,941,314 | 102,003,831 | 736,945,145 | 100 | 4.4 | 3.91 | 5.9257 |
| 2017 | 726,160,817 | 37,716,905 | 6,647,392 | 670,528,380 | 99,996,734 | 770,525,114 | 100 | 5.6 | 4.56 | 5.9257 |
| 2018 | 773,387,886 | 34,876,143 | 6,991,442 | 712,561,991 | 102,693,480 | 815,255,471 | 100 | 6.3 | 5.81 | 5.9257 |

Source: Pinellas County Property Appraiser.

TOWN OF BELLEAIR, FLORIDA

ASSESSED VALUATIONS, MILLAGE AND TAXES LEVIED AND COLLECTED
LAST TEN FISCAL YEARS

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Total valuations | \$ 1,103,428,960 | \$ 928,795,222 | \$ 765,237,291 | \$ 733,408,184 | \$ 703,970,361 | \$ 727,998,327 | \$ 840,716,261 | \$ 910,085,866 | \$ 980,956,983 | \$ 1,049,653,182 |
| Real estate exemptions: | | | | | | | | | | |
| Government exemption | 12,702,060 | 11,947,320 | 10,926,288 | 9,948,748 | 9,917,835 | 10,151,058 | 10,959,550 | 12,930,053 | 12,917,336 | 13,089,895 |
| Institutional exemption | 8,408,970 | 9,060,366 | 8,153,630 | 7,860,638 | 7,636,217 | 8,101,802 | 8,089,887 | 8,155,004 | 8,190,515 | 8,425,801 |
| Assessment differential (F.S. 193.155) ⁽³⁾ | 234,646,539 | 125,508,530 | 45,255,114 | 42,150,377 | 28,561,724 | 47,723,993 | 131,511,114 | 173,140,721 | 210,431,869 | 234,397,711 |
| Individual or homestead exemptions | 79,592,234 | 78,186,512 | 78,914,247 | 78,141,194 | 77,141,904 | 78,680,862 | 81,702,389 | 80,918,774 | 78,888,883 | 81,177,784 |
| Total exemptions and adjustments | 335,349,803 | 224,702,728 | 147,729,065 | 138,100,957 | 123,257,680 | 144,657,715 | 232,262,940 | 275,144,552 | 310,428,603 | 337,091,191 |
| Total taxable valuation | \$ 768,079,157 | \$ 701,587,679 | \$ 621,988,012 | \$ 595,307,227 | \$ 580,712,681 | \$ 583,340,612 | \$ 608,453,321 | \$ 634,941,314 | \$ 670,528,380 | \$ 712,561,991 |
| Millage levied | 4.5605 | 4.5605 | 5.1465 | 5.9432 | 5.9432 | 6.0257 | 5.9257 | 5.9257 | 5.9257 | 5.9257 |
| Total taxes levied | \$ 3,502,825 | \$ 3,199,591 | \$ 3,199,377 | \$ 3,538,030 | \$ 3,451,292 | \$ 3,515,036 | \$ 3,605,512 | \$ 3,762,472 | \$ 3,973,350 | \$ 4,222,429 |
| Less: Adjustments and discounts | 54,340 | 54,441 | 101,897 | 110,511 | 109,636 | | | | | |
| Net taxes levied | \$ 3,448,485 | \$ 3,145,150 | \$ 3,097,480 | \$ 3,427,519 | \$ 3,341,656 | \$ 3,515,036 | \$ 3,605,512 | \$ 3,762,472 | \$ 3,973,350 | \$ 4,222,429 |
| Net collected ⁽¹⁾⁽²⁾ | \$ 3,448,485 | \$ 3,145,150 | \$ 3,097,480 | \$ 3,427,519 | \$ 3,341,656 | \$ 3,515,036 | \$ 3,605,512 | \$ 3,762,472 | \$ 3,973,350 | \$ 4,222,429 |

Source: Pinellas County Property Appraiser

⁽¹⁾ Florida Statutes provide for a discount of up to four percent for early payment of ad valorem taxes. All unpaid taxes become delinquent on April 1, and are sold at auction on June 1 of each year as tax certificates. The Town, after all tax certificates are sold, has fully collected all ad valorem revenues

⁽²⁾ Net collected includes penalties or late payments.

⁽³⁾ Florida Statutes provide for a three percent maximum increase in annual taxable property values.

TOWN OF BELLEAIR, FLORIDA

PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS (PER \$1,000)
LAST TEN FISCAL YEARS

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------|----------------|
| Town of Belleair: | | | | | | | | | | |
| Operating | 4.5605 | 4.5605 | 5.1465 | 5.9432 | 5.9432 | 6.0257 | 5.9257 | 5.9257 | 5.9257 | 6.5000 |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Total Town millage | 4.5605 | 4.5605 | 5.1465 | 5.9432 | 5.9432 | 6.0257 | 5.9257 | 5.9257 | 5.9257 | 6.5000 |
| Pinellas County School Board: | | | | | | | | | | |
| Operating | 8.3460 | 8.3460 | 8.3400 | 8.3850 | 8.3020 | 8.0600 | 7.8410 | 7.7700 | 7.3180 | 7.0090 |
| Pinellas County | | | | | | | | | | |
| Operating | 4.8730 | 4.8108 | 4.8730 | 4.8730 | 5.0727 | 5.2755 | 5.2755 | 5.2755 | 5.2755 | 5.2755 |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Total County millage | 4.8730 | 4.8108 | 4.8730 | 4.8730 | 5.0727 | 5.2755 | 5.2755 | 5.2755 | 5.2755 | 5.2755 |
| County-wide millage set by other taxing authorities: | | | | | | | | | | |
| -Pinellas Suncoast Transit Au | 0.5601 | 0.5601 | 0.5601 | 0.7305 | 0.7305 | 0.7305 | 0.7305 | 0.7305 | 0.7500 | 0.7500 |
| -Pinellas County Planning Co | 0.0125 | 0.0125 | 0.0125 | 0.0125 | 0.0125 | 0.0160 | 0.0160 | 0.0160 | 0.0150 | 0.0150 |
| -Juvenile Welfare Board | 0.7915 | 0.7915 | 0.7915 | 0.8337 | 0.8981 | 0.8981 | 0.8981 | 0.8981 | 0.8981 | 0.8981 |
| -South West Florida Water Management District | 0.3866 | 0.3866 | 0.3770 | 0.3928 | 0.3928 | 0.3818 | 0.3658 | 0.3488 | 0.3317 | 0.3131 |
| -Pinellas Anclote River Basin | 0.3200 | 0.3200 | 0.2600 | - | - | - | - | - | - | - |
| -Health | | | | | | 0.0622 | 0.0622 | 0.0622 | 0.0622 | 0.0835 |
| -EMS | 0.5832 | 0.5832 | 0.5832 | 0.8506 | 0.9158 | 0.9158 | 0.9158 | 0.9158 | 0.9158 | 0.9158 |
| Total County-wide millage | 2.6539 | 2.6539 | 2.5843 | 2.8201 | 2.9497 | 3.0044 | 2.9884 | 2.9714 | 2.9728 | 2.9755 |
| TOTAL | <u>\$ 20.4334</u> | <u>\$ 20.3712</u> | <u>\$ 20.9438</u> | <u>\$ 22.0213</u> | <u>\$ 22.2676</u> | <u>\$ 22.3656</u> | <u>\$ 22.0306</u> | <u>\$ 21.9426</u> | <u>21.4920</u> | <u>21.7600</u> |

Source: Pinellas County Tax Collector

TOWN OF BELLEAIR, FLORIDA

PRINCIPAL PROPERTY TAXPAPERS
CURRENT YEAR AND NINE YEARS AGO

| <u>Principal Property Taxpayers</u> | <u>2018</u> | | | | <u>2009</u> | | |
|--------------------------------------|-------------|-------------------------------|---|--------------------------------------|-------------|-------------------------------|---|
| | <u>Rank</u> | <u>Taxable Assessed Value</u> | <u>Percentage of Total Taxable Assessed Value</u> | | <u>Rank</u> | <u>Taxable Assessed Value</u> | <u>Percentage of Total Taxable Assessed Value</u> |
| Chateau Galinski, LLC | 1 | \$ 12,050,453 | 1.69 % | Belleview Biltmore Owner LLC | 1 | \$ 13,365,282 | 1.74 % |
| Belleview Biltmore Country Club Corp | 2 | 8,607,717 | 1.21 | Belleview Biltmore Country Club Corp | 2 | 9,902,429 | 1.29 |
| St Louis, James | 3 | 6,788,320 | 0.95 | Muma, Leslie M | 3 | 7,603,356 | 0.99 |
| Muma, Leslie M | 4 | 6,456,063 | 0.91 | St Louis, James | 4 | 7,044,393 | 0.92 |
| Emanuel, James M | 5 | 4,781,262 | 0.67 | Bollea, Terry Gene | 5 | 6,186,944 | 0.81 |
| Thomas, John | 6 | 4,541,783 | 0.64 | Heye, Hans F | 6 | 5,684,441 | 0.74 |
| Hakim, Jean F | 7 | 4,114,683 | 0.58 | Rinker, Mary E | 7 | 3,906,669 | 0.51 |
| Heye, Hans F | 8 | 3,865,561 | 0.54 | Acunto, Richard | 8 | 3,198,116 | 0.42 |
| Doyle, Daniel M JR | 9 | 3,427,954 | 0.48 | Boesch, Gary | 9 | 3,194,643 | 0.42 |
| Doyle, Rosaleen J | 10 | <u>3,313,526</u> | 0.47 | Thomas, Fred A | 10 | <u>3,180,063</u> | 0.41 |
| TOTAL | | \$ <u>57,947,322</u> | 8.13 % | | | \$ <u>63,266,336</u> | 8.24 % |

Source: Pinellas County Property Appraiser.

Note: Data covering the year of the implementation of GASB No. 40 which was available in lieu of the data nine year years prior to

Note: Data covering the year of the implementation of GASB No. 40 which was available in lieu of the data nine years prior to the current year.

TOWN OF BELLEAIR, FLORIDA
PROPERTY LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

| Fiscal Year | Total Assessed Valuation | Taxable Assessed Valuation | Levy | Collections within the Fiscal Year of Levy | | Collections in Subsequent Years | Collections to Date | |
|-------------|--------------------------|----------------------------|-----------|--|--------------------|---------------------------------|---------------------|--------------------|
| | | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2009 | 1,103,438,960 | 780,937,423 | 3,502,825 | 3,448,485 | 98% | - | 3,448,485 | 98% |
| 2010 | 928,795,222 | 701,587,679 | 3,199,591 | 3,114,150 | 99% | - | 3,114,150 | 99% |
| 2011 | 765,237,291 | 621,660,713 | 3,199,377 | 3,097,480 | 97% | - | 3,097,480 | 97% |
| 2012 | 733,408,184 | 595,307,227 | 3,538,029 | 3,427,529 | 97% | - | 3,427,519 | 97% |
| 2013 | 703,970,361 | 580,712,681 | 3,451,292 | 3,341,656 | 97% | - | 3,341,656 | 97% |
| 2014 | 727,998,327 | 583,340,612 | 3,515,036 | 3,403,996 | 97% | - | 3,403,996 | 97% |
| 2015 | 840,716,261 | 608,453,321 | 3,605,512 | 3,463,754 | 96% | - | 3,463,754 | 96% |
| 2016 | 736,945,145 | 634,941,314 | 3,762,472 | 3,634,384 | 97% | 2 | 3,634,386 | 97% |
| 2017 | 770,525,114 | 670,528,380 | 3,973,350 | 3,848,662 | 97% | - | 3,848,662 | 97% |
| 2018 | 815,255,471 | 712,561,991 | 4,222,429 | 4,079,505.00 | 97% | - | 4,079,505 | 97% |

(1) Florida Statutes provide for a discount of up to four percent for early retirement of ad valorem taxes.

All unpaid taxes become delinquent on April 1, and are sold at auction on June 1 of each year as tax certificates.

The Town, after all tax certificates are sold, has fully collected all ad valorem tax revenues.

Source: Pinellas County Property Appraiser.

DEBT CAPACITY

TOWN OF BELLEAIR, FLORIDA

PERCENTAGE OF ANNUAL GENERAL DEBT SERVICE TO
GENERAL GOVERNMENTAL EXPENDITURES -
GENERAL OBLIGATION BONDED DEBT AND MORTGAGE NOTE
LAST TEN FISCAL YEARS

| Fiscal Year | Debt Service | | | | Total General Governmental Expenditures ⁽¹⁾ | Percentage of Debt Service to General Governmental Expenditures | |
|----------------|-----------------------------------|----------|------------|----------|---|---|-------|
| | General Obligation Bonded Debt | | Paying | Mortgage | | | Total |
| | Principal | Interest | Agent Fees | Note | | | |
| 2009 | - | - | - | - | - | 5,399,446 | - |
| 2010 | - | - | - | - | - | 5,719,868 | - |
| 2011 | - | - | - | - | - | 6,042,236 | - |
| 2012 | - | - | - | 35,000 | 35,000 | 7,231,186 | 0.5 % |
| 2013 | - | - | - | 190,528 | 190,528 | 16,523,761 | 1.2 % |
| 2014 | - | - | - | 694,863 | 694,863 | 12,486,411 | 5.6 % |
| 2015 | - | - | - | 707,138 | 707,138 | 9,259,649 | 7.6 % |
| 2016 | - | - | - | 728,933 | 728,933 | 9,882,976 | 7.4 % |
| 2017 | - | - | - | 761,776 | 761,776 | 9,982,574 | 7.6 % |
| 2018 | - | - | - | 762,155 | 762,155 | 8,266,302 | 9.2 % |

⁽¹⁾ Includes general and special revenue funds, and capital projects funds.

TOWN OF BELLEAIR, FLORIDA

PERCENTAGE OF DEBT TO
TAXABLE ASSESSED VALUATION AND DEBT
PER CAPITA
LAST TEN FISCAL YEARS

| Fiscal Year | Population ⁽¹⁾ | Taxable Assessed Valuation | Gross General Obligation Bonded Debt | Capital Project Revenue Note | Facilities Financing Note | Equipment Financing Note | Total | Percent of Actual Taxable Value of Real Property | Per Capita |
|----------------|---------------------------|----------------------------------|--|------------------------------------|---------------------------------|--------------------------------|-----------|---|------------|
| 2006 | 4,144 | 689,353,860 | \$ - | \$ - | | | \$ - | \$ - | - |
| 2007 | 4,160 | 800,668,388 | - | - | | | - | - | - |
| 2008 | 4,151 | 839,447,822 | - | - | | | - | - | - |
| 2009 | 4,145 | 701,587,679 | - | - | | | - | - | - |
| 2010 | 4,145 | 621,660,713 | - | - | | | - | - | - |
| 2011 | 3,869 | 595,307,227 | - | - | | | - | - | - |
| 2012 | 3,877 | 595,307,227 | - | 35,000 | | | 35,000 | 0.01% | 9.03 |
| 2013 | 3,795 | 580,712,681 | - | 5,214,659 | | | 5,214,659 | 0.90% | 1,374.09 |
| 2014 | 3,887 | 583,340,612 | - | 9,660,000 | | | 9,660,000 | 1.66% | 2,485.21 |
| 2015 | 3,958 | 608,453,321 | - | 9,295,000 | | | 9,295,000 | 1.53% | 2,381.50 |
| 2016 | 4,022 | 634,941,314 | - | 8,920,000 | | 271,638 | 9,191,638 | 1.45% | 2,285.34 |
| 2017 | 4,088 | 670,528,380 | - | 8,530,000 | | 213,853 | 8,743,853 | 1.30% | 2,138.91 |
| 2018 | 4,217 | 712,561,991 | - | 8,125,000 | 762,390 | 156,899 | 9,044,289 | 1.27% | 2,144.72 |

⁽¹⁾ U.S. Bureau of Census estimate and the University of Florida.

TOWN OF BELLEAIR, FLORIDA

DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS
AND REVENUE BONDS
SEPTEMBER 30, 2018

| | | <u>Net General Obligation Bonded Debt Outstanding</u> | <u>Net General Nonsell- Supporting Revenue Debt</u> | <u>Overlapping Capital Leases</u> | <u>Total</u> | <u>Percentage Applicable to Town of Belleair</u> | <u>Amount Applicable to Town of Belleair</u> |
|--|----|---|---|---------------------------------------|----------------------|--|--|
| Direct debt: | | | | | | | |
| Town of Belleair | \$ | - | \$ 9,044,289 | | 9,044,289 | 100% | \$ 9,044,289 |
| Overlapping debt: | | | | | | | |
| Pinellas County School Board (1) Pinellas County, Florida | | 1,197,000 | - | 5,611,627 | 6,808,627 | 0.89% | - |
| Pinellas County (2) | | <u>9,578,209</u> | | <u>499,386</u> | <u>10,077,595</u> | 0.97% | <u>97,695</u> |
| Total Overlapping debt | | <u>10,775,209</u> | <u>9,044,289</u> | <u>6,111,013</u> | <u>16,886,222</u> | | <u>158,017</u> |
| Total Direct and and Overlapping debt | \$ | <u>10,775,209</u> | \$ <u>9,044,289</u> | \$ <u>6,111,013</u> | \$ <u>25,930,511</u> | | \$ <u>9,202,306</u> |

RATIO:

| | |
|------------------------------------|--------------|
| Overall debt to 2018 taxable value | <u>0.02%</u> |
| Overall debt per capita | \$ <u>37</u> |

(1) The Town's share is calculated based on the ratio of the 2018 School Board Taxable Value of \$80,427,539,396 to the Town's Taxable Value of \$712,561,991

(2) The Town's share is calculated based on the ratio of the 2018 County Taxable Value of \$73,503,171,055 to the Town's Taxable Value of \$712,561,991

TOWN OF BELLEAIR, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

| Year | Public Service (Electric) Tax ⁽²⁾ | Infrastructure Sales Surtax | Stormwater Fee ⁽³⁾ | Net Available Revenue | Debt Service | | Coverage |
|------|--|-----------------------------|-------------------------------|------------------------|--------------|----------|----------|
| | | | | | Principal | Interest | |
| 2008 | - | 395,810 | - | 392,058 | - | - | - |
| 2009 | - | 355,186 | - | 355,186 | - | - | - |
| 2010 | - | 305,641 | - | 305,641 | - | - | - |
| 2011 | - | 295,159 | - | 295,159 | - | - | - |
| 2012 | - | 312,431 | - | 312,431 ⁽¹⁾ | - | - | - |
| 2013 | 224,919 | 330,116 | 322,617 | 877,652 | - | 190,528 | 460.6 |
| 2014 | 442,298 | 352,312 | 339,559 | 1,134,168 | 340,000 | 354,863 | 163.2 |
| 2015 | 423,379 | 379,217 | 309,400 | 1,111,996 | 365,000 | 342,138 | 157.3 |
| 2016 | 437,310 | 398,838 | 337,365 | 1,173,513 | 375,000 | 322,012 | 168.4 |
| 2017 | 436,610 | 409,965 | 336,845 | 1,183,420 | 390,000 | 307,933 | 169.6 |
| 2018 | 438,873 | 434,396 | 333,266 | 1,206,535 | 405,000 | 293,313 | 172.8 |

(1) First year of debt

(2) Debt issue in last month of Reporting Period, MPST enacted in 2012-2013

(3) Debt issue last month of Reporting Period, Stormwater fee enacted in 2012-2013

DEMOGRAPHIC AND
ECONOMIC
INFORMATION

TOWN OF BELLEAIR, FLORIDA

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

| <u>Year</u> | <u>Population⁽¹⁾</u> | <u>Number of Households⁽²⁾</u> | <u>Per Capita Income⁽³⁾</u> | <u>Median Age⁽¹⁾</u> | <u>Unemployment Rate⁽¹⁾</u> |
|-------------|---------------------------------|---|--|---------------------------------|--|
| 2008 | 4,151 | | 71,221 | 51.6 | 4.5 |
| 2009 | 4,145 | | 78,242 | 52.7 | 4.3 |
| 2010 | 4,145 | | 84,280 | 54.9 | 11.8 |
| 2011 | 3,869 | | 57,740 | 57.4 | 9.8 |
| 2012 | 3,888 | | 57,097 | 54.9 | 8.6 |
| 2013 | 3,795 | *1,783 | 50,011 | 56.7 | 8.5 |
| 2014 | 3,887 | 2,323 | 53,133 | 53.6 | 7.1 |
| 2015 | 3,958 | 2,238 | 57,307 | 44.7 | 5.8 |
| 2016 | 4,022 | 2,163 | 59,164 | 53.0 | 3.7 |
| 2017 | 4,088 | 2,230 | 66,244 | 53.1 | 3.8 |
| 2018 | 4,217 | 2,437 | 64,467 | 55.0 | 3.3 |

(1) U.S. Bureau of Census estimate.

(2) New Statistic As of 2013, Estimate provided by factfinder.census.gov, 2013 did not include condos

(3) Data is for Pinellas County. Published by the Office of Economic & Demographic Research

NOTE: Data is for an unspecified point each year, not specifically September 30.

TOWN OF BELLEAIR, FLORIDA
PRINCIPAL EMPLOYERS, PINELLAS COUNTY
CURRENT YEAR AND NINE YEARS AGO

| <u>Employer</u> | <u>2018</u> | | <u>2009</u> | |
|-------------------------------|------------------|-------------|------------------|-------------|
| | <u>Employees</u> | <u>Rank</u> | <u>Employees</u> | <u>Rank</u> |
| | <u>Full-Time</u> | | <u>Full-Time</u> | |
| Raymond James Financial | 3,500 | 1 | 2,850 | 3 |
| Home Shopping Club | 2,800 | 2 | 1,600 | 10 |
| Bright House Networks | 2,000 | 3 | 1,800 | 9 |
| Fidelity Information Services | 1,800 | 4 | 0 | 0 |
| The Nielsen Company | 1,800 | 5 | 0 | 0 |
| Jabil Circuit, Inc. | 1,600 | 6 | 3,650 | 1 |
| Tech Data Corp | 1,500 | 7 | 0 | 0 |
| Honeywell Aerospace | 1,500 | 8 | 0 | 0 |
| ThinkDirect Marketing Group | 1,000 | 9 | 0 | 0 |
| Ceridian Benefits Services | 1,000 | 10 | 0 | 0 |
| Cox Target Media Inc | 1,000 | 0 | 3,187 | 2 |
| Macy's Credit Operations Inc | 1,000 | 0 | 2,448 | 4 |
| Progress Energy, Florida | 1,000 | 0 | 2,200 | 5 |
| Conmed Linvatec | 970 | 0 | 2,000 | 6 |
| Transamerica Life Insurance | 900 | 0 | 2,000 | 7 |
| Franklin Templeton Invest | 900 | 0 | 1,950 | 8 |
| | | | | |
| TOTAL | <u>24,270</u> | | <u>23,685</u> | |

Data is based on Pinellas County since numbers for Town of Belleair are not available.
Source: Pinellas County Economic Development Department.

OPERATING
INFORMATION

TOWN OF BELLEAIR, FLORIDA

FULL-TIME EQUIVALENT
TOWN EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Full-Time Equivalent Employees as of September 30, 2018

| <u>FUNCTION</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government | 15.00 | 14.00 | 11.00 | 14.00 | 16.00 | 14.00 | 12.00 | 11.00 | 10.00 | 11.00 | 11.00 | 11.00 |
| Public Safety: | | | | | | | | | | | | |
| Police: | | | | | | | | | | | | |
| - Police Officers | 13.00 | 15.00 | 12.00 | 13.00 | 13.00 | 14.00 | 13.00 | 13.00 | 13.00 | 13.00 | 12.00 | 12.00 |
| - General employees | 2.00 | 2.00 | 2.00 | 2.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Physical Environment | 5.00 | 5.00 | 6.00 | 4.00 | 6.00 | 6.50 | 6.50 | 6.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Transportation | 3.00 | 3.00 | 3.00 | 5.00 | 5.00 | 4.00 | 3.00 | 2.00 | 2.00 | 3.50 | 3.50 | 3.50 |
| Culture and Recreation | 6.00 | 6.00 | 4.00 | 4.00 | 4.00 | 5.00 | 4.50 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Water | 9.50 | 8.00 | 8.50 | 10.00 | 12.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.50 | 9.00 | 10.00 |
| Solid Waste Management | <u>5</u> | <u>5</u> | <u>7.5</u> | <u>5.5</u> | <u>5.5</u> | <u>6.5</u> | <u>6.00</u> | <u>6.00</u> | <u>6.00</u> | <u>6.00</u> | <u>6.00</u> | <u>6.00</u> |
| Total | <u>58.50</u> | <u>58.00</u> | <u>54.00</u> | <u>57.50</u> | <u>62.50</u> | <u>61.00</u> | <u>56.00</u> | <u>54.00</u> | <u>54.00</u> | <u>57.00</u> | <u>54.50</u> | <u>55.50</u> |

Source Town Finance Department

TOWN OF BELLEAIR, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

| FUNCTION | Fiscal Year Ended September 30, 2017 | | | | | | | | | | |
|-----------------------------|--------------------------------------|---------|---------|---------|---------|-----------|---------|---------|---------|---------|---------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Police: | | | | | | | | | | | |
| Physical arrests | 39 | 41 | 26 | 31 | 46 | 56 | 45 | 125 | 146 | 70 | 72 |
| Parking violations | 24 | 20 | 22 | 12 | 142 | 140 | 10 | 12 | 9 | 23 | 1 |
| Traffic violations | 230 | 116 | 76 | 110 | 157 | 7 | 397 | 397 | 133 | 156 | 328 |
| | | | | | | | 194 | | | | |
| Transportation: | | | | | | | | | | | |
| Resurfacing | 0.77 | 0.77 | 0.7 | 0.5 | 0.5 | 4.5 miles | 0.5 | 1 | - | - | - |
| Pothole repaired | 50 | 50 | 50 | 110 | 120 | 150 | ~100 | 240 | 184 | 150 | 110 |
| Culture and Recreation: | | | | | | | | | | | |
| Athletic permits issued | 800 | 800 | 800 | 800 | 822 | 832 | 600 | 600 | 600 | 400 | 510 |
| Water: | | | | | | | | | | | |
| New connections | 11 | 6 | 3 | 6 | 5 | 0 | 2 | 2 | 3 | 2 | 8 |
| Main breaks | 3 | 4 | 9 | 0 | 0 | 10 | 12 | 12 | 8 | 11 | 6 |
| Average consumption | 700,515 | 818,622 | 767,968 | 699,957 | 517,567 | 681,789 | 693,150 | 768,950 | 692,830 | 807,000 | 911,000 |
| Solid Waste Management: | | | | | | | | | | | |
| Refuse collected tons per/d | 8.42 | 10.03 | 10.5 | 7.12 | 7.19 | 7.78 | 11.83 | 8.01 | 10.06 | 10.75 | 11.95 |
| Recyclables collected | 1.22 | 0.95 | 2.78 | 0.60 | 1.19 | 0.43 | 0.80 | 0.75 | 0.76 | 1.14 | 0.91 |

Source: Town Finance Department

TOWN OF BELLEAIR, FLORIDA

CAPITAL ASSETS STATISTICS
LAST TEN FISCAL YEARS

| | Fiscal Year Ended September 30, 2018 | | | | | | | | | | |
|--|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>FUNCTION</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
| Public Safety: | | | | | | | | | | | |
| Police: | | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 9 | 7 | 9 | 5 | 5 | 5 | 6 | 6 | 5 | 5 | 4 |
| Transportation: | | | | | | | | | | | |
| Streets (Miles) | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Traffic signs | 250 | 250 | 250 | 250 | 250 | 250 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Culture and Recreation: | | | | | | | | | | | |
| Park acreage | 24 | 24 | 24 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 32 |
| Parks | 19 | 17 | 17 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Tennis Courts | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Community Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water Mains (Miles) | 36 | 36 | 36 | 36 | 36 | 36 | 80 | 80 | 80 | 80 | 80 |
| Fire hydrants | 138 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 |
| Maximum daily capacity (thousands of gallons) | 2.2MGD | 2.2MGD | 2.2 MGD | 2.2 MGD | 2.2 MGD | 2.2 MGD | 2.2 MGD | 2.2 MGD | 2.2 MGD | 2.2 MGD | 2.2 MGD |
| Solid Waste Management: | | | | | | | | | | | |
| Trucks | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 10 | 10 | 10 | 10 |

Source: Town Finance Department

TOWN OF BELLEAIR, FLORIDA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

| Fiscal Year | New Commercial Construction | | New Residential Construction | | Additions, Improvements and Miscellaneous Construction | | Bank Deposits ⁽²⁾ (In Thousands) |
|-------------|-----------------------------|-----------|------------------------------|------------|--|------------|--|
| | Number of Permits | Value | Number of Permits | Value | Permits ⁽¹⁾ | Value | |
| 2006 | - | - | 6 | 3,995,471 | 777 | 11,781,729 | 13,652,970 |
| 2007 | - | - | 7 | 4,763,613 | 657 | 7,168,298 | 13,552,327 |
| 2008 | - | - | 5 | 5,373,430 | 600 | 9,612,837 | 13,453,426 |
| 2009 | - | - | 7 | 6,807,298 | 462 | 5,047,852 | 13,789,762 |
| 2010 | - | - | - | 810,000 | 570 | 7,140,071 | 13,513,967 |
| 2011 | - | - | - | 817,398 | 584 | 8,069,923 | Not Available |
| 2012 | - | - | 3 | 1,319,123 | 550 | 8,022,895 | Not Available |
| 2013 | - | - | 1 | 392,000 | 555 | 8,372,952 | Not Available |
| 2014 | - | - | 7 | 6,465,452 | 683 | 16,508,591 | Not Available |
| 2015 | - | - | 7 | 6,649,064 | 721 | 9,943,615 | Not Available |
| 2016 | - | - | 18 | 14,863,390 | 641 | 9,758,896 | Not Available |
| 2017 | 2 | 9,682,000 | 6 | 18,143,720 | 733 | 19,812,585 | Not Available |
| 2018 | 3 | 6,581,000 | 12 | 15,124,133 | 881 | 15,226,265 | Not Available |

(1) Includes institutional, seawalls, pools, and non-valued building permits.

(2) Includes balances in commercial, savings, savings and loan, and building and loan banking institutions for Pinellas County. Data from the Tampa Bay Times Research Bureau. Subsequent to 2010, the Tampa Bay Times is no longer providing this information.

(3) Significant increase is caused by destruction and rebuilding of many residential homes during the fiscal year.

TOWN OF BELLEAIR, FLORIDA

MISCELLANEOUS STATISTICAL DATA
September 30, 2018

| | | |
|--|------|---|
| Date of Incorporation | 1925 | Term of Office: |
| Date First Charter Adopted | 1925 | Mayor - 3 Years |
| Date Present Charter Adopted | 1970 | Commissioners - 3 Years |
| | | Manager - Appointed by Commission |
| Form of Government: Commission-Manager | | Average Annual Temperature - 84 degrees |
| Commission Composed of: Mayor and Four Commissioners | | Average Annual Rainfall - 51.4 inches |
| | | Area - 2.50 square miles |

MUNICIPAL UTILITIES, SERVICES AND EVENTS

| | | | |
|---------------------------------------|-------------------------|--|----------|
| Police Protection | | Parks and Recreation | |
| Number of Employees | 14 | Community Centers | 1 |
| Number of Vehicular Patrol L | 9 | Playgrounds | 2 |
| Number of Law Violations: | | Athletic Fields | 2 |
| Physical Arrests | 39 | Parkland Acreage | 24 |
| Traffic Violations | 230 | Walking Trails | 1 |
| Parking Violations | 24 | Tennis Courts | 3 |
| | | Basketball Courts | 1 |
| | | Restroom Building | 1 |
| | | Picnic Shelter | 1 |
| Sanitation Service System: | | Transporation: | |
| Number of accounts | 1,588 | Paved Street | 22 miles |
| Annual tonnage | 2,290 | Stormwater Lines | 18 miles |
| | | Sidewalks | 23 miles |
| Water System: | | Cultural Facilities Available in Belleair and the Tampa Bay Area: | |
| Miles of Water Mains | 36 | Florida Gulf Coast Art Center, Inc., | |
| Daily Average Consumption (MGD) | .700 | Largo, Florida | |
| Number of Lift Stations | 0 | Performing Arts Center and Theatre, | |
| Plant Capacity (MGD) | 2.2 MGD | Clearwater, Florida | |
| Number of Service Collections | 1612 | Bayfront Center, Mahaffey Theater, | |
| Deep Wells Active | 7 | St. Petersburg, Florida | |
| Number of Fire Hydrants | 138 | Tampa Bay Performing Arts Center, | |
| Number of customers | 1,565 | Tampa, FloridaSt. Petersburg, Florida | |
| Major Annual Community Events: | <u>People Attending</u> | Asolo Performing Arts Center, | |
| Halloween Party | 1000 | Sarasota, Florida | |
| Springfest & Arbor Day Celebration | 1000 | Ruth Eckerd Hall, | |
| Belleair Sunset 5k & Fun Run | 1000 | Clearwater, Florida | |
| Concerts | 6000 | | |

1) Police data is for 2017 calendar year (January 1, 2017 - December 31, 2018)

TOWN OF BELLEAIR, FLORIDA

SCHEDULE OF INSURANCE IN FORCE
September 30, 2018

Term for all types of coverage listed below is from October 1, 2017 through September 30, 2018.

| Type of Coverage | Policy Number | Company | Association Self-Insurance Retention (SIR) | Limited Liability (Includes SIR) | Original Premium |
|--|----------------------|-------------------------------------|--|---|---|
| Stoploss Carriers: | PRM17-004 | Public Risk Management of FL | | | Total for all primary and excess risk coverage- |
| Property | | | 100,000 | 100,000 | |
| General Liability/Auto Liability | | | 100,000 | 2,000,000 | |
| Excess Workers' Compensation and Employers' Liability | | | 650,000 | 1,000,000 | |
| Employee Benefits Liability | | | 200,000 | 2,000,000 | |
| Excess Workers' Compensation | | | | Statutory 3,000,000 | |
| Crime: | | | | | |
| Monies/Securities | | | 25,000 | 500,000 | |
| Forgery/Alteration | | | 25,000 | 500,000 | |
| Employee Dishonesty | | | 25,000 | 500,000 | |
| Public Officials' Errors and Omissions | | | 100,000 | 2,000,000 Aggregate 6,000,000 per member | |
| Cyber Liability | | | 1,000,000 5,000 deductible | 5,000,000 per pool aggregate | |
| Boiler & Machinery | BME1-8751M435-TIL-17 | Travelers Property Casualty Company | | 50,000,000/ 100,000 object sublimit 10,000 deductible 1,000 per occurrence | |
| Pollution Liability | PEC001275014 | XL Group Insurance | 25,000 | 1,000,000 per occurrence 21,000,000 Aggregate Liability | |
| Certified Acts of Terrorism | | | | | \$ <u>239,868</u> 786 |
| **Travel Accident Mayor, Commissioners, Dept. Heads | ADDN01063091 | ACE American Insurance Co. | | 250,000 max 10,000 medical 5,000,000 Aggregate limit | |
| **Accidental Death & Dismemberment Law Enforcement | ADDNO4823138 | ACE American Insurance Co. | | 67,000 in the line of duty/ add'l 67,000 fresh pursuit \$199,000 unlawful and intentional death ** | <u>1,029</u> |
| | | | | | \$ <u><u>241,683</u></u> |

** Paid to World Risk Management

TOWN OF BELLEAIR, FLORIDA

| Fiscal Year | Water | Wastewater Management Control | Solid Waste Management | Combined Operating Revenues | Combined Operating Expenses | Combined Operating Income (Loss) | Nonoperating Revenues (Expenses) | before Capital Contributions and Transfer |
|-------------|-------|-------------------------------|------------------------|-----------------------------|-----------------------------|----------------------------------|----------------------------------|---|
| 2008 | 1,545 | - | 1,588 | 2,501,847 | 2,796,653 | (294,806) | 121,627 | (173,179) |
| 2009 | 1,545 | - | 1,588 | 2,516,190 | 3,050,572 | 534,382 | (37,017) | (571,399) |
| 2010 | 1,545 | - | 1,588 | 2,378,345 | 2,856,897 | (478,552) | 13,441 | (465,111) |
| 2011 | 1,545 | - | 1,588 | 2,594,516 | 2,910,657 | (346,141) | 43,239 | (302,902) |
| 2012 | 1,545 | - | 1,588 | 2,670,225 | 2,993,183 | (322,958) | 13,725 | (309,233) |
| 2013 | 1,545 | - | 1,588 | 2,780,901 | 3,154,380 | (373,479) | 9,794 | (363,685) |
| 2014 | 1,545 | - | 1,588 | 3,588,639 | 3,271,269 | 317,370 | 126,064 | 191,306 |
| 2015 | 1,545 | - | 1,588 | 3,163,316 | 3,190,980 | (27,664) | (22,840) | (4,824) |
| 2016 | 1,545 | - | 1,588 | 3,352,743 | 3,126,218 | 226,525 | 20,392 | 246,917 |
| 2017 | 1,545 | - | 1,588 | 3,692,534 | 3,322,132 | 370,402 | 10,887 | 381,289.41 |
| 2018 | 1,612 | - | 1,588 | 3,630,562 | 3,485,179 | 145,383 | 10,813 | 156,196 |

⁽¹⁾ The town sold the wastewater system to Pinellas County in fiscal year 2006.

TOWN OF BELLEAIR, FLORIDA

WATER FUND

SERVICE EFFORTS & ACCOMPLISHMENTS

For the Fiscal Year ended September 30, 2018

OVERVIEW

The Water Department continued to replace water lines in conjunction with the stormwater infrastructure projects. These water line replacements have provided better water quality and flows which in turn helps lower energy consumption and the overall demand on our pumps. We continue to meet all regulatory requirements without any violations or public notices being issued. With help from our engineering consultants, the Southwest Florida Water Management District, and staff, the Town developed a preliminary engineering report to investigate the feasibility to treat our changing water quality by reverse osmosis treatment.

TOWN OF BELLEAIR, FLORIDA

WATER FUND (CONTINUED)

SERVICE EFFORTS AND ACCOMPLISHMENTS
Years ended September 30, 2018, 2017 and 2016

| <u>Inputs</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|---------------------------|---------------------------|---------------------------|
| 1. Total cost of operations | \$ 1,510,558 | \$ 1,274,170 | \$ 1,274,170 |
| 2. Cost per capita | 23.43 | 19.23 | 21.54 |
| 3. Miles of pipeline | 36 | 36 | 36 |
| 4. Number of treatment plants | 1 | 1 | 1 |
| 5. Capacity of town's treatment plant | 2.2 MGD | 2.2 MGD | 2.2 MGD |
| 6. Number of employee hours | 21,360 | 23,920 | 23,920 |
| <u>Outputs</u> | | | |
| 7. Miles of water pipe maintained, repaired and inspected | 36 | 36 | 36 |
| 8. Feet of new line constructed | 2,539 | 4,500 | 5,000 |
| 9. Number of new customers connected | 8 | 6 | 7 |
| 10. Number of breaks, leaks repaired | 3 | 12 | 19 |
| 11. Total gallons pumped, metered and treated | 256 Million Gallons | 257 Million Gallons | 259 Million Gallons |
| 12. Percentage of total gallons pumped by user category: | | | |
| A. Residential | 89% | 83% | 82% |
| B. Commercial | 9% | 6% | 12% |
| C. Used by department | 0% | 4% | 3% |
| D. Unaccounted for | 2% | 7% | 3% |
| 13. Percentage of total gallons pumped that were metered | 98% | 93% | 97% |
| 14. Number of calls about interrupted services | 0 | 6 | 5 |

* Mg = millions of gallons

TOWN OF BELLEAIR, FLORIDA

WATER FUND (CONTINUED)

SERVICE EFFORTS AND ACCOMPLISHMENTS
Years ended September 30, 2018, 2017 and 2016

| <u>Outcomes</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|-------------|-------------|-------------|
| 15. Number of main breaks | 3 | 4 | 9 |
| 16. Number of breaks, leaks per mile | 0.1 | 0.1 | 0.2 |
| 17. Percentage of service interruptions cleared in goal period of time | 100% | 100% | 100% |
| 18. Percentage of breaks and leaks repaired within eight hours of notification | 100% | 100% | 100% |
| 19. Watering violations | 291 | 504 | 122 |
| 20. Number of complaints | 19 | 3 | 5 |

Explanatory

| | | | |
|---|-----------------|--|-----------------|
| 22. Type of source of water supply and distance to source | | Florida Aquifer - All wells within 0.5 miles of plant | |
| 23. Quality of water at intake and treatments | | Water quality is to specifications for the area of the Southwest Florida Water Management District | |
| 24. Average daily demands | 700,515 gal. | 767,968 gal. | 699,957 gal. |

TOWN OF BELLEAIR, FLORIDA

WATER FUND (CONTINUED)

SERVICE EFFORTS AND ACCOMPLISHMENTS
Years ended September 30, 2018, 2017 and 2016

| Explanatory (Continued) | 2018 | 2017 | 2016 |
|--|----------|----------|----------|
| 25. Billing rates | | | |
| A. Current Residential Billing Rates | | | |
| Base | \$ 12.99 | \$ 12.37 | \$ 12.37 |
| Tier 1: 0 - 4,000 gallons | 1.95 | 1.86 | 1.86 |
| Tier 2: 4,001 - 25,000 gallons | 6.52 | 6.21 | 6.21 |
| Tier 3: Over 25,001 gallons | 7.82 | 7.45 | 7.45 |
| B. Residential Billing Rates Prior to 2014 | | | |
| Base | | | |
| 9,000 - 36,000 gallons | | | |
| 36,001 - 60,000 gallons | | | |
| 60,001 - 100,000 gallons | | | |
| 100,001 - 150,000 gallons | | | |
| Over 150,001 gallons | | | |
| 26. Total revenue from customer billing/total cost | 107% | 107% | 107% |
| 27. Population served ⁽¹⁾ | 4,217 | 3,903 | 3,903 |
| 28. Square miles served | 2.0 | 2.0 | 2.0 |
| 29. Maximum daily demand | 1282 | 1338 | 1144 |
| 30. Treatment plant capacity | 2.2 MGD | 2.2 MGD | 2.2 MGD |
| 31. Holding-tank capacity (in gallons) | 800,000 | 800,000 | 800,000 |
| 32. Projected water demand | 1.65/2.2 | 1.65/2.2 | 1.65/2.2 |

MGD - Million gallons per day

(1) Data reflects actual town population.

TOWN OF BELLEAIR, FLORIDA

SOLID WASTE MANAGEMENT FUND

SERVICE EFFORTS & ACCOMPLISHMENTS

For the Fiscal Year ended September 30, 2018

OVERVIEW

The town continued contracting the City of Clearwater to provide single-stream recycling collection. Residential recycling bins increased from eighteen (18) gallon capacity to single stream sixty-four (64) gallon capacity. The increased capacity and ease of single stream collection led to a threefold increase in tonnage of recycled materials. Over time, the diversion of waste to recycling resulted in decreases in disposal expenses.

Solid Waste also purchased a new refuse vehicle with an automated tipping mechanism, assisting staff with lifting heavy bins, such as the recycle carts.

TOWN OF BELLEAIR, FLORIDA

SOLID WASTE MANAGEMENT FUND (CONTINUED)

SERVICE EFFORTS AND ACCOMPLISHMENTS
Years ended September 30, 2018, 2017 and 2016

| <u>Inputs</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|-----------------|-----------------|-----------------|
| 1. Number of personnel | 5.5 | 5.5 | 5.5 |
| 2. Number of vehicles | 8 | 8 | 8 |
| <u>Outputs</u> | | | |
| 3. Number of customers served | 4217 | 4088 | 4022 |
| 4. Tons of waste collected | 2290 | 2729 | 2861 |
| <u>Outcomes</u> | | | |
| 5. Number of customer complaints | <3 | <5 | <4 |
| 6. Percentage of collection missed | <1% | <1% | <1% |
| <u>Efficiency</u> | | | |
| 7. Cost per ton of solid waste collected | \$372.80 | \$314.16 | \$307.76 |
| 8. Cost per customer served | \$202.44 | \$209.72 | \$218.90 |
| 9. Tons of solid waste collected per employee | | 496.18 | 520.13 |
| 10. Frequency of collection | Twice Weekly | Twice Weekly | Twice Weekly |
| 11. Average cost of employees | 60,066.18 | 58,637.64 | 51,031.00 |
| 12. Average crew size on vehicle | 2 | 2 | 2.5 |
| 13. Percentage of recyclable waste recycled | 95% | 95.90% | 99.1% |

OTHER REPORTS

TOWN OF BELLEAIR, FLORIDA

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

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

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

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Jeanine L. Bittinger, CPA, CPPT
Karen Curran, CPA, CVA

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

The Honorable Mayor
and Town Commissioners
Town of Belleair, 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, 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, Florida's (Town) basic financial statements, and have issued our report thereon dated August 16, 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
and Town Commissioners
Town of Belleair, 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 & Cristini, P.L.

August 16, 2019

MANAGEMENT LETTER

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

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The Honorable Mayor
and Town Commission
Town of Belleair, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Belleair, Florida as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated August 16, 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 her 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 August 16, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

The Honorable Mayor
and Town Commission
Town of Belleair, 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 Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018.

Financial Condition

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

August 16, 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 and
Town Commission
Town of Belleair, Florida

We have examined the Town of Belleair, 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.

August 16, 2019.

**MEMORANDUM ON REVIEW
OF INTERNAL CONTROL STRUCTURE**

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

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August 16, 2019

The Honorable Mayor
and Town Commissioners
Town of Belleair, 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, Florida as of and for the year ended September 30, 2018, and have issued our report thereon dated August 16, 2019.

We have issued our Report on Compliance and Internal Accounting Controls in Accordance with *Government Auditing Standards* dated August 16, 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, Florida we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

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

2017-2018

2018-1 GASB Statement No. 87

2016-2017

2017-1 New Pronouncements

2018-1 GASB Statement No. 87

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.

We recommend that the Town consider early implementing this standard for the next fiscal year.

2017-1 New Pronouncements

The GASB has issued the following statements:

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

2016-2017

2017-1 New Pronouncements (Continued)

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

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

This recommendation has been implemented.

* * * * *

This memorandum is intended solely for the use of the Town of Belleair, 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 in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

DAVIDSON, JAMIESON & CRISTINI, P.L.

MANAGEMENT'S RESPONSE



TO: Mayor and Town Commissioners

FROM: JP Murphy, Town Manager

DATE: September 12, 2019

SUBJECT: Response to auditor's report and management letter for the fiscal year 2017-2018

Town staff has reviewed the auditor's report and management letter for the fiscal year ended September 30, 2018. I offer the following comments in response to their recommendations and observations:

New Pronouncements

The external auditor has recommended that the Town implement GASB Statement No. 87, Leases, earlier than required. This would take effect for the FY 2018-19 comprehensive annual financial report. We accept the auditor's recommendation, and the Town will continue to provide employees with training opportunities considered necessary to stay informed on current and future standards and best practices in governmental financial management.

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