



# CITY OF BELLE ISLE, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED SEPTEMBER 30, 2018





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# COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2018



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## **INTRODUCTORY SECTION**

This section contains the following subsections:

- Table of Contents
- Letter of Transmittal
- List of Principal Officials
- Organizational Chart
- Certificate of Achievement



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# CITY OF BELLE ISLE, FLORIDA

1600 Nela Avenue  
Belle Isle, Florida 32809  
(407) 851-7730 • FAX (407) 240-2222  
[www.cityofbelleislefl.org](http://www.cityofbelleislefl.org)

March 9, 2019

Honorable Mayor, Members of the City Commission  
And Citizens of the *City of Belle Isle, Florida*

State law requires that all general-purpose local governments publish 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 auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the *City of Belle Isle, Florida* for the fiscal year ended September 30, 2018.

This report consists of management's representations concerning the finances of the *City of Belle Isle, 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 *City of Belle Isle* has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the *City of Belle Isle's* financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the *City of Belle Isle'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 *City of Belle Isle's* financial statements have been audited by McDirmit Davis & Company LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the *City of Belle Isle* 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 unmodified opinion that the *City of Belle Isle'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.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The *City of Belle Isle's* MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The *City of Belle Isle*, incorporated in 1924, is located in Central Florida. The *City of Belle Isle* is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing commission.

The *City of Belle Isle* operated under a strong-mayor form of government since 1924. However, in November 2003, a charter referendum was passed that changed the City to a commission/manager form of government, with an appointed City Manager, seven elected City Commissioners and a separately elected Mayor. The governing body is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager, clerk and attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing commission, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The Commission is elected on a non-partisan basis. Commission members serve three-year staggered terms and the mayor is elected to serve a three-year term.

The *City of Belle Isle* provides a full range of services, including general government, police, fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities.

The annual budget serves as the foundation for the *City of Belle Isle's* financial planning and control. 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 *City of Belle Isle's* fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager can make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the City Commission. Budget-to-actual comparisons are provided in this report for all funds.

## **City Highlights**

The *City of Belle Isle* is a residential community located in the heart of Central Florida and surrounding beautiful Lake Conway. The City was formed by area residents in 1924 to protect Lake Conway and the beautiful, natural environment of the area. The City is 5.12 square miles in area with an estimated population of 6,944 residents based on the BEBR Bureau of Economic and Business Research.

The goal of the City is to be Central Florida's premier community where residents and business can thrive in a healthy environment centered on Lake Conway with the support of a responsive city government.

The mission of the City is to preserve the quality of life and community identity and to provide needed services to our residents through careful and meaningful growth management and sound fiscal control.

Planned growth for the City includes those areas contiguous to the current city boundaries including the areas south and west of the City. Conservative fiscal management and growth has resulted in the *City of Belle Isle* becoming one of Orange County's most desirable communities.



## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the *City of Belle Isle* operates.

**Local Economy** - The *City of Belle Isle* remains in good and stable financial condition; however the City continues to have concerns relative to the actions of the Federal and State Governments. Federal and State unfunded mandates continue to be forced on the smaller local governments which can have a detrimental effect on funding and in some cases require funding to be allocated from reserve funds. This is a dangerous precedent and one that cities are most concerned about. The City of Belle Isle continues to be vigilant and is committed to slowing this trend while balancing the needs of our infrastructure and service provision.

As a result of the desirability of lakefront living and our unique location, we are experiencing a significant influx of newer residents with substantial financial resources. The City has seen significant growth in residential and commercial construction and anticipates it's continuance in the future. The property and resale values have stabilized or increased compared to property and resale values in the surrounding areas.

**Long-Term Financial Planning** – Stormwater, drainage and paving projects continue to be among the City's highest priorities with a substantial portion of the five year Capital Improvements Program being designated towards improvements in those areas.

Parks beautification and barrier free accessibility is also being implemented through the City's community beautification program for enhancements to parks and open space within the City.

**Relevant Financial Policies** - Along with the annual budget, the City provides a comprehensive five- year projection. This plan details estimated personnel operating and capital costs for continuing operations and expansion plans for all City functions.

**Major Initiatives** – Despite the challenges related to the economy, the City has continued to work on various projects. In addition, the City completed a number of miscellaneous concrete sidewalk repairs and street resurfacing during 2018. The City plans to continue sidewalk repairs and resurfacing in 2019.

## **Awards and Acknowledgements**

The Government of Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the *City of Belle Isle* for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. This was the eighteenth consecutive year that the government received this prestigious award. In order 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 a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement's 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 finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing commission for their unfailing support for maintaining the highest standards of professionalism in the management of the *City of Belle Isle's* finances.

Respectfully submitted



Bob Francis  
City Manager

  
Tracey Richardson  
Finance Manager

**Elected Officials**

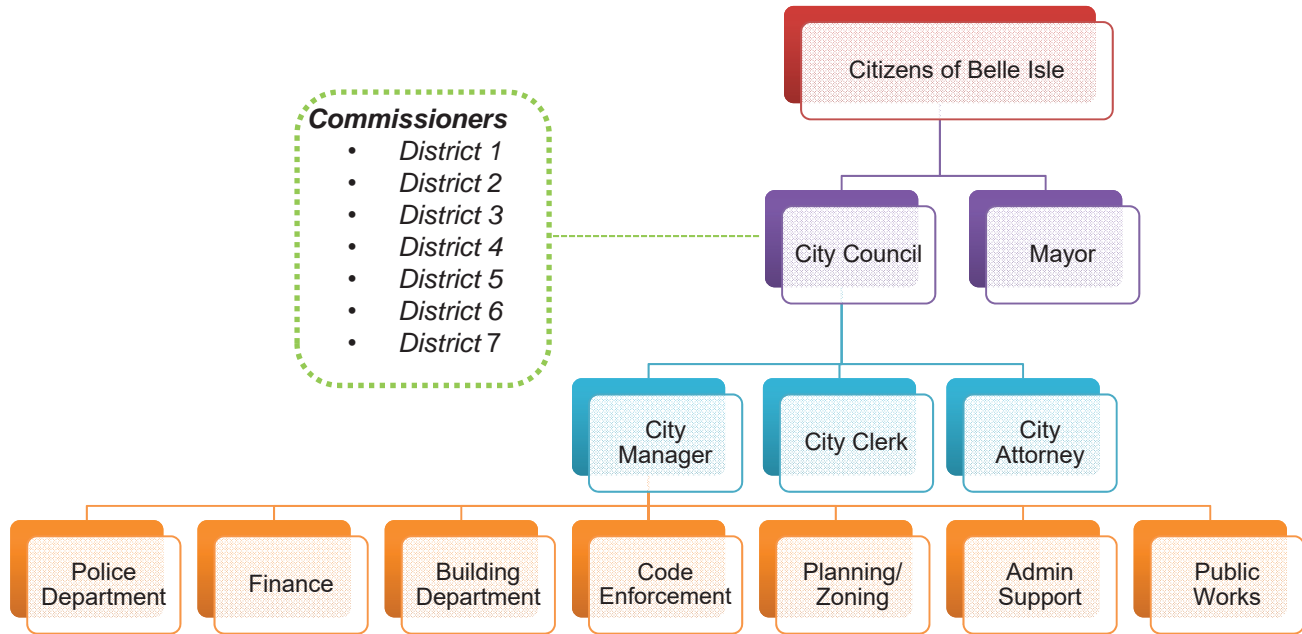
|                               |                        |
|-------------------------------|------------------------|
| Mayor                         | Honorable Lydia Pisano |
| District #1 City Commissioner | Ed Gold Jr.            |
| District #2 City Commissioner | Anthony Carugno        |
| District #3 City Commissioner | Jeremy Weinsier        |
| District #4 City Commissioner | Mike Sims              |
| District #5 City Commissioner | Harvey Readey          |
| District #6 City Commissioner | Jim Partin             |
| District #7 City Commissioner | Sue Nielsen            |

**City Officials**

|                 |                   |
|-----------------|-------------------|
| City Manager    | Bob Francis       |
| City Clerk      | Yolanda Quiceno   |
| Finance Manager | Tracey Richardson |



# City of Belle Isle Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Belle Isle  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morrell*

Executive Director/CEO



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## **FINANCIAL SECTION**

This section contains the following subsections:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund
- Financial Statements and Schedules



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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners  
*City of Belle Isle, Florida*

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the *City of Belle Isle, Florida*, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

The City's 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the *City of Belle Isle, Florida*, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in conformity 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 management's discussion and analysis and budgetary comparison information on pages 3 to 9 and 33 to 35 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 statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *City of Belle Isle's* financial statements as a whole. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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, based on our audit, and the procedures performed as described above, the combining and individual nonmajor fund financial statements and budgetary comparison 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 provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated March 20, 2019 on our consideration of the *City of Belle Isle, Florida's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 City's internal control over financial reporting and compliance.

*McDiernit Davis & Company, LLC*

Orlando, Florida  
March 20, 2019

As management of the *City of Belle Isle, Florida* we offer readers of the *City of Belle Isle's* financial statements this narrative overview and analysis of the financial activities of the *City of Belle Isle* for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### **Financial Highlights**

- The assets of the *City of Belle Isle* exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$9,263,567 (net position). Of this amount, \$1,359,354 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$310,396.
- As of the close of the current fiscal year, the *City of Belle Isle's* governmental funds reported combined ending fund balances of \$3,359,745, a decrease of \$1,260,511 in comparison with the prior year. The general fund had an ending unassigned fund balance of \$982,369, which is 14% of total general fund expenditures.
- The *City of Belle Isle's* total debt is \$10,061,428 at September 30, 2018. This includes Charter School Lease Revenue Bonds, Series 2012, which are payable solely from the pledged lease revenue and neither the property, nor the full faith and credit nor the taxing power of the City, is pledged as security for the payment of the Bonds.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the *City of Belle Isle's* (the City) basic financial statements. The City's basic financial statements are comprised of three components: 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 *City of Belle Isle's* finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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).

The governmental activities of the City of Belle Isle include general government, public safety and physical environment.

The government-wide financial statements include only the *City of Belle Isle* itself (known as the primary government).

The government-wide financial statements can be found on pages 10-11 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 *City of Belle Isle*, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The *City of Belle Isle* has five governmental funds - the General Fund, the Debt Service Fund, and three special revenue funds.

*Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on 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 *City of Belle Isle* adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the general fund, debt service fund, and special revenue funds to demonstrate compliance with this budget and are presented as required supplementary information for the General Fund, Debt Service Fund, and combining schedules for the nonmajor governmental funds.

The basic governmental fund financial statements can be found on pages 12-14 of this report.

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**Government-Wide Financial Analysis**

*Statement of Net Position* - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the *City of Belle Isle*, assets exceeded liabilities and deferred inflows of resources by \$9,263,567 at the close of the most recent fiscal year.

Statement of Net Position

|                                     | Governmental Activities |                     |
|-------------------------------------|-------------------------|---------------------|
|                                     | 2018                    | 2017                |
| Current and other assets            | \$ 3,978,974            | \$ 5,537,482        |
| Capital assets                      | 16,099,501              | 15,014,595          |
| <b>Total assets</b>                 | <b>20,078,475</b>       | <b>20,552,077</b>   |
| Long-term liabilities outstanding   | 10,186,518              | 10,044,031          |
| Other liabilities                   | 624,755                 | 929,993             |
| <b>Total liabilities</b>            | <b>10,811,273</b>       | <b>10,974,024</b>   |
| Total deferred inflows of resources | 3,635                   | 4,090               |
| <b>Net Position:</b>                |                         |                     |
| Net investment in capital assets    | 6,819,323               | 6,008,461           |
| Restricted                          | 1,084,890               | 1,180,583           |
| Unrestricted                        | 1,359,354               | 2,384,919           |
| <b>Total net position</b>           | <b>\$ 9,263,567</b>     | <b>\$ 9,573,963</b> |

Seventy-four percent (74%) of the City's net position is net investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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. An additional portion of the City's net position, \$1,084,890 (12%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position, \$1,359,354 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the *City of Belle Isle* is able to report positive balances in all categories of net position.

**Statement of Activities**

Governmental activities decreased the *City of Belle Isle's* net position by \$310,396. Key elements of this increase are as follows:

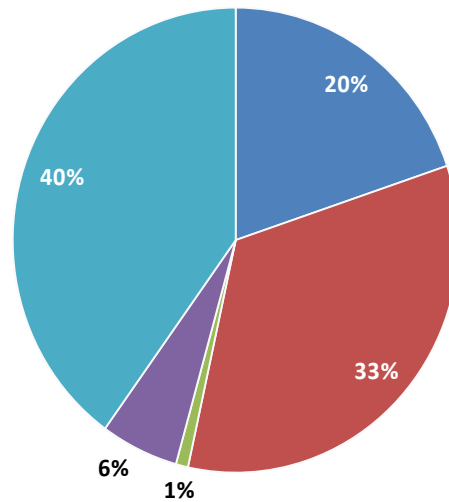
Changes in Net Position

|                                     | Governmental Activities |                     |
|-------------------------------------|-------------------------|---------------------|
|                                     | 2018                    | 2017                |
| <b>Revenues:</b>                    |                         |                     |
| Program revenues:                   |                         |                     |
| Charges for services                | \$ 2,160,939            | \$ 2,308,249        |
| Operating grants and contributions  | 279,947                 | 236,272             |
| Capital grants and contributions    | 5,000                   | 7,934               |
|                                     | <u>2,445,886</u>        | <u>2,552,455</u>    |
| General revenues:                   |                         |                     |
| Property taxes                      | 2,912,422               | 2,711,321           |
| Franchise and utility taxes         | 410,481                 | 395,702             |
| Intergovernmental                   | 1,441,977               | 1,366,176           |
| Investment income and miscellaneous | 64,963                  | 63,298              |
|                                     | <u>4,829,843</u>        | <u>4,536,497</u>    |
| <b>Total revenues</b>               | <u>7,275,729</u>        | <u>7,088,952</u>    |
| <b>Expenses:</b>                    |                         |                     |
| General government                  | 2,281,821               | 2,000,529           |
| Public safety                       | 3,152,637               | 2,827,193           |
| Physical environment                | 1,591,156               | 1,491,093           |
| Interest on long-term debt          | 560,511                 | 585,303             |
| <b>Total expenses</b>               | <u>7,586,125</u>        | <u>6,904,118</u>    |
| <b>Increase in Net Position</b>     | (310,396)               | 184,834             |
| <b>Net position, beginning</b>      | <u>9,573,963</u>        | <u>9,389,129</u>    |
| <b>Net position, ending</b>         | <u>\$ 9,263,567</u>     | <u>\$ 9,573,963</u> |

Public safety expenses increased by \$325,444 primarily due to increased salary costs for the police department and increased fire protection costs.

## Revenues by Source - Governmental Activities

- Intergovernmental
- Program Revenues
- Investment Income & Miscellaneous
- Other Taxes
- Property Taxes



### Financial Analysis of the Government's Funds

As noted earlier, the *City of Belle Isle* used fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

The general fund is the largest fund of the *City of Belle Isle, Florida*. The general fund balance decreased by \$1,013,976 primarily because of funds used in cleanup efforts after Hurricane Irma and the City has not yet been reimbursed by FEMA.

The debt service fund balance increased \$123,780 primarily due to borrowing on the City's line of credit for HVAC replacement at the charter schools.

**General Fund Budgetary Highlights**

During the fiscal 2018 year, actual revenues were more than budgeted revenues in the General Fund by approximately \$180,000. Also, expenditures less than budgeted by approximately \$347,000 primarily due to planned capital projects spending that did not occur until after year end.

**Capital Asset and Debt Administration**

*Capital Assets* - The *City of Belle Isle's* investment in capital assets for its governmental activities as of September 30, 2018, amounts to \$16,099,501 (net of accumulated depreciation), as detailed below. The total increase in City's total capital assets for the current fiscal year was \$1,084,906 (a 7% increase in total capital assets)

Capital Assets  
(Net of Depreciation)

|                          | Governmental Activities |                      |
|--------------------------|-------------------------|----------------------|
|                          | 2018                    | 2017                 |
| Land                     | \$ 2,218,357            | \$ 2,218,357         |
| Buildings                | 6,314,127               | 6,508,358            |
| Improvements             | 755,701                 | 725,744              |
| Machinery and equipment  | 814,290                 | 302,667              |
| Intangibles              | 5,300                   | 10,136               |
| Infrastructure           | 5,795,630               | 5,249,333            |
| Construction in progress | 196,096                 | -                    |
| <b>Total</b>             | <b>\$ 16,099,501</b>    | <b>\$ 15,014,595</b> |

Additional information on the *City of Belle Isle's* capital assets can be found in Note 6 of this report.

*Long-Term Debt* - At the end of the current fiscal year, the *City of Belle Isle* had total debt outstanding of \$10,061,428. This debt includes leases on the acquisition of equipment, line of credit, and Charter School Lease Revenue Bonds, which are nonrecourse. Additional information on long-term debt can be found in Note 9 of this report.

Long-Term Debt

|                       | Governmental Activities |                     |
|-----------------------|-------------------------|---------------------|
|                       | 2018                    | 2017                |
| Capital lease payable | \$ 116,428              | \$ 667              |
| Line of credit        | 250,000                 | -                   |
| Bonds payable         | 9,695,000               | 9,935,000           |
| <b>Total</b>          | <b>\$ 10,061,428</b>    | <b>\$ 9,935,667</b> |



**Next Year's Budget and Rates**

During the current fiscal year, the fund balance in the general fund decreased to \$1,473,141 and the balance appropriated for spending in 2019 was \$490,772.

**Requests for Information**

This financial report is designed to provide a general overview of the *City of Belle Isle's* finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Finance Manager, *City of Belle Isle*, 1600 Nela Avenue, Belle Isle, FL 32809.

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## **Basic Financial Statements**



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City of Belle Isle, Florida  
**Statement of Net Position**  
September 30, 2018

|  | <u>Primary Government</u> |
|--|---------------------------|
|  | <u>Governmental</u>       |
|  | <u>Activities</u>         |
| <b>Assets:</b>                             |                           |
| Cash                                       | \$ 3,768,306              |
| Investments                                | 34,479                    |
| Due from other governments                 | 176,189                   |
| Capital assets:                            |                           |
| Not being depreciated                      | 2,414,453                 |
| Being depreciated, net                     | 13,685,048                |
| <b>Total assets</b>                        | <u>\$ 20,078,475</u>      |
| <b>Liabilities:</b>                        |                           |
| Accounts payable                           | 135,185                   |
| Accrued liabilities                        | 42,132                    |
| Accrued interest payable                   | 5,526                     |
| Matured bonds and interest payable         | 425,212                   |
| Deposits                                   | 16,700                    |
| Noncurrent liabilities:                    |                           |
| Due within one year                        | 317,423                   |
| Due in more than one year                  | 9,869,095                 |
| <b>Total liabilities</b>                   | <u>10,811,273</u>         |
| <b>Deferred Inflows:</b>                   |                           |
| Deferred credit on debt refunding          | 3,635                     |
| <b>Total deferred inflows of resources</b> | <u>3,635</u>              |
| <b>Net Position:</b>                       |                           |
| Net investment in capital assets           | 6,819,323                 |
| Restricted for:                            |                           |
| Debt service                               | 533,858                   |
| Stormwater                                 | 306,979                   |
| Other purposes                             | 244,053                   |
| Unrestricted                               | 1,359,354                 |
| <b>Total net position</b>                  | <u>\$ 9,263,567</u>       |

City of Belle Isle, Florida  
**Statement of Activities**  
Year Ended September 30, 2018

| Functions/Programs                   | Expenses            | Charges for Services | Operating Grants and Contributions | Program Revenue<br>Capital Grants and Contributions | Net (Expense)<br>Revenue and<br>Changes in Net<br>Position |
|--------------------------------------|---------------------|----------------------|------------------------------------|---|--|
|                                      |                     |                      |                                    |   | Primary<br>Governmental<br>Activities                      |
| <b>Primary Government:</b>           |                     |                      |                                    |   |  |
| Governmental activities:             |                     |                      |                                    |   |  |
| General Government                   | \$ 2,281,821        | \$ -                 | \$ -                               | \$ -  | \$ (2,281,821)   |
| Public Safety                        | 3,152,637           | 119,566              | 10,316                             | 5,000   | (3,017,755)  |
| Physical Environment                 | 1,591,156           | 1,056,529            | 269,631                            | -   | (264,996)  |
| Interest on Long-term debt           | 560,511             | 984,844              | -                                  | -   | 424,333  |
| <b>Total governmental activities</b> | <b>7,586,125</b>    | <b>2,160,939</b>     | <b>279,947</b>                     | <b>5,000</b>  | <b>(5,140,239)</b>   |
| <b>Total primary government</b>      | <b>\$ 7,586,125</b> | <b>\$ 2,160,939</b>  | <b>\$ 279,947</b>                  | <b>\$ 5,000</b>                                     | <b>(5,140,239)</b>   |
| <b>General Revenues:</b>             |                     |                      |                                    |   |  |
| Taxes:                               |                     |                      |                                    |   |  |
| Property taxes                       |                     |                      |                                    |   | 2,912,422  |
| Franchise and utility taxes          |                     |                      |                                    |   | 410,481  |
| Intergovernmental, unrestricted      |                     |                      |                                    |   | 1,441,977  |
| Unrestricted investment earnings     |                     |                      |                                    |   | 19,319   |
| Miscellaneous                        |                     |                      |                                    |   | 45,644   |
| <b>Total general revenues</b>        |                     |                      |                                    |   | <b>4,829,843</b>   |
| Change in net position               |                     |                      |                                    |   | (310,396)  |
| Net position, beginning              |                     |                      |                                    |   | 9,573,963  |
| <b>Net position, ending</b>          |                     |                      |                                    |   | <b>\$ 9,263,567</b>  |

City of Belle Isle, Florida  
**Balance Sheet - Governmental Funds**  
September 30, 2018

|                                     | General Fund        | Debt Service Fund   | Total Nonmajor Funds | Total Governmental Funds |
|-------------------------------------|---------------------|---------------------|----------------------|--------------------------|
| <b>Assets:</b>                      |                     |                     |                      |                          |
| Cash and cash equivalents           | \$ 1,405,040        | \$ 1,760,784        | \$ 602,482           | \$ 3,768,306             |
| Investments                         | 34,479              | -                   | -                    | 34,479                   |
| Due from other governments          | 176,189             | -                   | -                    | 176,189                  |
| <b>Total assets</b>                 | <b>\$ 1,615,708</b> | <b>\$ 1,760,784</b> | <b>\$ 602,482</b>    | <b>\$ 3,978,974</b>      |
| <b>Liabilities:</b>                 |                     |                     |                      |                          |
| Accounts payable                    | \$ 83,735           | \$ -                | \$ 51,450            | \$ 135,185               |
| Accrued liabilities                 | 42,132              | -                   | -                    | 42,132                   |
| Matured bonds payable               | -                   | 155,000             | -                    | 155,000                  |
| Matured interest payable            | -                   | 270,212             | -                    | 270,212                  |
| Deposits                            | 16,700              | -                   | -                    | 16,700                   |
| <b>Total liabilities</b>            | <b>142,567</b>      | <b>425,212</b>      | <b>51,450</b>        | <b>619,229</b>           |
| <b>Fund Balances:</b>               |                     |                     |                      |                          |
| Restricted for:                     |                     |                     |                      |                          |
| Debt service                        | -                   | 1,335,572           | -                    | 1,335,572                |
| Stormwater                          | -                   | -                   | 306,979              | 306,979                  |
| Transportation impacts              | -                   | -                   | 231,006              | 231,006                  |
| Law enforcement education           | -                   | -                   | 13,047               | 13,047                   |
| Assigned for:                       |                     |                     |                      |                          |
| Subsequent expenditures             | 490,772             | -                   | -                    | 490,772                  |
| Unassigned                          | 982,369             | -                   | -                    | 982,369                  |
| <b>Total fund balances</b>          | <b>1,473,141</b>    | <b>1,335,572</b>    | <b>551,032</b>       | <b>3,359,745</b>         |
| Total Liabilities and Fund Balances | <b>\$ 1,615,708</b> | <b>\$ 1,760,784</b> | <b>\$ 602,482</b>    |                          |

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

|   |                     |
|---|---------------------|
| Capital assets used in governmental activities are not fund resources and, therefore, are not reported in the funds                                       | 16,099,501          |
| Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds | (10,195,679)        |
| <b>Net position of governmental activities</b>  | <b>\$ 9,263,567</b> |

City of Belle Isle, Florida  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
Year Ended September 30, 2018

|  | General Fund        | Debt Service Fund   | Total Nonmajor Funds | Total Governmental Funds |
|--|---------------------|---------------------|----------------------|--------------------------|
| <b>Revenues:</b>   |                     |                     |                      |                          |
| Taxes:   |                     |                     |                      |                          |
| Property taxes   | \$ 2,912,422        | \$ -                | \$ -                 | \$ 2,912,422             |
| Franchise and utility                                    | 410,481             | -                   | -                    | 410,481                  |
| Licenses and permits                                     | 232,092             | -                   | -                    | 232,092                  |
| Intergovernmental  | 1,726,924           | -                   | -                    | 1,726,924                |
| Charges for services                                     | 589,686             | -                   | 305,440              | 895,126                  |
| Impact fees  | -                   | -                   | 31,460               | 31,460                   |
| Fines and forfeitures                                    | 15,685              | -                   | 1,732                | 17,417                   |
| Investment income  | 2,097               | 12,880              | 4,342                | 19,319                   |
| Miscellaneous  | 51,644              | 984,844             | -                    | 1,036,488                |
| <b>Total revenues</b>                                    | <u>5,941,031</u>    | <u>997,724</u>      | <u>342,974</u>       | <u>7,281,729</u>         |
| <b>Expenditures:</b>                                     |                     |                     |                      |                          |
| Current:   |                     |                     |                      |                          |
| General government                                       | 2,101,282           | -                   | -                    | 2,101,282                |
| Public safety  | 3,283,689           | -                   | 5,979                | 3,289,668                |
| Physical environment                                     | 1,574,310           | 425,120             | 707,310              | 2,706,740                |
| Debt service:  |                     |                     |                      |                          |
| Principal  | 148,916             | 155,000             | -                    | 303,916                  |
| Interest and other charges                               | 26,487              | 543,824             | -                    | 570,311                  |
| <b>Total expenditures</b>                                | <u>7,134,684</u>    | <u>1,123,944</u>    | <u>713,289</u>       | <u>8,971,917</u>         |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>(1,193,653)</u>  | <u>(126,220)</u>    | <u>(370,315)</u>     | <u>(1,690,188)</u>       |
| <b>Other Financing Sources(Uses):</b>                    |                     |                     |                      |                          |
| Proceeds from line of credit                             | -                   | 250,000             | -                    | 250,000                  |
| Proceeds from capital lease                              | 179,677             | -                   | -                    | 179,677                  |
| <b>Total other financing sources</b>                     | <u>179,677</u>      | <u>250,000</u>      | <u>-</u>             | <u>429,677</u>           |
| <b>Net change in fund balances</b>                       | <u>(1,013,976)</u>  | <u>123,780</u>      | <u>(370,315)</u>     | <u>(1,260,511)</u>       |
| Fund balances, beginning                                 | 2,487,117           | 1,211,792           | 921,347              | 4,620,256                |
| <b>Fund balances, ending</b>                             | <u>\$ 1,473,141</u> | <u>\$ 1,335,572</u> | <u>\$ 551,032</u>    | <u>\$ 3,359,745</u>      |



**Reconciliation of the Statement Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities**

Year Ended September 30, 2018

Net Change in Fund Balances - total governmental funds \$ (1,260,511)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

|                |              |           |
|----------------|--------------|-----------|
| Capital Outlay | \$ 1,915,013 |           |
| Depreciation   | (822,148)    |           |
|                |              | 1,092,865 |

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. (7,959)

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds in the current period.

|                              |              |           |
|------------------------------|--------------|-----------|
| Proceeds from line of credit | \$ (250,000) |           |
| Proceeds from capital lease  | (179,677)    |           |
| Principal repayments         | 303,916      |           |
| Principal repayments         |              | (125,761) |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.

|  |             |         |
|--|-------------|---------|
| Compensated absences                         | \$ (18,830) |         |
| Accrued interest                             | 7,241       |         |
| Amortization of premium                      | 2,104       |         |
| Amortization of deferred credit on refunding | 455         |         |
|  |             | (9,030) |

**Change in Net Position of Governmental Activities \$ (310,396)**



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## **Notes to Financial Statements**



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## **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Financial Reporting Entity**

The *City of Belle Isle, Florida* (the "City") was incorporated April 25, 1924 under the Laws of Florida 75-329. The City operates under a council-manager form of government, with an appointed City Manager, seven elected City Commissioners, and a separately elected Mayor. The City provides the following services as authorized by its charter: public safety (fire and law enforcement), highways and streets, sanitation, parks and recreation, public improvements, planning and zoning, and general administrative services. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The more significant of the City's accounting policies are described below.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. In applying the above criteria, the City has identified no component units.

### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. Since the City has no business-type activities, only governmental activities are reported on the government-wide financial statements.

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

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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 with 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The government reports the following major governmental funds:

*General Fund* - is the City's primary operating fund, and is always classified as a major fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

*Debt Service Fund* - is used to account for the lease revenue received from the Charter Schools. The lease revenue is used to pay the debt service on the Series 2012 Lease Revenue Bonds issued by the City in October 2012 as well as repairs and maintenance to the Charter Schools as required by the lease agreement.

The government reports the following nonmajor governmental funds:

*Transportation impact fee special revenue fund* - is used to account for collected impact fees on new development which are restricted for transportation related improvements.

*Stormwater special revenue fund* - is used to account for stormwater management operations and related capital improvements.

*Law enforcement education special revenue fund* - is used to account for revenues received pursuant to Florida Statutes, which imposes a \$2.00 court cost against persons convicted for violations of criminal statutes. Funds must be used to educate and train law enforcement personnel.

**Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance**

**Deposits and Investments**

The government'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.

Investments for the City are reported at fair value within the fair value hierarchy established in accordance with GASB Statement No 72, *Fair Value Measurement and Application*, except for the position in the Florida State Board of Administration's Local Government Surplus Investment Pool (LGIP). In accordance with state law, the LGIP operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the LGIP's qualify as a 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Florida State Board of Administration is subject to regulatory oversight by the State of Florida, although it is not registered with the SEC. The City's investments consist of investments authorized per their investment policy adopted in accordance with section 218.415, Florida Statutes.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased.

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets, which include property, plant equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure of the City is depreciated using the straight-line method over the following estimated useful lives:

| Assets                | Years   |
|-----------------------|---------|
| Buildings             | 40      |
| Improvements          | 5 - 15  |
| Machinery & equipment | 5 - 15  |
| Intangibles           | 3 - 5   |
| Infrastructure        | 25 - 40 |

**Compensated Absences**

The City's personnel policies permit full time employees to accrue personal leave time based upon length of service with the City. This paid time off (PTO) may be used for vacation, sick leave, or doctor appointments. Unused PTO will be paid to employees upon separation from City service at 100% after completion of one year of service. For governmental activities, compensated absences are generally liquidated by the General Fund. A liability for these amounts is reported in the general fund only if they have matured, for example, due to employee retirements.

**Long Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2018.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category, a deferred credit on debt refunding. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

**Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Commission is authorized to assign fund balance. The commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.



**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 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. One element of that reconciliation explains that “long-term liabilities including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

|   |                      |
|---|----------------------|
| Bonds payable   | \$ 9,695,000         |
| Add: Issuance premium (to be amortized over life of debt)             | 16,829               |
| Add: Deferred credit on refunding (to be amortized over life of debt) | 3,635                |
| Capital lease payable   | 116,428              |
| Line of credit  | 250,000              |
| Accrued interest payable  | 5,526                |
| Compensated absences  | 108,261              |
|   | <hr/>                |
|   | <u>\$ 10,195,679</u> |

***B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities.***

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

**NOTE 3            STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A.            *Budgetary Information***

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

1. On or before the first Commission meeting in August, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for all of the City's funds.
2. Public hearings are conducted at the City Hall to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of a resolution.
3. The City cannot legally exceed the budget; however, the City Manager is authorized to transfer budgeted amounts within a department. Any revisions that change the total expenditures of any department must be approved by the City Commission. The legal level of budgetary control is the department level.
4. Formal budgetary integration is employed as a management control device during the year for all of the City's funds.
5. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Encumbrance accounting is not employed. Unexpended and unencumbered appropriations lapse at the end of the fiscal year and are reappropriated in the ensuing year.

**B.            *Excess of Expenditures Over Appropriations***

For the year ended September 30, 2018, expenditures exceeded appropriations in the physical environment department of the general fund by \$1,589 and the stormwater fund (the legal level of budgetary control) by \$15,644.

**NOTE 4            CASH AND INVESTMENTS**

Following are the components of the City's cash and investments at September 30, 2018:

|             |                         |
|-------------|-------------------------|
| Cash        | \$            3,768,306 |
| Investments | 34,479                  |
|             | <hr/>                   |
|             | \$            3,802,785 |
|             | <hr/> <hr/>             |

**Deposits**

All of the City's deposits are at institutions which are Qualified Public Depositories pursuant to Florida Statutes. Therefore, all bank deposits are entirely insured or collateralized by the Federal Depository Insurance Corporation (FDIC) and the Bureau of Collateral Securities, Division of Treasury.

**NOTE 4 CASH AND INVESTMENTS (CONTINUED)**

**Investments**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Under GASB 72, assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the City's own data in measuring unobservable inputs.

The City's investment policies are governed by State Statutes and City ordinances. City ordinance allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the Florida Statutes. Authorized investments are:

1. The State Board of Administration Local Government Investment Pool (SBA);
2. Securities and Exchange Commission Registered Money Market Funds;
3. Savings accounts and certificates of deposit in state-certified qualified public depositories;
4. The Florida Municipal Investment Trust, administered by the Florida League of Cities, Inc.
5. U.S. Government Agency Securities and U.S. Treasury Bills, Notes and Bonds;
6. Overnight bank sweep accounts.

The SBA is not a registrant with the Securities and Exchange Commission (SEC); however, the State of Florida does provide regulatory oversight. The Board has adopted operating procedures consistent with the requirements for a 2a-7 fund for the Florida Prime Fund; therefore, the pool net asset value per share can be used as fair value for financial reporting. The SBA does not impose any limitations or restrictions on withdrawals; however, under certain conditions involving a material impact on liquidity or operations of the fund, the SBA may limit withdrawals for a period of up to 15 days. As of September 30, 2018, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

Investments made by the *City of Belle Isle* at September 30, 2018 are summarized below. In accordance with GASB 31, investments are reported at amortized cost, which approximates fair value.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Credit Rating</u> | <u>Weighted Average Maturity</u> |
|------------------------|-------------------|----------------------|----------------------------------|
| Florida PRIME          | \$ 34,479         | AAAm                 | 33 days                          |

**Credit Risk**

The City's investment policy limits credit risk by restricting authorized investments to those described above.

**NOTE 4 CASH AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2018, all of the City's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2018, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Concentration of Credit Risk**

The City's investment policy requires diversification, but does not specify limits on types of investments.

**Interest Rate Risk**

The City's investment policy does not specifically address interest rate risk; however, the general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The City manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of less than three months.

**NOTE 5 PROPERTY TAX**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by March 31. The County bills and collects property taxes. Collections of the property taxes by the county and remittance of them to the City are accounted for in the general fund. City property tax revenues are recognized when levied to the extent that they result in current receivables.

The City is permitted by the Municipal Finance Law of the State to levy taxes up to \$10 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services for the year ended September 30, 2018, was 4.4018 per \$1,000, which means the City has a tax margin of 5.5982 per \$1,000 and could raise up to \$3,837,602 before discount, additionally, each year from the present assessed valuation of \$684,506,494 before the limit is reached.

**NOTE 6 CAPITAL ASSETS**

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

|  | Beginning<br>Balance | Increases           | Decreases         | Ending Balance       |
|--|----------------------|---------------------|-------------------|----------------------|
| <b>Governmental Activities:</b>                    |                      |                     |                   |                      |
| Capital Assets, not being depreciated:             |                      |                     |                   |                      |
| Land   | \$ 2,218,357         | \$ -                | \$ -              | \$ 2,218,357         |
| Construction in Progress                           | -                    | 196,096             | -                 | 196,096              |
| <b>Total capital assets, not being depreciated</b> | <b>2,218,357</b>     | <b>196,096</b>      | <b>-</b>          | <b>2,414,453</b>     |
| <b>Capital Assets, being depreciated:</b>          |                      |                     |                   |                      |
| Buildings  | 7,778,675            | -                   | (2,242)           | 7,776,433            |
| Improvements                                       | 1,423,848            | 113,214             | -                 | 1,537,062            |
| Machinery & equipment                              | 1,319,724            | 639,881             | (141,038)         | 1,818,567            |
| Intangibles  | 55,768               | -                   | -                 | 55,768               |
| Infrastructure                                     | 8,651,375            | 965,822             | -                 | 9,617,197            |
| <b>Total capital assets being depreciated</b>      | <b>19,229,390</b>    | <b>1,718,917</b>    | <b>(143,280)</b>  | <b>20,805,027</b>    |
| <b>Less Accumulated Depreciation for:</b>          |                      |                     |                   |                      |
| Buildings  | (1,270,317)          | (193,297)           | 1,308             | (1,462,306)          |
| Improvements                                       | (698,104)            | (83,257)            | -                 | (781,361)            |
| Machinery & equipment                              | (1,017,057)          | (121,233)           | 134,013           | (1,004,277)          |
| Intangibles  | (45,632)             | (4,836)             | -                 | (50,468)             |
| Infrastructure                                     | (3,402,042)          | (419,525)           | -                 | (3,821,567)          |
| <b>Total accumulated depreciation</b>              | <b>(6,433,152)</b>   | <b>(822,148)</b>    | <b>135,321</b>    | <b>(7,119,979)</b>   |
| <b>Total capital assets being depreciated, net</b> | <b>12,796,238</b>    | <b>896,769</b>      | <b>(7,959)</b>    | <b>13,685,048</b>    |
| <b>Governmental activities capital assets, net</b> | <b>\$ 15,014,595</b> | <b>\$ 1,092,865</b> | <b>\$ (7,959)</b> | <b>\$ 16,099,501</b> |

Depreciation expenses were charged to functions/programs of the City as follows:

|                      |                   |
|----------------------|-------------------|
| General government   | \$ 196,379        |
| Public safety        | 110,662           |
| Physical environment | 515,107           |
|                      | <u>\$ 822,148</u> |

**NOTE 7 RETIREMENT PLANS**

**Employees Defined Contribution Plans**

The City is a participant in the Florida Municipal Pension Trust Fund, a multiple employer 401(a) defined contribution plan. The plan is established and administered by and can be amended under the authority of the Florida League of Cities, Inc. All full-time employees are eligible to participate in the plan upon the first month following 30 days of employment. As soon as an employee is eligible to participate in the plan, contributions are made by the City. Under this plan, the City contributes 12.5% of eligible wages for police officers and 9.5% for all other eligible employees. The contribution rate is established by the City Commission. Employees do not participate in the plan funding. Employees are 100% vested upon completion of one year of service. No fixed benefits are paid or payable upon retirement. At September 30, 2018, there were 25 participants in the plan.

During the year ended September 30, 2018, the City contributed \$150,957 to the plan and no forfeitures were used to reduce the City's contribution. The City has no unfunded liability under this plan.

**Deferred Compensation Plan**

The City also participates in the Florida Municipal Pension Trust Fund 457(b) Deferred Compensation Plan, a multiple employer plan created in accordance with Internal Revenue Code Section 457 (the 457 Plan). The 457 Plan, available to all full-time employees immediately upon employment, permits participants to defer a portion of their current salary until future years. The plan is established and administered by, and can be amended under the authority of the Florida League of Cities, Inc. The City is not required and does not contribute to the 457 Plan. At September 30, 2018, there were 14 active plan participants. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All assets of these plans are held in trust for the exclusive benefit of plan participants and their beneficiaries, and are not accounted for in the City's financial statements.

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS**

Pursuant to Resolution 10-15, the City has elected not to make continuation of group health insurance through the City's current provider available to retirees and eligible dependents.

**NOTE 9 LONG-TERM DEBT**

Long-term debt activity for the year ended September 30, 2018 was as follows:

|                      | Beginning<br>Balance | Additions         | Deductions          | Ending Balance       | Due Within One<br>Year |
|----------------------|----------------------|-------------------|---------------------|----------------------|------------------------|
| Capital leases       | \$ 667               | \$ 179,677        | \$ (63,916)         | \$ 116,428           | \$ 56,597              |
| Line of credit       | -                    | 250,000           | -                   | 250,000              | -                      |
| Revenue bonds        | 9,935,000            | -                 | (240,000)           | 9,695,000            | 250,000                |
| Unamortized premium  | 18,933               | -                 | (2,104)             | 16,829               | -                      |
| Compensated absences | 89,431               | 120,594           | (101,764)           | 108,261              | 10,826                 |
|                      | <u>\$ 10,044,031</u> | <u>\$ 550,271</u> | <u>\$ (407,784)</u> | <u>\$ 10,186,518</u> | <u>\$ 317,423</u>      |

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

**Capital Lease**

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes, and therefore have been recorded at the present value of the minimum lease payments of the inception date. A summary of equipment acquired through capital lease is as follows:

|                                | Governmental<br>Activities |
|--------------------------------|----------------------------|
| Equipment                      | \$ 179,677                 |
| Less: accumulated depreciation | (23,957)                   |
|                                | <u>\$ 155,720</u>          |

The future minimum lease obligations of the minimum lease payments at September 30, 2018 are as follows:

| Year Ending September 30,               | Governmental<br>Activities |
|---|----------------------------|
| 2019                                    | 63,249                     |
| 2020                                    | 63,249                     |
| Total minimum lease payments            | 126,498                    |
| Less: amount representing interest      | (10,070)                   |
| Present value of minimum lease payments | <u>\$ 116,428</u>          |

**Revenue Bonds**

On September 27, 2016, the City issued \$935,000 of FMLC Refunding and Improvement Revenue Bonds, Series 2016 with interest rates ranging from 2.0% to 4.0% to refund FMLC Revenue Bonds, Series 2006. The \$935,000 loan is secured by a covenant to appropriate in the annual budget the amount of non-ad valorem revenues to satisfy repayment.

Total principal and interest remaining on the Series 2016 Bonds as of September 30, 2018 is \$848,800. For the year ended September 30, 2018, total principal and interest paid was \$107,650.

In October 2012, the City of Belle Isle issued Charter School Lease Revenue Bonds, Series 2012, in the amount of \$9,625,000. The proceeds of the Bonds were used to finance the costs of acquisition of charter school facilities located within the City of Belle Isle. The City is leasing these facilities to the City of Belle Isle Charter Schools, Inc. (the "Charter Schools") pursuant to the Lease Agreement dated October 1, 2012. The Charter Schools are obligated to make base rent payments under the Lease in a total amount sufficient to pay all sinking fund installments of the 2012 Bonds until maturity in 2042. Under the Lease, all Charter School revenues are pledged to the payment of base rent to the City. See Note 13 for further discussion of Lease. The average annual debt service on these Bonds is \$700,000 per year. These Series 2012 Bonds are limited obligations of the City of Belle Isle payable solely out of the pledged revenues and neither the property, the full faith and credit, nor the taxing power of the City, is pledged as security for the payment of the Bonds.

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

Total principal and interest remaining on the Series 2012 Bonds as of September 30, 2018 is \$17,417,750. For the year ended September 30, 2018, principal and interest paid was \$695,425 and total pledged revenue for the year was \$984,844.

Revenue bonds outstanding at year end are as follows:

| Governmental Activities                            | Interest Rates<br>and Dates   | Maturity  | Original<br>Amount | Balance<br>September 30,<br>2018 |
|--|-------------------------------|-----------|--------------------|----------------------------------|
| Charter school lease revenue<br>Bonds, Series 2012 | 5.50% - 6.00%<br>(4/1 & 10/1) | 10/1/2042 | \$ 9,625,000       | \$ 8,925,000                     |
| FMLC refunding revenue<br>Bonds, Series 2016       | 2.00% - 4.00%<br>(4/1 & 10/1) | 10/1/2026 | \$ 935,000         | 770,000                          |
| <b>Total</b>                                       |                               |           |                    | <b>\$ 9,695,000</b>              |

Annual debt service requirements to maturity for the note and bonds are as follows:

| Year Ending September, 30 | Governmental Activities |                     |
|---------------------------|-------------------------|---------------------|
|                           | Principal               | Interest            |
| 2019                      | \$ 250,000              | \$ 551,575          |
| 2020                      | 265,000                 | 539,450             |
| 2021                      | 280,000                 | 527,050             |
| 2022                      | 290,000                 | 513,550             |
| 2023                      | 300,000                 | 499,975             |
| 2024 - 2028               | 1,530,000               | 2,272,750           |
| 2029 - 2033               | 1,630,000               | 1,849,800           |
| 2034 - 2038               | 2,180,000               | 1,299,000           |
| 2039 - 2043               | 2,970,000               | 518,400             |
|                           | <b>\$ 9,695,000</b>     | <b>\$ 8,571,550</b> |

**Line of Credit**

The City entered into a revolving line of credit agreement with a financial institution on July 19, 2012 for the amount of \$750,000. The interest rate is the Wall Street Journal prime rate plus 0.5% floating with a floor of 4.5% (5.75% at September 30, 2018). Repayment terms are interest only due monthly with maturity date of October 19, 2019. The line of credit is unsecured. At September 30, 2018, the City had \$500,000 available on the line of credit to draw down.

**NOTE 10 RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. Risk of loss from the above is transferred by the City to various commercial insurers through the purchase of insurance. There has been no significant reduction in insurance coverage from the previous year. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.



**NOTE 11 CONTINGENCIES**

During the ordinary course of its operations, the City is a party to various claims, legal actions, and complaints. In addition, although the outcome of these lawsuits is not presently determinable, in the opinion of the City's management and legal counsel, these matters are not anticipated to have a material financial impact on the City.

**NOTE 12 RELATED PARTIES**

The City has authority to appoint 2 seats (out of a total of 9) to the Board of Directors of the City of Belle Isle Charter Schools Inc. (see Notes 9 & 13). The City has no ability to impose its will upon the Charter Schools and the Charter Schools are not fiscally accountable to the City. Therefore, the Charter Schools are not considered component units of the City.

**NOTE 13 LEASE AGREEMENT**

On October 1, 2012, the Charter Schools entered into an educational facilities lease agreement with the City of Belle Isle. Pursuant to the Lease, the Charter Schools are obligated to make payments of "Incremental Rent" to the City. Annual incremental rent shall equal \$700 multiplied by the total enrolled students for the schools, with minimum rent equaling the debt service requirements for the year. The Charter Schools must also meet certain requirements and covenants under the lease agreement, including maintaining a "Debt Service Coverage Ratio" of at least 1.20 and maintaining 45 days cash and unrestricted available funds on hand. These covenants were met during the year ended September 30, 2018. The City received rent of \$984,844 during the year ended September 30, 2018. The City's budget for FYE 2019 includes annual rent to be received of \$1,001,000 based on an estimated student count of 1430. The estimated future minimum payments to be received by the City are as follows:

| <u>Fiscal Year Ending</u> | <u>Amount</u>        |
|---------------------------|----------------------|
| 2019                      | \$ 1,001,000         |
| 2020                      | 1,001,000            |
| 2021                      | 1,001,000            |
| 2022                      | 1,001,000            |
| 2023                      | 1,001,000            |
| 2024 - 2028               | 5,005,000            |
| 2029 - 2033               | 5,005,000            |
| 2034 - 2038               | 5,005,000            |
| 2039 - 2042               | 4,004,000            |
|                           | <u>\$ 24,024,000</u> |

Following is a schedule of cost and accumulated depreciation of capital assets under the operating lease:

|                                |                     |
|--------------------------------|---------------------|
| Land, buildings, and equipment | \$ 8,460,636        |
| Accumulated depreciation       | (1,040,481)         |
| Capital assets held for lease  | <u>\$ 7,420,155</u> |

**NOTE 14 SUBSEQUENT EVENTS**

In October 2018, the City received donation of a piece of undeveloped land with an approximate estimated value of \$625,000



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**Required Supplementary Information**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance****Budget and Actual - General Fund**

Year Ended September 30, 2018

|  | Budgeted Amounts    |                     | Actual Amounts,<br>Budgetary Basis | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|------------------------------------|---|
|  | Original            | Final               |                                    |   |
| <b>Revenues:</b>                                     |                     |                     |                                    |   |
| Taxes:   |                     |                     |                                    |   |
| Property taxes                                       | \$ 2,861,666        | \$ 2,861,666        | \$ 2,912,422                       | \$ 50,756   |
| Franchise fees and utility taxes                     | 385,257             | 409,257             | 410,481                            | 1,224   |
| Licenses and permits                                 | 118,650             | 208,650             | 232,092                            | 23,442  |
| Intergovernmental                                    | 1,627,082           | 1,643,934           | 1,726,924                          | 82,990  |
| Fines and forfeitures                                | 13,000              | 13,000              | 15,685                             | 2,685   |
| Charges for services                                 | 520,720             | 578,800             | 589,686                            | 10,886  |
| Investment income                                    | 3,000               | 3,000               | 2,097                              | (903)   |
| Miscellaneous  | 34,000              | 43,000              | 51,644                             | 8,644   |
| <b>Total revenues</b>                                | <b>5,563,375</b>    | <b>5,761,307</b>    | <b>5,941,031</b>                   | <b>179,724</b>  |
| <b>Expenditures:</b>                                 |                     |                     |                                    |   |
| Current:   |                     |                     |                                    |   |
| General government:                                  |                     |                     |                                    |   |
| Legislative  | 90,935              | 120,935             | 103,509                            | 17,426  |
| Executive  | 4,300               | 4,300               | 1,893                              | 2,407   |
| Finance and administrative                           | 582,726             | 582,726             | 554,248                            | 28,478  |
| Other general government                             | 697,265             | 1,529,105           | 1,441,632                          | 87,473  |
| <b>Total general government</b>                      | <b>1,375,226</b>    | <b>2,237,066</b>    | <b>2,101,282</b>                   | <b>135,784</b>  |
| Public safety:                                       |                     |                     |                                    |   |
| Law enforcement                                      | 1,788,608           | 1,764,692           | 1,731,959                          | 32,733  |
| Fire control   | 1,371,713           | 1,371,713           | 1,372,053                          | (340)   |
| <b>Total public safety</b>                           | <b>3,160,321</b>    | <b>3,136,405</b>    | <b>3,104,012</b>                   | <b>32,393</b>   |
| Physical environment:                                |                     |                     |                                    |   |
| Roads and streets                                    | 652,430             | 1,106,929           | 1,097,919                          | 9,010   |
| Solid waste disposal                                 | 465,792             | 465,792             | 476,391                            | (10,599)  |
| <b>Total physical environment</b>                    | <b>1,118,222</b>    | <b>1,572,721</b>    | <b>1,574,310</b>                   | <b>(1,589)</b>  |
| Debt service:  |                     |                     |                                    |   |
| Principal  | 85,000              | 148,916             | 148,916                            | -   |
| Interest   | 27,000              | 27,000              | 26,487                             | 513   |
| <b>Total debt service</b>                            | <b>112,000</b>      | <b>175,916</b>      | <b>175,403</b>                     | <b>513</b>  |
| <b>Total expenditures</b>                            | <b>5,765,769</b>    | <b>7,122,108</b>    | <b>6,955,007</b>                   | <b>167,101</b>  |
| Excess (deficiency) of revenues<br>over expenditures | (202,394)           | (1,360,801)         | (1,013,976)                        | 346,825   |
| <b>Net change in fund balance</b>                    | <b>(202,394)</b>    | <b>(1,360,801)</b>  | <b>(1,013,976)</b>                 | <b>346,825</b>  |
| Fund balance, beginning                              | 2,487,117           | 2,487,117           | 2,487,117                          | -   |
| <b>Fund balance, ending</b>                          | <b>\$ 2,284,723</b> | <b>\$ 1,126,316</b> | <b>\$ 1,473,141</b>                | <b>\$ 346,825</b>   |

The governmental funds' budgets are prepared on a budgetary basis, whereby the City may include a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as a budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior periods' excess of revenues over expenditures. Also, the City does not budget for financing activities relating to the acquisition of capital assets or refunding of debt.

For the 2018 fiscal year, the following adjustments were necessary to convert General Fund expenditures on the GAAP basis to the budgetary basis:

|  | Expenditures        | Other Financing<br>Sources (Uses) |
|--|---------------------|-----------------------------------|
| GAAP basis                             | \$ 7,134,684        | \$ 179,677                        |
| Nonbudgeted capital lease transactions | (179,677)           | (179,677)                         |
| Budgetary basis                        | <u>\$ 6,955,007</u> | <u>\$ -</u>                       |

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**Combining and Individual Fund  
Statements and Schedules**



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**Debt Service Fund**

- This fund was established to account for the lease revenue received from the Charter Schools. The lease revenue is used to pay the debt service on the Series 2012 Lease Revenue Bonds issued by the City in October 2012, as well as to provide common area maintenance and improvements for the leased properties.



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City of Belle Isle, Florida  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Debt Service Fund**  
Year Ended September 30, 2018

|  | Budgeted Amounts    |                   | Actual Amounts,<br>Budgetary Basis | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------|-------------------|------------------------------------|---|
|  | Original            | Final             |                                    |   |
| <b>Revenues:</b>   |                     |                   |                                    |   |
| Investment income  | \$ -                | \$ 10,000         | \$ 12,880                          | \$ 2,880  |
| Miscellaneous  | 1,001,000           | 984,843           | 984,844                            | 1   |
| <b>Total revenues</b>  | <b>1,001,000</b>    | <b>994,843</b>    | <b>997,724</b>                     | <b>2,881</b>  |
| <b>Expenditures:</b>   |                     |                   |                                    |   |
| Current:   |                     |                   |                                    |   |
| Physical environment   | 435,000             | 662,393           | 425,120                            | 237,273   |
| Debt service:  |                     |                   |                                    |   |
| Principal  | 155,000             | 155,000           | 155,000                            | -   |
| Interest   | 540,425             | 540,425           | 543,824                            | (3,399)   |
| <b>Total expenditures</b>                                    | <b>1,130,425</b>    | <b>1,357,818</b>  | <b>1,123,944</b>                   | <b>233,874</b>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>(129,425)</b>    | <b>(362,975)</b>  | <b>(126,220)</b>                   | <b>236,755</b>  |
| <b>Other Financing Sources:</b>                              |                     |                   |                                    |   |
| Proceeds from line of credit                                 | -                   | -                 | 250,000                            | 250,000   |
| <b>Total other financing sources</b>                         | <b>-</b>            | <b>-</b>          | <b>250,000</b>                     | <b>250,000</b>  |
| <b>Net change in fund balance</b>                            | <b>-</b>            | <b>(362,975)</b>  | <b>123,780</b>                     | <b>486,755</b>  |
| <b>Fund balance, beginning</b>                               | <b>1,211,792</b>    | <b>1,211,792</b>  | <b>1,211,792</b>                   | <b>-</b>  |
| <b>Fund balance, ending</b>                                  | <b>\$ 1,082,367</b> | <b>\$ 848,817</b> | <b>\$ 1,335,572</b>                | <b>\$ 486,755</b>   |



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**Transportation Impact Fee  
Special Revenue Fund**

This fund is used to account for collected impact fees on new development which are restricted for use in funding road construction directly related to new growth.

**The Stormwater Fund**

This fund is used to account for stormwater management operations and related capital improvements.

**Law Enforcement Education  
Special Revenue Fund**

This fund is used to account for revenues received pursuant to Florida Statutes which imposes a \$2.00 court cost against persons convicted for violations of criminal statutes. Funds must be used to educate and train law enforcement personnel.



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City of Belle Isle, Florida  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
September 30, 2018

|  | <u>Special Revenue Funds</u>         |                            |  | <u>Total Nonmajor<br/>Governmental<br/>Funds</u> |
|--|--------------------------------------|----------------------------|--|--|
|  | <u>Transportation<br/>Impact Fee</u> | <u>Stormwater<br/>Fund</u> | <u>Law<br/>Enforcement<br/>Education</u> |  |
| <b>Assets:</b>                             |                                      |                            |  |  |
| Cash and cash equivalents                  | \$ 241,907                           | \$ 347,528                 | \$ 13,047                                | \$ 602,482                                       |
| <b>Total assets</b>                        | <u>\$ 241,907</u>                    | <u>\$ 347,528</u>          | <u>\$ 13,047</u>                         | <u>\$ 602,482</u>                                |
| <b>Liabilities:</b>                        |                                      |                            |  |  |
| Accounts payable                           | \$ 10,901                            | \$ 40,549                  | \$ -                                     | \$ 51,450  |
| <b>Total liabilities</b>                   | <u>10,901</u>                        | <u>40,549</u>              | <u>-</u>                                 | <u>51,450</u>                                    |
| <b>Fund Balances:</b>                      |                                      |                            |  |  |
| Restricted for:                            |                                      |                            |  |  |
| Transportation impacts                     | 231,006                              | -                          | -  | 231,006  |
| Stormwater                                 | -                                    | 306,979                    | -  | 306,979  |
| Law enforcement education                  | -                                    | -                          | 13,047                                   | 13,047   |
| <b>Total fund balances</b>                 | <u>231,006</u>                       | <u>306,979</u>             | <u>13,047</u>                            | <u>551,032</u>                                   |
| <b>Total liabilities and fund balances</b> | <u>\$ 241,907</u>                    | <u>\$ 347,528</u>          | <u>\$ 13,047</u>                         | <u>\$ 602,482</u>                                |

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Nonmajor Governmental Funds**

For the Year Ended September 30, 2018

|  | <u>Special Revenue Funds</u>         |                            |  | <u>Total Nonmajor<br/>Governmental<br/>Funds</u> |
|--|--------------------------------------|----------------------------|--|--|
|  | <u>Transportation<br/>Impact Fee</u> | <u>Stormwater<br/>Fund</u> | <u>Law<br/>Enforcement<br/>Education</u> |  |
| <b>Revenues:</b>   |                                      |                            |  |  |
| Charges for services   | \$ -                                 | \$ 305,440                 | \$ -                                     | \$ 305,440                                       |
| Impact fees  | 31,460                               | -                          | -  | 31,460   |
| Fines and forfeitures  | -                                    | -                          | 1,732                                    | 1,732  |
| Investment earnings  | 1,448                                | 1,447                      | 1,447                                    | 4,342  |
| <b>Total revenues</b>  | <u>32,908</u>                        | <u>306,887</u>             | <u>3,179</u>                             | <u>342,974</u>                                   |
| <b>Expenditures:</b>   |                                      |                            |  |  |
| Current:   |                                      |                            |  |  |
| Public Safety  | -                                    | -                          | 5,979                                    | 5,979  |
| Physical environment   | 42,466                               | 664,844                    | -  | 707,310  |
| <b>Total expenditures</b>                                    | <u>42,466</u>                        | <u>664,844</u>             | <u>5,979</u>                             | <u>713,289</u>                                   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>(9,558)</u>                       | <u>(357,957)</u>           | <u>(2,800)</u>                           | <u>(370,315)</u>                                 |
| <b>Net change in fund balances</b>                           | (9,558)                              | (357,957)                  | (2,800)                                  | (370,315)  |
| <b>Fund balances, beginning</b>                              | 240,564                              | 664,936                    | 15,847                                   | 921,347  |
| <b>Fund balances, ending</b>                                 | <u>\$ 231,006</u>                    | <u>\$ 306,979</u>          | <u>\$ 13,047</u>                         | <u>\$ 551,032</u>                                |



City of Belle Isle, Florida  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Transportation Impact Fee Fund**  
Year Ended September 30, 2018

|  | Budgeted Amounts  |                   | Actual Amounts,<br>Budgetary Basis | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|------------------------------------|---|
|  | Original          | Final             |                                    |   |
| <b>Revenues:</b>   |                   |                   |                                    |   |
| Impact fees  | \$ 7,150          | \$ 31,460         | \$ 31,460                          | \$ -  |
| Investment income  | 3,000             | 1,200             | 1,448                              | 248   |
| <b>Total revenues</b>  | <b>10,150</b>     | <b>32,660</b>     | <b>32,908</b>                      | <b>248</b>  |
| <b>Expenditures:</b>   |                   |                   |                                    |   |
| Current:   |                   |                   |                                    |   |
| Physical environment   | 50,000            | 50,000            | 42,466                             | 7,534   |
| <b>Total expenditures</b>                                    | <b>50,000</b>     | <b>50,000</b>     | <b>42,466</b>                      | <b>7,534</b>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>(39,850)</b>   | <b>(17,340)</b>   | <b>(9,558)</b>                     | <b>7,782</b>  |
| <b>Net change in fund balance</b>                            | <b>(39,850)</b>   | <b>(17,340)</b>   | <b>(9,558)</b>                     | <b>7,782</b>  |
| <b>Fund balance, beginning</b>                               | <b>240,564</b>    | <b>240,564</b>    | <b>240,564</b>                     | <b>-</b>  |
| <b>Fund balance, ending</b>                                  | <b>\$ 200,714</b> | <b>\$ 223,224</b> | <b>\$ 231,006</b>                  | <b>\$ 7,782</b>   |

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget and Actual - Stormwater Fund**

Year Ended September 30, 2018

|  | Budgeted Amounts  |                   | Actual Amounts,<br>Budgetary Basis | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|------------------------------------|---|
|  | Original          | Final             |                                    |   |
| <b>Revenues:</b>   |                   |                   |                                    |   |
| Charges for services   | \$ 386,353        | \$ 306,353        | \$ 305,440                         | \$ (913)  |
| Investment income  | 3,000             | 1,200             | 1,447                              | 247   |
| <b>Total revenues</b>  | <b>389,353</b>    | <b>307,553</b>    | <b>306,887</b>                     | <b>(666)</b>  |
| <b>Expenditures:</b>   |                   |                   |                                    |   |
| Current:   |                   |                   |                                    |   |
| Physical environment   | 720,750           | 649,200           | 664,844                            | (15,644)  |
| <b>Total expenditures</b>                                    | <b>720,750</b>    | <b>649,200</b>    | <b>664,844</b>                     | <b>(15,644)</b>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>(331,397)</b>  | <b>(341,647)</b>  | <b>(357,957)</b>                   | <b>(16,310)</b>   |
| <b>Net change in fund balance</b>                            | <b>(331,397)</b>  | <b>(341,647)</b>  | <b>(357,957)</b>                   | <b>(16,310)</b>   |
| <b>Fund Balance - beginning</b>                              | <b>664,936</b>    | <b>664,936</b>    | <b>664,936</b>                     | <b>-</b>  |
| <b>Fund Balance - ending</b>                                 | <b>\$ 333,539</b> | <b>\$ 323,289</b> | <b>\$ 306,979</b>                  | <b>\$ (16,310)</b>  |

City of Belle Isle, Florida  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Law Enforcement Education Fund**  
Year Ended September 30, 2018

|  | Budgeted Amounts |                  | Actual Amounts,<br>Budgetary Basis | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------------------------|---|
|  | Original         | Final            |                                    |   |
| <b>Revenues:</b>   |                  |                  |                                    |   |
| Fines and forfeitures                                    | \$ 1,200         | \$ 1,200         | \$ 1,732                           | \$ 532  |
| Investment income  | 3,000            | 1,200            | 1,447                              | 247   |
| <b>Total revenues</b>                                    | <b>4,200</b>     | <b>2,400</b>     | <b>3,179</b>                       | <b>779</b>  |
| <b>Expenditures:</b>                                     |                  |                  |                                    |   |
| Current:   |                  |                  |                                    |   |
| Public safety  | 6,200            | 6,200            | 5,979                              | 221   |
| <b>Total expenditures</b>                                | <b>6,200</b>     | <b>6,200</b>     | <b>5,979</b>                       | <b>221</b>  |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(2,000)</b>   | <b>(3,800)</b>   | <b>(2,800)</b>                     | <b>1,000</b>  |
| <b>Net change in fund balance</b>                        | <b>(2,000)</b>   | <b>(3,800)</b>   | <b>(2,800)</b>                     | <b>1,000</b>  |
| Fund balance, beginning                                  | 15,847           | 15,847           | 15,847                             | -   |
| Fund balance, ending                                     | <b>\$ 13,847</b> | <b>\$ 12,047</b> | <b>\$ 13,047</b>                   | <b>\$ 1,000</b>   |



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**Statistical Section**



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This part of the *City of Belle Isle'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 health.

| <b>Contents</b>  | <b><u>Page</u></b> |
|--|--------------------|
| Financial Trends   | 37                 |
| These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.  |                    |
| Revenue Capacity   | 42                 |
| These schedules contain formation to help the reader asses the government's most significant local revenue source, the property tax.   |                    |
| Debt Capacity  | 46                 |
| 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 additional debt in the future.                    |                    |
| There are no limitations placed upon the amount of debt the <i>City of Belle Isle</i> may issue by either the City Charter or the City's Code of Ordinances or by Florida Statutes.  |                    |
| The <i>City of Belle Isle</i> has no general obligation bonds outstanding.   |                    |
| Demographic and Economic Information   | 49                 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.   |                    |
| Operating Information  | 51                 |
| 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. |                    |



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City of Belle Isle, Florida  
**Net Position by Component**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

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|   | <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>         |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| Governmental Activities                           |                     |                     |                     |                     |                      |                      |                      |                      |                     |                     |
| Net investment in capital assets                  | \$ 5,645,520        | \$ 5,832,855        | \$ 7,118,248        | \$ 7,312,195        | \$ 6,040,624         | \$ 7,244,583         | \$ 7,530,107         | \$ 8,475,455         | \$ 6,012,551        | \$ 6,819,323        |
| Restricted  | 378,961             | 254,287             | 442,964             | 951,727             | 3,166,639            | 2,579,822            | 3,369,730            | 3,574,581            | 1,180,583           | 1,084,890           |
| Unrestricted                                      | 911,654             | 770,409             | 807,189             | 1,072,755           | 1,146,711            | 1,618,370            | 2,092,715            | 2,608,122            | 2,380,829           | 1,359,354           |
| <b>Total governmental activities net position</b> | <u>\$ 6,936,135</u> | <u>\$ 6,857,551</u> | <u>\$ 8,368,401</u> | <u>\$ 9,336,677</u> | <u>\$ 10,353,974</u> | <u>\$ 11,442,775</u> | <u>\$ 12,992,552</u> | <u>\$ 14,658,158</u> | <u>\$ 9,573,963</u> | <u>\$ 9,263,567</u> |

City of Belle Isle, Florida  
**Changes in Net Position**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

|   | <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>           |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| <b>Expenses</b>   |                       |                       |                       |                       |                       |                        |                        |                        |                       |                       |
| Governmental Activities:                                  |                       |                       |                       |                       |                       |                        |                        |                        |                       |                       |
| General government  | \$ 992,184            | \$ 1,037,331          | \$ 1,003,552          | \$ 836,317            | \$ 1,425,899          | \$ 1,184,379           | \$ 1,181,293           | \$ 1,326,981           | \$ 2,000,529          | \$ 2,281,821          |
| Public safety   | 1,983,858             | 2,108,568             | 2,214,034             | 2,262,930             | 2,425,114             | 2,544,994              | 2,623,288              | 2,669,212              | 2,827,193             | 3,152,637             |
| Physical environment                                      | 1,317,831             | 1,246,280             | 1,267,319             | 1,240,441             | 1,294,967             | 1,268,403              | 1,262,891              | 1,273,663              | 1,491,093             | 1,591,156             |
| Human Services  | -                     | -                     | 5,428,025             | 5,938,563             | 6,579,138             | 8,307,234              | 8,579,049              | 9,161,001              | -                     | -                     |
| Interest on long-term debt                                | 97,978                | 94,615                | 83,098                | 82,149                | 594,659               | 628,992                | 616,652                | 644,253                | 585,303               | 560,511               |
| <b>Total Governmental Activities Expense</b>              | <b>\$ 4,239,816</b>   | <b>\$ 4,486,794</b>   | <b>\$ 9,996,028</b>   | <b>\$ 10,360,400</b>  | <b>\$ 12,319,777</b>  | <b>\$ 13,934,002</b>   | <b>\$ 14,263,173</b>   | <b>\$ 15,075,110</b>   | <b>\$ 6,904,118</b>   | <b>\$ 7,586,125</b>   |
| <b>Program Revenues</b>                                   |                       |                       |                       |                       |                       |                        |                        |                        |                       |                       |
| Governmental Activities:                                  |                       |                       |                       |                       |                       |                        |                        |                        |                       |                       |
| Charges for services:                                     |                       |                       |                       |                       |                       |                        |                        |                        |                       |                       |
| General government  | \$ -                  | \$ -                  | \$ -                  | \$ 18,978             | \$ -                  | \$ -                   | \$ -                   | \$ -                   | \$ -                  | \$ -                  |
| Public safety   | 94,515                | 19,798                | 22,065                | 20,800                | 38,077                | 40,943                 | 54,125                 | 56,471                 | 92,006                | 119,566               |
| Physical environment                                      | 167,983               | 626,175               | 814,619               | 750,586               | 822,231               | 853,785                | 847,737                | 1,040,533              | 1,252,569             | 1,056,529             |
| Human services  | -                     | -                     | 126,182               | 143,114               | 152,388               | 180,380                | 190,147                | 199,136                | -                     | -                     |
| Interest on long-term debt                                | -                     | -                     | -                     | -                     | 698,135               | 862,972                | 928,900                | 957,249                | 963,674               | 984,844               |
| Operating grants and contributions                        | 194,172               | 194,615               | 689,780               | 560,001               | 771,226               | 436,178                | 384,248                | 368,188                | 236,272               | 279,947               |
| Capital grants and contributions                          | 22,500                | 36,485                | 415,585               | 377,504               | 304,156               | 608,518                | 619,626                | 384,035                | 7,934                 | 5,000                 |
| <b>Total Governmental Activities Program Revenues</b>     | <b>\$ 479,170</b>     | <b>\$ 877,073</b>     | <b>\$ 2,068,231</b>   | <b>\$ 1,870,983</b>   | <b>\$ 2,786,213</b>   | <b>\$ 2,982,776</b>    | <b>\$ 3,024,783</b>    | <b>\$ 3,005,612</b>    | <b>\$ 2,552,455</b>   | <b>\$ 2,445,886</b>   |
| <b>Total governmental activities net expense</b>          | <b>\$ (3,760,646)</b> | <b>\$ (3,609,721)</b> | <b>\$ (7,927,797)</b> | <b>\$ (8,489,417)</b> | <b>\$ (9,533,564)</b> | <b>\$ (10,951,226)</b> | <b>\$ (11,238,390)</b> | <b>\$ (12,069,498)</b> | <b>\$ (4,351,663)</b> | <b>\$ (5,140,239)</b> |
| <b>General Revenues and Other Changes in Net Position</b> |                       |                       |                       |                       |                       |                        |                        |                        |                       |                       |
| Governmental Activities:                                  |                       |                       |                       |                       |                       |                        |                        |                        |                       |                       |
| Taxes   |                       |                       |                       |                       |                       |                        |                        |                        |                       |                       |
| Property taxes  | \$ 2,122,775          | \$ 2,152,842          | \$ 2,397,747          | \$ 2,386,130          | \$ 2,392,337          | \$ 2,479,107           | \$ 2,506,520           | \$ 2,574,866           | \$ 2,711,321          | \$ 2,912,422          |
| Franchise and utility taxes                               | 435,928               | 439,093               | 438,427               | 395,910               | 409,916               | 410,408                | 405,135                | 388,501                | 395,702               | 410,481               |
| Intergovernmental-unrestricted                            | 921,409               | 921,752               | 6,390,668             | 6,647,812             | 7,725,730             | 8,995,459              | 9,784,811              | 10,611,076             | 1,366,176             | 1,441,977             |
| Investment income and Miscellaneous                       | 22,381                | 17,450                | 211,805               | 27,841                | 49,285                | 155,053                | 91,701                 | 160,661                | 63,298                | 64,963                |
| <b>Total Governmental Activities</b>                      | <b>\$ 3,502,493</b>   | <b>\$ 3,531,137</b>   | <b>\$ 9,438,647</b>   | <b>\$ 9,457,693</b>   | <b>\$ 10,577,268</b>  | <b>\$ 12,040,027</b>   | <b>\$ 12,788,167</b>   | <b>\$ 13,735,104</b>   | <b>\$ 4,536,497</b>   | <b>\$ 4,829,843</b>   |
| <b>Change in Net Position</b>                             | <b>\$ 1,824,635</b>   | <b>\$ 117,376</b>     | <b>\$ 1,510,850</b>   | <b>\$ 968,276</b>     | <b>\$ 1,043,704</b>   | <b>\$ 1,088,801</b>    | <b>\$ 1,549,777</b>    | <b>\$ 1,665,606</b>    | <b>\$ 184,834</b>     | <b>\$ (310,396)</b>   |

City of Belle Isle, Florida  
**Governmental Activities Tax Revenues by Source**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

---

|      | <u>Property Tax</u> | <u>Franchise Fees<br/>and Utility Tax</u> | <u>Total</u> |
|------|---------------------|---|--------------|
| 2009 | 2,121,051           | 412,874                                   | 2,533,925    |
| 2010 | 2,152,842           | 439,093                                   | 2,591,935    |
| 2011 | 2,397,747           | 438,427                                   | 2,836,174    |
| 2012 | 2,382,619           | 388,468                                   | 2,771,087    |
| 2013 | 2,392,337           | 409,916                                   | 2,802,253    |
| 2014 | 2,479,107           | 410,408                                   | 2,889,515    |
| 2015 | 2,506,520           | 405,135                                   | 2,911,655    |
| 2016 | 2,574,866           | 388,501                                   | 2,963,367    |
| 2017 | 2,711,321           | 373,060                                   | 3,084,381    |
| 2018 | 2,912,422           | 384,446                                   | 3,296,868    |

Source Orange County Tax Collector

City of Belle Isle, Florida  
**Fund Balances of Governmental Funds**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

|                           | <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> |
|---------------------------|---------------------|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Fund              |                     |                   |              |              |              |              |              |              |              |              |
| Reserved                  | \$ 385,653          | \$ -              |              |              |              |              |              |              |              |              |
| Unreserved                | 943,699             | 785,854           |              |              |              |              |              |              |              |              |
| <b>Total General fund</b> | <u>\$ 1,329,352</u> | <u>\$ 785,854</u> |              |              |              |              |              |              |              |              |

|   |                   |                   |  |  |  |  |  |  |  |  |
|---|-------------------|-------------------|--|--|--|--|--|--|--|--|
| All Other Governmental Funds              |                   |                   |  |  |  |  |  |  |  |  |
| Reserved                                  | \$ 392,826        | \$ -              |  |  |  |  |  |  |  |  |
| Unreserved, reported in:                  |                   |                   |  |  |  |  |  |  |  |  |
| Special Revenue funds                     | 430,538           | 378,961           |  |  |  |  |  |  |  |  |
| <b>Total All Other Governmental Funds</b> | <u>\$ 823,364</u> | <u>\$ 378,961</u> |  |  |  |  |  |  |  |  |

|                           |  |  |                   |                     |                     |                     |                     |                     |                     |                     |
|---------------------------|--|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund              |  |  |                   |                     |                     |                     |                     |                     |                     |                     |
| Nonspendable              |  |  | \$ -              | \$ 171,605          | \$ 1,815            | \$ 1,353            | \$ 520              | \$ -                | \$ -                | \$ -                |
| Assigned                  |  |  | 822,976           | 719,039             | 532,657             | -                   | -                   | 303,662             | 202,394             | 490,772             |
| Unassigned                |  |  | -                 | 224,677             | 543,735             | 1,641,803           | 2,130,022           | 2,245,970           | 2,284,723           | 982,369             |
| <b>Total General Fund</b> |  |  | <u>\$ 822,976</u> | <u>\$ 1,115,321</u> | <u>\$ 1,078,207</u> | <u>\$ 1,643,156</u> | <u>\$ 2,130,542</u> | <u>\$ 2,549,632</u> | <u>\$ 2,487,117</u> | <u>\$ 1,473,141</u> |

|   |  |  |                   |                   |                     |                     |                     |                     |                     |                     |
|---|--|--|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| All Other Governmental Funds              |  |  |                   |                   |                     |                     |                     |                     |                     |                     |
| Nonspendable                              |  |  | \$ -              | \$ 61,250         | \$ 277,303          | \$ 153,226          | \$ 123,979          | \$ 113,381          | \$ -                | \$ -                |
| Assigned                                  |  |  | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Restricted                                |  |  | 692,964           | 895,277           | 2,889,336           | 3,387,740           | 4,206,811           | 4,542,011           | 2,133,139           | 1,886,604           |
| <b>Total All Other Governmental Funds</b> |  |  | <u>\$ 692,964</u> | <u>\$ 956,527</u> | <u>\$ 3,166,639</u> | <u>\$ 3,540,966</u> | <u>\$ 4,330,790</u> | <u>\$ 4,655,392</u> | <u>\$ 2,133,139</u> | <u>\$ 1,886,604</u> |

\* Implementation of GASB Statement No. 54

City of Belle Isle, Florida  
**Changes in Fund Balances of Governmental Funds**  
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>           |
|--|-----------------------|---------------------|-------------------|-------------------|---------------------|-------------------|---------------------|-------------------|-------------------|-----------------------|
| <b>Revenues:</b>                               |                       |                     |                   |                   |                     |                   |                     |                   |                   |                       |
| Taxes:   |                       |                     |                   |                   |                     |                   |                     |                   |                   |                       |
| Property                                       | \$ 2,122,775          | \$ 2,152,842        | \$ 2,397,747      | \$ 2,386,130      | \$ 2,392,337        | \$ 2,479,107      | \$ 2,506,520        | \$2,574,866       | \$2,711,321       | \$2,912,422           |
| Franchise and utility                          | 435,928               | 439,093             | 438,427           | 395,910           | 409,916             | 410,408           | 405,135             | 388,501           | 373,060           | 410,481               |
| Licenses and permits                           | 8,235                 | 40,366              | 151,377           | 114,745           | 119,342             | 134,284           | 158,170             | 214,627           | 358,957           | 232,092               |
| Intergovernmental revenues                     | 1,138,081             | 1,152,852           | 7,823,267         | 7,585,317         | 8,692,337           | 10,028,321        | 10,766,686          | 11,363,299        | 1,610,382         | 1,726,924             |
| Charges for services                           | 146,988               | 561,417             | 629,298           | 772,144           | 826,483             | 888,487           | 893,399             | 1,051,372         | 890,294           | 895,126               |
| Impact fees                                    | 12,760                | 24,255              | 34,045            | 7,315             | 29,138              | 4,394             | 14,075              | 11,730            | 104,390           | 31,460                |
| Fines and forfeitures                          | 94,515                | 19,935              | 21,611            | 20,296            | 37,733              | 47,943            | 26,365              | 18,411            | 13,576            | 17,417                |
| Investment Income                              | 9,396                 | 12,487              | 3,646             | 6,359             | 4,739               | 1,725             | 4,267               | 14,500            | 20,839            | 19,319                |
| Miscellaneous                                  | 12,985                | 4,963               | 7,460             | 40,460            | 742,956             | 1,038,364         | 1,032,434           | 1,111,915         | 1,006,133         | 1,036,488             |
| <b>Total revenues</b>                          | <b>3,981,663</b>      | <b>4,408,210</b>    | <b>11,506,878</b> | <b>11,328,676</b> | <b>13,254,981</b>   | <b>15,033,033</b> | <b>15,807,051</b>   | <b>16,749,221</b> | <b>7,088,952</b>  | <b>7,281,729</b>      |
| <b>Expenditures:</b>                           |                       |                     |                   |                   |                     |                   |                     |                   |                   |                       |
| General government                             | 1,484,293             | 1,032,000           | 1,006,852         | 879,717           | 8,815,568           | 988,079           | 991,080             | 1,136,552         | 1,945,805         | 2,101,282             |
| Public safety                                  | 2,189,801             | 2,136,974           | 2,221,937         | 2,273,447         | 2,453,318           | 2,547,179         | 2,531,847           | 2,577,934         | 2,884,526         | 3,289,668             |
| Physical environment                           | 1,547,861             | 1,154,566           | 1,290,521         | 860,574           | 1,251,898           | 862,239           | 1,179,457           | 2,124,541         | 1,259,598         | 2,706,740             |
| Human services                                 | -                     | -                   | 6,354,123         | 6,092,366         | 6,852,622           | 8,913,168         | 8,981,368           | 9,418,861         | -                 | -                     |
| Debt Service:                                  |                       |                     |                   |                   |                     |                   |                     |                   |                   |                       |
| Principal                                      | 287,512               | 284,324             | 315,127           | 575,355           | 298,326             | 339,634           | 250,210             | 285,919           | 235,356           | 303,916               |
| Interest                                       | 106,387               | 103,865             | 92,519            | 91,309            | 600,563             | 630,970           | 617,878             | 607,722           | 575,093           | 570,311               |
| Bond issuance costs                            | -                     | -                   | -                 | -                 | 434,688             | -                 | -                   | 37,786            | -                 | -                     |
| <b>Total expenditures</b>                      | <b>5,615,854</b>      | <b>4,711,729</b>    | <b>11,281,079</b> | <b>10,772,768</b> | <b>20,706,983</b>   | <b>14,281,269</b> | <b>14,551,840</b>   | <b>16,189,315</b> | <b>6,900,378</b>  | <b>8,971,917</b>      |
| Excess Revenues Over Expenditures              | (1,634,191)           | (303,519)           | 225,799           | 555,908           | (7,452,002)         | 751,764           | 1,255,211           | 559,906           | 188,574           | (1,690,188)           |
| <b>Other Financing Sources:</b>                |                       |                     |                   |                   |                     |                   |                     |                   |                   |                       |
| Line of credit                                 | -                     | -                   | -                 | -                 | -                   | -                 | -                   | -                 | -                 | 250,000               |
| Capital lease                                  | 173,145               | 21,000              | -                 | -                 | -                   | 87,512            | 21,999              | -                 | -                 | 179,677               |
| Bonds/Notes issued                             | -                     | -                   | 250,000           | -                 | 9,625,000           | 100,000           | -                   | 1,081,000         | -                 | -                     |
| Premium on bonds                               | -                     | -                   | -                 | -                 | -                   | -                 | -                   | 21,036            | -                 | -                     |
| Payment to refunded bond escrow                | -                     | -                   | -                 | -                 | -                   | -                 | -                   | (918,250)         | -                 | -                     |
| <b>Total other financing sources</b>           | <b>173,145</b>        | <b>21,000</b>       | <b>250,000</b>    | <b>-</b>          | <b>9,625,000</b>    | <b>187,512</b>    | <b>21,999</b>       | <b>183,786</b>    | <b>-</b>          | <b>429,677</b>        |
| <b>Net change in fund balance</b>              | <b>\$ (1,461,046)</b> | <b>\$ (282,519)</b> | <b>\$ 475,799</b> | <b>\$ 555,908</b> | <b>\$ 2,172,998</b> | <b>\$ 939,276</b> | <b>\$ 1,277,210</b> | <b>\$ 743,692</b> | <b>\$ 188,574</b> | <b>\$ (1,260,511)</b> |
| Debt service as a % of noncapital expenditures | 9.19%                 | 8.99%               | 3.78%             | 6.52%             | 11.54%              | 7.47%             | 6.61%               | 6.70%             | 12.75%            | 12.39%                |

City of Belle Isle, Florida  
**Assessed Value and Estimated Value of Taxable Property**  
 Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Real Property</u> | <u>Personal Property</u> | <u>Total * Taxable Assessed Value</u> | <u>Total Direct Tax Rate</u> | <u>Estimated Actual Taxable Value</u> | <u>Assessed Value as a Percentage of Actual Value</u> |
|--------------------|----------------------|--------------------------|---------------------------------------|------------------------------|---------------------------------------|---|
| 2009               | 615,305,721          | 17,587,224               | 632,892,945                           | 3.5378                       | 687,514,038                           | 92.06%  |
| 2010               | 576,519,592          | 18,456,856               | 594,976,448                           | 3.7432                       | 618,183,229                           | 96.25%  |
| 2011               | 547,396,958          | 18,999,294               | 566,396,252                           | 4.4018                       | 591,737,558                           | 95.72%  |
| 2012               | 541,210,654          | 18,248,983               | 559,459,637                           | 4.4018                       | 561,857,096                           | 99.57%  |
| 2013               | 543,214,623          | 18,057,560               | 561,272,183                           | 4.4018                       | 562,034,022                           | 99.86%  |
| 2014               | 562,918,210          | 18,467,610               | 581,385,820                           | 4.4018                       | 584,568,215                           | 99.46%  |
| 2015               | 585,089,524          | 17,762,519               | 602,852,043                           | 4.4018                       | 603,075,188                           | 99.96%  |
| 2016               | 595,651,703          | 17,857,310               | 613,509,013                           | 4.4018                       | 614,146,295                           | 99.90%  |
| 2017               | 620,289,033          | 17,137,421               | 637,426,454                           | 4.4018                       | 637,008,672                           | 99.93%  |
| 2018               | 660,858,252          | 23,410,913               | 684,269,165                           | 4.4018                       | 684,329,205                           | 99.99%  |

Source:  
 Orange County Property Appraiser

\* Breakdown between residential & commercial not available

City of Belle Isle, Florida  
**Property Tax Rates Direct and Overlapping Governments**  
 Last Ten Fiscal Years

| Fiscal<br>Year | Direct(1)             | Overlapping(2)   |                 |                   |                  |                     | Total Direct<br>& Overlapping<br>Rates |
|----------------|-----------------------|------------------|-----------------|-------------------|------------------|---------------------|--|
|                | City of<br>Belle Isle | Orange<br>County | School<br>Board | County<br>Library | St. Johns<br>WMD | Lake Conway<br>MSTU |  |
| 2009           | 3.5378                | 4.4347           | 7.1500          | 0.3748            | 0.4158           | 0.4107              | 16.3238                                |
| 2010           | 3.7432                | 4.4347           | 7.6730          | 0.3748            | 0.4158           | 0.4107              | 17.0522                                |
| 2011           | 4.4018                | 4.4347           | 7.8940          | 0.3748            | 0.4158           | 0.4107              | 17.9318                                |
| 2012           | 4.4018                | 4.4347           | 8.5450          | 0.3748            | 0.3313           | 0.4107              | 18.4983                                |
| 2013           | 4.4018                | 4.4347           | 8.4780          | 0.3748            | 0.3313           | 0.4107              | 18.4313                                |
| 2014           | 4.4018                | 4.4347           | 8.3620          | 0.3748            | 0.3283           | 0.4107              | 18.3123                                |
| 2015           | 4.4018                | 4.4347           | 8.4740          | 0.3748            | 0.3164           | 0.4107              | 18.4124                                |
| 2016           | 4.4018                | 4.4347           | 8.2180          | 0.3748            | 0.3023           | 0.4107              | 18.1423                                |
| 2017           | 4.4018                | 4.4347           | 7.8110          | 0.3748            | 0.2885           | 0.4107              | 17.7215                                |
| 2018           | 4.4018                | 4.4347           | 7.4700          | 0.3748            | 0.2724           | 0.4107              | 17.3644                                |

Millage Rates (\$1 per \$1,000 of taxable value)

(1) The direct rate is for operating millage. There is no debt service millage.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City of Belle Isle.

Source: Orange County Tax Collector

City of Belle Isle, Florida  
**Principal Property Taxpayers**  
Current Year and Nine Years Ago

| Taxpayer                             | 2018                   |      |  | 2009                   |      |  |
|--------------------------------------|------------------------|------|--|------------------------|------|--|
|                                      | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
|                                      |                        |      |  |                        |      |  |
| Duke Energy Florida                  | \$ 9,656,407           | 1    | 1.57%                                      | \$ -                   | -    | -  |
| Bell Isle Commons                    | 8,309,647              | 2    | 1.35%                                      | 8,760,449              | 2    | 1.38%                                      |
| Legacy Holdings                      | 7,449,864              | 3    | 1.21%                                      | -                      | -    | -  |
| Woodspring Suites                    | 6,838,424              | 4    | 1.11%                                      | -                      | -    | -  |
| Sri Balaji Hotels                    | 6,256,559              | 5    | 1.02%                                      | -                      | -    | -  |
| Regal Marine                         | 4,830,439              | 6    | 0.79%                                      | 9,470,311              | 1    | 1.50%                                      |
| Capital Lodging LLC                  | 4,489,847              | 7    | 0.73%                                      | -                      | -    | -  |
| McCoy Federal Credit Union           | 3,777,933              | 8    | 0.62%                                      | -                      | -    | -  |
| Marketing Business Associates        | 3,351,423              | 9    | 0.55%                                      | -                      | -    | -  |
| Siddhi-Vinayak Inc.                  | 3,306,805              | 10   | 0.54%                                      | 5,014,337              | 7    | 0.79%                                      |
| McCoy Condominium Investment LLC     | -                      | -    | -  | 8,217,118              | 3    | 1.30%                                      |
| Columbia Land & Development Corp     | -                      | -    | -  | 6,825,780              | 6    | 1.08%                                      |
| Lee Leo Y TR                         | -                      | -    | -  | 6,957,766              | 5    | 1.10%                                      |
| Legacy Land Exchange LLC             | -                      | -    | -  | 7,309,568              | 4    | 1.15%                                      |
| Green Hill Presbyterian Church Inc.  | -                      | -    | -  | 3,535,136              | 8    | 0.56%                                      |
| Efesos Properties, Inc. (Winn Dixie) | -                      | -    | -  | 3,340,710              | 9    | 0.53%                                      |
| Conway Crest Development, LLC.       | -                      | -    | -  | 2,344,392              | 10   | 0.37%                                      |
|                                      | <u>\$ 58,267,348</u>   |      | <u>9.49%</u>                               | <u>\$ 61,775,567</u>   |      | <u>9.76%</u>                               |

Source: Orange County Property Appraiser  
2009 City of Belle Isle CAFR



City of Belle Isle, Florida  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years

|      | <u>Total Tax Levy<br/>for Fiscal Year</u> | <u>Collected Within the Fiscal Year of<br/>the Levy</u> |                               | <u>Collections in<br/>Subsequent<br/>Years</u> | <u>Total Collections to Date</u> |                               |
|------|---|---|-------------------------------|--|----------------------------------|-------------------------------|
|      |   | <u>Amount</u>   | <u>Percentage<br/>of Levy</u> |  | <u>Amount</u>                    | <u>Percentage<br/>of Levy</u> |
| 2009 | 2,239,049                                 | 2,119,584   | 94.66%                        | 2,576  | 2,122,190                        | 94.78%                        |
| 2010 | 2,227,116                                 | 2,144,861   | 96.31%                        | -  | 2,144,861                        | 96.99%                        |
| 2011 | 2,493,163                                 | 2,390,974   | 95.90%                        | 1,454  | 2,392,428                        | 95.96%                        |
| 2012 | 2,462,629                                 | 2,386,130   | 96.89%                        | -  | 2,386,130                        | 96.89%                        |
| 2013 | 2,471,814                                 | 2,392,337   | 96.78%                        | -  | 2,392,337                        | 96.78%                        |
| 2014 | 2,566,675                                 | 2,479,107   | 96.59%                        | -  | 2,479,107                        | 96.78%                        |
| 2015 | 2,653,634                                 | 2,506,520   | 94.46%                        | -  | 2,506,520                        | 94.46%                        |
| 2016 | 2,702,361                                 | 2,574,866   | 95.28%                        | -  | 2,574,866                        | 95.28%                        |
| 2017 | 2,807,923                                 | 2,711,321   | 96.56%                        | -  | 2,711,321                        | 96.56%                        |
| 2018 | 3,012,280                                 | 2,912,422   | 96.68%                        | -  | 2,912,422                        | 96.68%                        |

City of Belle Isle, Florida  
**Ratios of Outstanding Debt By Type**  
 Last Ten Fiscal Years

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|      | Governmental Activities |                | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income <sup>1</sup> | Per<br>Capita |
|------|-------------------------|----------------|--------------------------------|--|---------------|
|      | Revenue Bonds           | Capital Leases |                                |  |               |
| 2009 | 2,300,000               | 172,220        | 2,472,220                      | 1.33%  | 435           |
| 2010 | 2,045,000               | 163,896        | 2,208,896                      | 0.87%  | 337           |
| 2011 | 1,785,000               | 108,769        | 1,893,769                      | 0.77%  | 316           |
| 2012 | 1,510,000               | 58,414         | 1,568,414                      | 0.54%  | 257           |
| 2013 | 10,860,328              | 45,088         | 10,905,416                     | 4.24%  | 1703          |
| 2014 | 10,559,326              | 92,966         | 10,652,292                     | 3.89%  | 1659          |
| 2015 | 10,358,560              | 64,755         | 10,423,315                     | 3.63%  | 1613          |
| 2016 | 10,181,036              | 11,023         | 10,192,059                     | 3.89%  | 1558          |
| 2017 | 9,953,933               | 667            | 9,954,600                      | 3.26%  | 1486          |
| 2018 | 9,711,829               | 116,428        | 9,828,257                      | 3.10%  | 1415          |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

1 See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

City of Belle Isle, Florida  
**Direct and Overlapping Governmental Activities Debt**  
As of September 30, 2017

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| Governmental Unit                           | Debt<br>Outstanding  | Estimated<br>Percentage<br>Applicable (1) | Estimated<br>Share of<br>Overlapping<br>Debt |
|---|----------------------|---|--|
| Overlapping General Obligation Debt:        |                      |   |  |
| Orange County Board of County Commissioners | \$ -                 |   | \$ -   |
| Orange County School Board                  | -                    |   | -  |
| St. John's River Management District        | -                    |   | -  |
|   | <u>10,078,257</u>    |   | <u>10,078,257</u>                            |
| <b>Direct debt</b>                          | 10,078,257           | 100%                                      | 10,078,257                                   |
| <b>Total direct and overlapping debt</b>    | <u>\$ 10,078,257</u> |   | <u>\$ 10,078,257</u>                         |

Note:

(1) Ratio of assessed valuation of taxable property in overlapping unit to that within the City of Belle Isle.

City of Belle Isle, Florida  
**Pledge - Revenue Coverage**  
 Last Ten Fiscal Years

| Fiscal Year<br>Ended Sept 30, | 2002C Revenue Bonds    |              |          |          | 2003B Revenue Bonds            |              |           |          | 2012 Lease Revenue Bonds |              |         |          |
|-------------------------------|------------------------|--------------|----------|----------|--------------------------------|--------------|-----------|----------|--------------------------|--------------|---------|----------|
|                               | Half-Cent<br>Sales Tax | Debt Service |          | Coverage | Communication<br>Service Taxes | Debt Service |           | Coverage | Lease<br>Revenue         | Debt Service |         | Coverage |
| Principal                     | Interest               | Principal    | Interest |          | Principal                      | Interest     | Principal |          | Interest                 |              |         |          |
| 2009                          | 688,169                | 95,000       | 22,030   | 5.88     | 300,757                        | 95,000       | 21,472    | 2.58     | -                        | -            | -       | -        |
| 2010                          | 694,066                | 100,000      | 17,850   | 5.89     | 276,677                        | 100,000      | 18,860    | 2.33     | -                        | -            | -       | -        |
| 2011                          | 751,309                | 105,000      | 11,625   | 6.44     | 255,377                        | 100,000      | 14,956    | 2.22     | -                        | -            | -       | -        |
| 2012                          | 776,496                | 110,000      | 6,800    | 6.65     | 252,981                        | 105,000      | 11,816    | 2.17     | -                        | -            | -       | -        |
| 2013                          | 833,187                | 115,000      | 2,300    | 7.10     | 266,822                        | 110,000      | 12,788    | 2.17     | 698,135                  | -            | 532,373 | 1.31     |
| 2014                          | -                      | -            | -        | -        | 248,568                        | 110,000      | 2,888     | 2.20     | 862,972                  | 125,000      | 570,400 | 1.24     |
| 2015                          | -                      | -            | -        | -        | -                              | -            | -         | -        | 928,900                  | 135,000      | 563,526 | 1.33     |
| 2016                          | -                      | -            | -        | -        | -                              | -            | -         | -        | 957,249                  | 140,000      | 555,898 | 1.38     |
| 2017                          | -                      | -            | -        | -        | -                              | -            | -         | -        | 963,674                  | 145,000      | 548,400 | 1.39     |
| 2018                          | -                      | -            | -        | -        | -                              | -            | -         | -        | 984,844                  | 155,000      | 540,425 | 1.42     |

Notes:

The City made last payment on 2002C debt in 2013.

The City made last payment on 2003B debt in 2014.

City of Belle Isle, Florida  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

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|      | Population | Personal<br>Income <sup>1</sup> | Per Capita<br>Personal<br>Income <sup>1</sup> | Median<br>Age <sup>1</sup> | Education Level<br>In Years of<br>Formal<br>Schooling <sup>1</sup> | Unemployment<br>Rate <sup>1</sup> |
|------|------------|---------------------------------|---|----------------------------|--|-----------------------------------|
| 2009 | 5,678      | 185,295,852                     | 32,634  | 44.8                       | 14.2   | 6.77%                             |
| 2010 | 6,553      | 254,236,741                     | 38,797  | 43.8                       | 14.4   | 12.0%                             |
| 2011 | 5,988      | 245,831,352                     | 41,054  | 43.7                       | 13.4   | 1.80%                             |
| 2012 | 6,111      | 289,673,622                     | 47,402  | 32.8                       | 14.2   | 9.80%                             |
| 2013 | 6,404      | 257,402,376                     | 40,194  | 46.1                       | 14.3   | 9.90%                             |
| 2014 | 6,422      | 274,090,960                     | 42,680  | 47.5                       | 14.7   | 7.70%                             |
| 2015 | 6,464      | 286,865,856                     | 44,379  | 47.3                       | 14.8   | 4.80%                             |
| 2016 | 6,541      | 262,320,264                     | 40,104  | 47.9                       | 14.2   | 4.40%                             |
| 2017 | 6,701      | 305,599,105                     | 45,605  | 48.5                       | 13.6   | 3.50%                             |
| 2018 | 6,944      | 316,750,560                     | 45,615  | 49.0                       | 14.2   | 3.30%                             |

<sup>1</sup> Orlando Economic Partnership or U.S. Census Bureau

City of Belle Isle, Florida  
**Principal Employer**  
 Current Year and Nine Years Ago

| Employer                   | 2018       |      |                                     | 2009       |      |                                     |
|----------------------------|------------|------|-------------------------------------|------------|------|-------------------------------------|
|                            | Employees  | Rank | Percentage of Total City Employment | Employees  | Rank | Percentage of Total City Employment |
| Regal Marine               | 667        | 1    | 9.61%                               | 340        | 1    | 52%                                 |
| Cornerstone Charter        | 147        | 2    | 2.12%                               | -          | -    | -                                   |
| McCoy Federal Credit Union | 85         | 3    | 1.22%                               | -          | -    | -                                   |
| City of Belle Isle         | 40         | 4    | 0.58%                               | -          | -    | -                                   |
| Days Inn                   | 36         | 5    | 0.52%                               | -          | -    | -                                   |
| Comfort Suites             | 30         | 6    | 0.43%                               | 15         | 5    | 2%                                  |
| Advance Auto Parts         | 30         | 7    | 0.43%                               | -          | -    | -                                   |
| Wendy's                    | 27         | 8    | 0.39%                               | -          | -    | -                                   |
| Starbucks                  | 19         | 9    | 0.27%                               | -          | -    | -                                   |
| Cork and Fork              | 18         | 10   | 0.26%                               | -          | -    | -                                   |
| CVS                        | -          | -    | -                                   | 16         | 3    | 2%                                  |
| Winn Dixie                 | -          | -    | -                                   | 38         | 2    | 6%                                  |
| Travel Lodge               | -          | -    | -                                   | 15         | 4    | 2%                                  |
| Quality Inn                | -          | -    | -                                   | 14         | 6    | 2%                                  |
| Best Western               | -          | -    | -                                   | 14         | 7    | 2%                                  |
| Dollar General             | -          | -    | -                                   | 12         | 8    | 2%                                  |
| Tires Plus                 | -          | -    | -                                   | 11         | 9    | 2%                                  |
| Quiznos                    | -          | -    | -                                   | 9          | 10   | 1%                                  |
| <b>Total</b>               | <b>932</b> |      | <b>13.91%</b>                       | <b>428</b> |      | <b>100.00%</b>                      |

Source: Field inspection  
 2018 The City of Belle Isle has a population of 6944

City of Belle Isle, Florida  
**Full - Time Equivalent City Government Employees by Function**  
 Last Ten Fiscal Years

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| Function             | <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> |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government   | 5           | 5           | 5           | 4           | 6           | 5           | 5           | 5           | 5           | 5           |
| Public Safety        | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Fire                 | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Public Works         | 3           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 3           |
| Parks and Recreation | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Police Department    | 12          | 12          | 20          | 14          | 16          | 16          | 16          | 16          | 17          | 17          |
| <b>Total</b>         | <b>20</b>   | <b>19</b>   | <b>27</b>   | <b>20</b>   | <b>24</b>   | <b>23</b>   | <b>23</b>   | <b>23</b>   | <b>24</b>   | <b>25</b>   |

City of Belle Isle, Florida  
**Operating Indicators by Function**  
 Last Ten Fiscal Years

| Function                                      | <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> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>General Government</b>                     |             |             |             |             |             |             |             |             |             |             |
| License/Permit Reviews                        | 907         | 575         | 1170        | 1450        | 1195        | 1326        | 764         | 1056        | 969         | 1218        |
| Occupational Licenses Issued                  | *           | *           | *           | *           | *           | 100         | 178         | 185         | 244         | 150         |
| Employees paid                                | 99          | 30          | 27          | 39          | 41          | 41          | 40          | 38          | 38          | 43          |
| <b>Public Safety</b>                          |             |             |             |             |             |             |             |             |             |             |
| Parking violations                            | 131         | 99          | 56          | 48          | 24          | 34          | 18          | 14          | 39          | 20          |
| <b>Highways &amp; Streets</b>                 |             |             |             |             |             |             |             |             |             |             |
| Streets paved (miles)                         | 24          | 22          | 25          | 25          | 25          | 25          | 25          | 25          | -           | 0.01        |
| Streets resurfaced (tons/asphalt)             |             |             |             |             | 7.5         | 7.5         | 7.5         | 7.5         | -           | 5373        |
| Sidewalks/bike paths built or repaired (feet) | 194         | 262         | 262         | 1200        | 2200        | 2200        | 474         | 212.5       | 2289        | 922.5       |

\* Data not available

Source: City of Belle Isle Finance Dept.



City of Belle Isle, Florida  
**Capital Asset Statistics by Function**  
 Last Ten Fiscal Years

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| Function                      | <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> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Highways &amp; Streets</b> |             |             |             |             |             |             |             |             |             |             |
| Streets, paved (miles)        | 24          | 22          | 25          | 25          | 25          | 25          | 25          | 25          | 25          | 26.24       |
| Streets, unpaved (miles)      | 0.3         | 0.3         | 0.03        | 0.03        | 0.03        | 0.03        | 0.03        | 0.03        | 0.03        | 1           |
| Street lights                 | 671         | 671         | 740         | 740         | 740         | 740         | 740         | 740         | 740         | 741         |
| <b>Parks and Recreation</b>   |             |             |             |             |             |             |             |             |             |             |
| Parks                         | 2           | 2           | 2           | 3           | 3           | 3           | 3           | 3           | 3           | 10          |

Source: City of Belle Isle Public Works Dept.



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**Internal Control and Compliance Section**



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**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**

The Honorable Mayor and City Commissioners  
*City of Belle Isle, Florida*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the *City of Belle Isle, Florida*, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 20, 2019.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the *City of Belle Isle's* financial statements are free of material misstatement, we performed tests on 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*.

We noted certain matters that we have reported to management of the City of Belle Isle in a separate letter dated March 20, 2019.

**Purpose of the 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.

*McDiernit Davis & Company, LLC*

Orlando, Florida  
March 20, 2019

**MANAGEMENT LETTER**

Honorable Mayor and City Commission  
 City of Belle Isle, Florida

**Report on the Financial Statements**

We have audited the financial statements of the *City of Belle Isle, Florida*, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 20, 2019.

**Auditor’s Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor’s 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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 20, 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 findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address the recommendation made in the preceding annual financial audit report:

| Tabulation of Uncorrected Audit Findings |                   |                   |
|--|-------------------|-------------------|
| Current Year Finding #                   | FY 2017 Finding # | FY 2016 Finding # |
| ML 18-01                                 | ML 17-01          | ML 16-01          |

**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 information has been disclosed in the notes to the financial statements.

**Financial Condition and Management**

Section 10.554(1)(i).5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the *City of Belle Isle, 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 *City of Belle Isle, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the *City of Belle Isle, Florida*. It is management's responsibility to monitor the *City of Belle Isle, 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.

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. See Appendix A.

**Additional Matters**

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

**Purpose of this Letter**

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

*McDiernit Davis & Company, LLC*

Orlando, Florida  
March 20, 2019



### **ML 18-01 Segregation of Duties**

#### **Criteria**

Effectively designed internal control requires adequate segregation of duties.

#### **Condition**

During our audit, we noted that the design of internal controls included adequate segregation of duties. However, due to the small organization size, the position responsible for the review function for items such as payroll and bank reconciliations is not a part of the finance department.

#### **Cause**

The design of internal control relies upon a position that is typically held by an individual with no accounting background or expertise.

#### **Effect**

Even though there is adequate segregation of duties in the design of internal control, misstatements could occur, whether due to fraud or error, and may not be identified or corrected in a timely manner.

#### **Recommendation**

The review function should be assigned to an individual with the appropriate level of expertise.

### **ML 18-02 Purchase Orders**

#### **Criteria**

Purchase orders should function as a preventative control over cash disbursements.

#### **Condition**

During our audit, we noted that the design of internal controls included the use of purchase orders on all purchases. While purchase orders were properly included as supporting documentation for cash disbursements, we found that in practice they are not used as a preventative control to authorize purchases before they are made.

#### **Cause**

Purchases are regularly made without purchase orders, and purchase orders are issued out after the transaction has occurred.

#### **Effect**

Purchases which require purchase orders as a preventative control over cash disbursements can be made without prior authorization as required by written policy. Unauthorized purchases would not be prevented.

#### **Recommendation**

We recommend the City set a dollar threshold for the purchase order requirement, and that all purchases over the threshold require a properly completed, prenumbered purchase order with appropriate authorization before the provision of the good or service.



## CITY OF BELLE ISLE, FLORIDA

1600 Nela Avenue  
Belle Isle, Florida 32809  
(407) 851-7730 • FAX (407) 240-2222  
[www.cityofbelleislefl.org](http://www.cityofbelleislefl.org)

March 9, 2019

McDermitt Davis & Company, LLC.  
934 North Magnolia Avenue, Suite 100  
Orlando, FL 32803

Re: City of Belle Isle FYE September 30, 2018

Dear McDermitt Davis & Company,

Your recommendations to improve financial management related to fiscal year ending September 30, 2018 were received by both the City Manager and Finance Manager.

ML18-01 Segregation of Duties

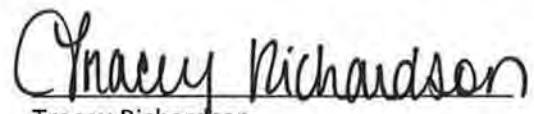
Response: We reviewed your recommendation to assign the review function of items such as payroll and bank reconciliations to an individual with the appropriate level of expertise. At this time, due to limited staff size in the City, we do not have an additional person to fulfill the recommended role.

ML18-02 Purchase Orders

Response: We reviewed your recommendation to use purchase orders as a preventative control over cash disbursements by setting a dollar threshold and requiring a completed, pre-numbered purchase order before the provision of the good or service. We are currently looking into implementing a new process for purchase orders that is practical and feasible for the size of our City.

Sincerely,

  
Bob Francis  
City Manager

  
Tracey Richardson  
Finance Manager

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH  
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and City Commissioners  
*City of Belle Isle, Florida*

We have examined City of Belle Isle, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, City of Belle Isle, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

*McDirmit Davis & Company, LLC*

Orlando, Florida  
March 20, 2019



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Honorable Mayor and City Commission  
*City of Belle Isle, Florida, Florida*

We have audited the financial statements of the *City of Belle Isle, Florida, Florida* for the year ended September 30, 2018, and have issued our report thereon dated March 20, 2019. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated October 22, 2018, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our finding regarding a recommendation to improve financial management noted during our audit in a separate letter to you dated March 20, 2019.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

**Qualitative Aspects of the Entity's Significant Accounting Practices**

*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of significant accounting policies adopted by the City are described in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate for the allowance for depreciation is based on the estimated useful lives of the capital assets. We evaluated the reasonableness of the useful lives as well as the depreciation methods in determining that it is reasonable in relation to the financial statements taken as a whole.

### **Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of our audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or to applicable opinion units.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of our audit.

### **Representations Requested from Management**

We have requested certain representations from management that are included in the management representation letter dated March 20, 2019.

### **Management Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, there were consultations with other accountants regarding auditing and accounting matters, and management discussed those matters with us.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

This report is intended solely for the information and use of the City Commission and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*McDiernit Davis & Company, LLC*

Orlando, Florida  
March 20, 2019