

**CITY OF BELLE ISLE, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended September 30, 2013**

Prepared by: Finance Department



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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

CITY OF BELLE ISLE, FLORIDA

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CITY OF BELLE ISLE, FLORIDA

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# CITY OF BELLE ISLE, FLORIDA

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

March 24, 2014

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, 2013.

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, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the *City of Belle Isle's* financial statements for the fiscal year ended September 30, 2013, 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 mayor-commissioner 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 6,404 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 stable financial shape; however the City must continue to be concerned with the actions of the Federal and State Governments. The Federal Government continues to apply taxing pressure to its states. The State of Florida is already experiencing large deficits and in turn the states are pushing unfunded mandates to the local governments. Smaller Cities are forced to absorb these mandates. In some cases cities are dipping into reserves to backfill these deficits. The *City of Belle Isle* has slowed this trend while balancing the needs of the City infrastructure.

As a result of the desirability of lakefront living, the *City of Belle Isle* is experiencing an influx of newer residents with substantial financial resources. The City's marketing efforts have been directed at Medical City. Primarily a residential area, the property values and resale values of existing homes in the *City of Belle Isle* have stabilized compared to property values of the surrounding area.

**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 paving projects, resurfacing nearly 7.5 miles of neighborhood road projects during 2013. In addition, the City completed a number of miscellaneous concrete sidewalk repairs during 2013.

## **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, 2012. This was the thirteenth 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

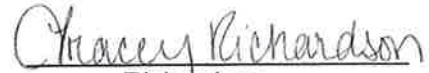
of this report. Credit also must be given to the mayor and the governing commission for their unfailing support for maintaining the highest standards of professionalism in the management of the *City of Belle Isle's* finances.

Respectfully submitted,



---

Keith Severns  
City Manager



---

Tracey Richardson  
Finance Manager

CITY OF BELLE ISLE, FLORIDA

**LIST OF PRINCIPAL OFFICIALS**

September 30, 2013

**ELECTED OFFICIALS**

Mayor	Honorable Bill Brooks
District #1 City Commissioner	Jay Nagle
District #2 City Commissioner	Keith Van Dyke
District #3 City Commissioner	Karl Shuck
District #4 City Commissioner	Laurence I. Ady
District #5 City Commissioner	Harvey Readey
District #6 City Commissioner	Lydia Pisano
District #7 City Commissioner	Eric Spaulding

**CITY OFFICIALS**

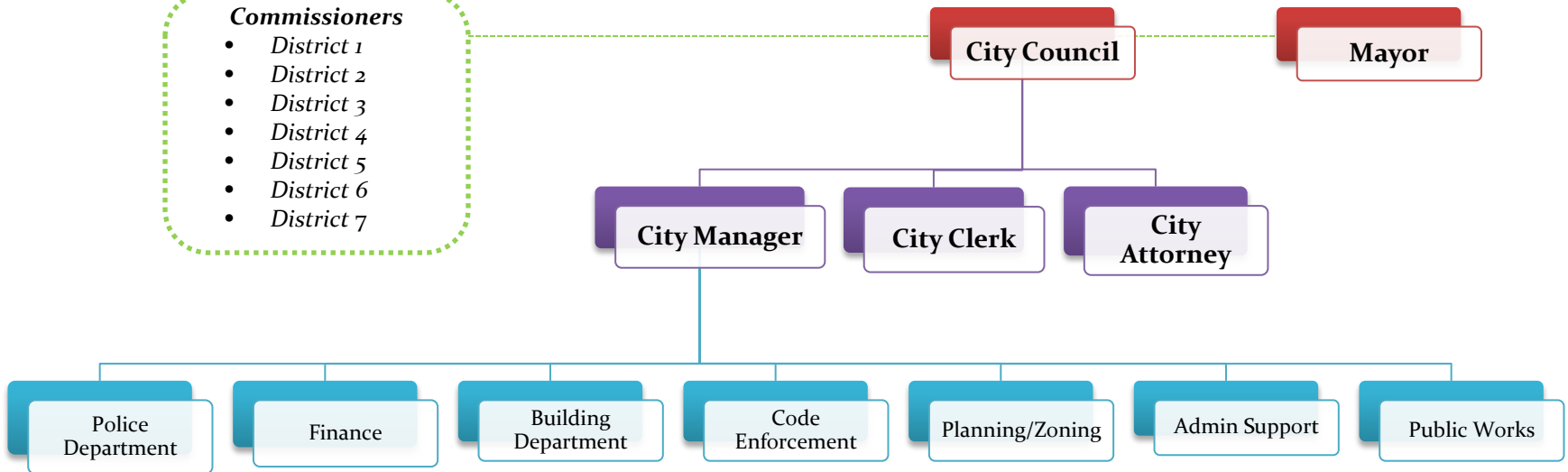
City Manager	Keith Severns
City Attorney	Frank Kruppenbacher
City Clerk	Yolanda Quiceno
Finance Manager	Tracey Richardson



# City of Belle Isle Organizational Chart Fiscal Year 2012-2013

## Commissioners

- District 1
- District 2
- District 3
- District 4
- District 5
- District 6
- District 7





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
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Reporting**

Presented to

**City of Belle Isle  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

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, 2013, 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 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 did not audit the financial statements of the Cornerstone Charter High School or the Cornerstone Charter Academy (the "Charter Schools"), which are both blended component units of the City and major funds. These two major funds are 13 percent, 26 percent, and 56 percent, respectively, of the assets, net position, and revenues of the governmental activities. The Charter Schools financial statements as of June 30, 2013 were audited by other auditors, whose reports thereon have been furnished to us and our opinions, insofar as they relate to the amounts included for the Charter Schools, are based solely on the reports of other auditors. 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.

**MCDIRMIT DAVIS & COMPANY, LLC**

934 NORTH MAGNOLIA AVENUE, SUITE 100 • ORLANDO, FLORIDA 32803  
TELEPHONE 407-843-5406 • FAX 407-649-9339 • EMAIL: INFO@MCDIRMITDAVIS.COM

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, based on our audit and the report of other auditors, the financial statements referred to previously 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, 2013, and the respective changes in financial position 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 4 to 10 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 and other auditors 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 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 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 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, the procedures performed as described above, and the report of the other auditor, the combining and individual nonmajor fund financial statements 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 24, 2014 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* and should be considered in assessing the results of our audit.

*McDermitt Davis & Company, LLC*

McDIRMIT DAVIS & COMPANY, LLC  
Orlando, Florida  
March 24, 2014



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013. 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 at the close of the most recent fiscal year by \$10,353,974 (net position). Of this amount, \$1,146,711 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,043,704.
- As of the close of the current fiscal year, the *City of Belle Isle's* governmental funds reported combined ending fund balances of \$4,244,846, an increase of \$2,172,998 in comparison with the prior year. The general fund had an ending fund balance of \$1,078,207 of which \$532,657 has been assigned to FYE 2014 budget.
- The *City of Belle Isle's* total debt is \$10,934,987 at September 30, 2013. 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, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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).

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Since the *City of Belle Isle* has no business-type activities such as water and sewer systems, the government-wide financial statements include only governmental activities. The governmental activities of the *City of Belle Isle* include general government, public safety and physical environment.

The government-wide financial statements can be found on pages 11-12 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. Also, the Charter Schools adopt annual an appropriated budget for each school. The budget for each school is included in the Required Supplementary Information section after the Notes to the Financial Statements since both Charter Schools are major special revenue funds of the City. Separately issued audited financial statements for the Charter Schools are available from Ms. Ana Martinez at Academia Dade LLC, 6340 Sunset Drive, Miami, Florida 33143.

The basic governmental fund financial statements can be found on pages 13-15 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**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 by \$10,353,974 at the close of the most recent fiscal year.

**City of Belle Isle  
Statement of Net Position**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 5,601,314	\$ 2,999,385
Capital assets	16,946,040	8,867,051
Total assets	<u>22,547,354</u>	<u>11,866,436</u>
Long-term liabilities outstanding	10,934,987	1,623,321
Other liabilities	1,258,393	906,438
Total liabilities	<u>12,193,380</u>	<u>2,529,759</u>
Net position:		
Net investment in capital assets	6,040,624	7,312,195
Restricted	3,166,639	951,727
Unrestricted	1,146,711	1,072,755
Total net position	<u>\$ 10,353,974</u>	<u>\$ 9,336,677</u>

Fifty-nine percent (59%) of the City's 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, \$3,166,639 (30.7%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position (\$1,146,711) 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.

The City's net position increased by \$1,043,704 during the current fiscal year, as shown on the following page.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**Statement of Activities**

Governmental activities increased the *City of Belle Isle's* net position by \$1,043,704. Key elements of this increase are as follows:

**City of Belle Isle  
Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 1,710,831	\$ 933,478
Operating grants and contributions	771,226	560,001
Capital grants and contributions	304,156	377,504
	<u>2,786,213</u>	<u>1,870,983</u>
General revenues:		
Property taxes	2,392,337	2,386,130
Franchise and utility taxes	409,916	395,910
Intergovernmental	7,725,730	6,647,812
Investment income and miscellaneous	49,285	27,841
	<u>10,577,268</u>	<u>9,457,693</u>
Total revenues	<u>13,363,481</u>	<u>11,328,676</u>
<b>Expenses:</b>		
General government	1,425,899	836,317
Public safety	2,425,114	2,262,930
Physical environment	1,294,967	1,240,441
Human services	6,579,138	5,938,563
Interest on long-term debt	594,659	82,149
Total expenses	<u>12,319,777</u>	<u>10,360,400</u>
<b>Increase in Net Position</b>	1,043,704	968,276
<b>Net Position- Beginning, As Restated</b>	<u>9,310,270</u>	<u>8,368,401</u>
<b>Net Position- Ending</b>	<u>\$ 10,353,974</u>	<u>\$ 9,336,677</u>

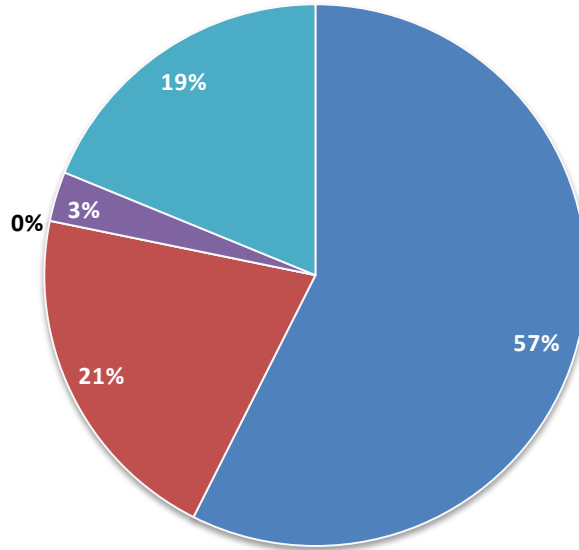
Increase in revenue of around \$2 million primarily relates to \$1 million increase in Charter Schools revenue and also the City collected almost \$700,000 in lease rent from the Charter Schools to pay debt service on new debt.



## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### 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*. At September 30, 2013, \$532,657 of the spendable fund balance of the general fund has been assigned to the FYE 2014 budget. The general fund balance decreased by \$37,114 primarily because of an increase in expenditures for the police department..

The Cornerstone Charter High School fund balance increased by \$78,326 and the Cornerstone Charter Academy fund balance increased \$621,630 because of both higher than anticipated revenue.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**General Fund Budgetary Highlights**

During the fiscal 2013 year, actual revenues were more than budgeted revenues in the General Fund by approximately \$355,000. Also, expenditures were less than budgeted by approximately \$327,000 due to salaries being under budget in the finance and administrative department and legal fees, annexation fees, and other items in the general government department also being less than budget.

**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, 2013, amounts to \$16,946,040 (net of accumulated depreciation), as detailed below. The greatest increase was in land and buildings due to the purchase of the Charter Schools property.

**City of Belle Isle  
Capital Assets  
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 1,385,823	\$ 235,823
Construction in progress	28,002	-
Buildings	7,283,908	682,593
Improvements	871,128	525,668
Machinery and equipment	353,357	372,006
Equipment and textbooks-Charter schools	1,353,388	1,079,902
Intangibles	39,171	5,973
Infrastructure	5,631,263	5,965,086
Total	<u>\$ 16,946,040</u>	<u>\$ 8,867,051</u>

Additional information on the *City of Belle Isle's* capital assets can be found in Note 8 of this report.

**Long-Term Debt** - At the end of the current fiscal year, the *City of Belle Isle* had total debt outstanding of \$10,895,088. This debt includes leases on the acquisition of equipment, bonds payable to the Florida Municipal Loan Council, and Charter School Lease Revenue Bonds, which are nonrecourse. Additional information on long-term debt can be found in Note 11 of this report.

**City of Belle Isle  
Long-Term Debt**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Capital lease payable	\$ 45,088	\$ 58,414
Bonds payable	10,850,000	1,510,000
	<u>\$ 10,895,088</u>	<u>\$ 1,568,414</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### **Next Year's Budget and Rates**

During the current fiscal year, the fund balance in the general fund decreased to \$1,078,207 and management did appropriate \$532,657 of this for spending in 2014.

### **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, 2013

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash	\$ 5,015,322
Investments	31,322
Accounts receivable	65,623
Due from other governments	275,552
Prepaid items	213,495
Capital assets:	
Not being depreciated	1,413,825
Being depreciated, net	15,532,215
Total assets	<u>22,547,354</u>
<b>Liabilities:</b>	
Accounts payable	545,244
Matured interest payable	285,200
Accrued liabilities	412,944
Accrued interest payable	1,925
Deposits	13,080
Noncurrent liabilities:	
Due within one year	317,101
Due in more than one year	10,617,886
Total liabilities	<u>12,193,380</u>
<b>Net Position:</b>	
Net investment in capital assets	6,040,624
Restricted for:	
Debt service	1,345,573
Stormwater	327,488
Charter Schools	1,370,573
Other purposes	123,005
Unrestricted	1,146,711
Total net position	<u>\$ 10,353,974</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



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CITY OF BELLE ISLE, FLORIDA

**STATEMENT OF ACTIVITIES**

Year Ended September 30, 2013

<b><u>Functions/Programs</u></b>	<b>Program Revenue</b>				<b>Net (Expense)</b>
	<b>Expenses</b>	<b>Charges For Services</b>	<b>Operating and Contributions</b>	<b>Capital and Contributions</b>	<b>Revenue and Changes in Net Assets</b>
<b>Primary Government:</b>					<b>Governmental Activities</b>
Governmental activities:					
General Government	\$ 1,425,899	\$ -	\$ -	\$ 8,775	\$ (1,417,124)
Public Safety	2,425,114	38,077	-	447	(2,386,590)
Physical Environment	1,294,967	822,231	201,898	-	(270,838)
Human Services	6,579,138	152,388	569,328	294,934	(5,562,488)
Interest on Long-term debt	594,659	698,135	-	-	103,476
Total governmental activities	<u>\$ 12,319,777</u>	<u>\$ 1,710,831</u>	<u>\$ 771,226</u>	<u>\$ 304,156</u>	<u>(9,533,564)</u>
<b>General Revenues:</b>					
Taxes:					
Property taxes					2,392,337
Franchise and utility taxes					409,916
Intergovernmental- unrestricted					7,725,730
Unrestricted investment earnings					4,739
Miscellaneous					44,546
Total general revenues					<u>10,577,268</u>
Change in net position					1,043,704
Net position - beginning, as restated					<u>9,310,270</u>
Net position - ending					<u>\$ 10,353,974</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



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CITY OF BELLE ISLE, FLORIDA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

September 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Cornerstone Charter High School *</u>	<u>Cornerstone Charter Academy *</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Cash and cash equivalents	\$ 1,887,292	\$ 1,630,773	\$ 85,412	\$ 1,402,149	\$ 9,696	\$ 5,015,322
Investments	31,322	-	-	-	-	31,322
Due from other funds	-	-	-	-	440,797	440,797
Accounts receivable	-	-	65,623	-	-	65,623
Due from other governments	155,142	-	20,410	-	-	175,552
Prepaid items	1,815	-	-	211,680	-	213,495
Total assets	<u>\$ 2,075,571</u>	<u>\$ 1,630,773</u>	<u>\$ 171,445</u>	<u>\$ 1,613,829</u>	<u>\$ 450,493</u>	<u>\$ 5,942,111</u>
<b>Liabilities and Fund Balances:</b>						
Liabilities:						
Accounts payable	\$ 510,987	\$ -	\$ 31,625	\$ 2,632	\$ -	\$ 545,244
Due to other funds	440,797	-	-	-	-	440,797
Matured interest payable	-	285,200	-	-	-	285,200
Accrued liabilities	32,500	-	48,961	331,483	-	412,944
Deposits	13,080	-	-	-	-	13,080
Total liabilities	<u>997,364</u>	<u>285,200</u>	<u>80,586</u>	<u>334,115</u>	<u>-</u>	<u>1,697,265</u>
<b>Fund Balances:</b>						
Nonspendable						
Nonspendable	1,815	-	65,623	211,680	-	279,118
Spendable:						
Restricted	-	1,345,573	25,236	1,068,034	450,493	2,889,336
Assigned	532,657	-	-	-	-	532,657
Unassigned	543,735	-	-	-	-	543,735
Total fund balances	<u>1,078,207</u>	<u>1,345,573</u>	<u>90,859</u>	<u>1,279,714</u>	<u>450,493</u>	<u>4,244,846</u>
Total liabilities and fund balances	<u>\$ 2,075,571</u>	<u>\$ 1,630,773</u>	<u>\$ 171,445</u>	<u>\$ 1,613,829</u>	<u>\$ 450,493</u>	

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	16,946,040
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(10,936,912)
Financial resources not available in current period are not reported in funds	<u>100,000</u>
Net position of governmental activities	<u>\$ 10,353,974</u>

\* As of June 30, 2013

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BELLE ISLE, FLORIDA

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

Year Ended September 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Cornerstone Charter High School *</u>	<u>Cornerstone Charter Academy *</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Taxes:						
Property taxes	\$ 2,392,337	\$ -	\$ -	\$ -	\$ -	\$ 2,392,337
Franchise and utility	409,916	-	-	-	-	409,916
Licenses and permits	119,342	-	-	-	-	119,342
Intergovernmental	1,294,644	-	1,525,346	5,872,347	-	8,692,337
Charges for services	532,072	-	14,891	137,497	142,023	826,483
Impact fees	7,503	-	-	-	21,635	29,138
Fines and forfeitures	34,785	-	-	-	2,948	37,733
Investment income	1,986	211	-	-	2,542	4,739
Miscellaneous	42,324	698,135	-	2,497	-	742,956
Total revenues	<u>4,834,909</u>	<u>698,346</u>	<u>1,540,237</u>	<u>6,012,341</u>	<u>169,148</u>	<u>13,254,981</u>
<b>Expenditures:</b>						
Current:						
General government	869,056	7,946,512	-	-	-	8,815,568
Public safety	2,453,318	-	-	-	-	2,453,318
Physical environment	1,183,133	64,200	-	-	4,565	1,251,898
Human Services	-	-	1,461,911	5,390,711	-	6,852,622
Debt Service:						
Principal	298,326	-	-	-	-	298,326
Interest and other charges	68,190	532,373	-	-	-	600,563
Bond issuance costs	-	434,688	-	-	-	434,688
Total expenditures	<u>4,872,023</u>	<u>8,977,773</u>	<u>1,461,911</u>	<u>5,390,711</u>	<u>4,565</u>	<u>20,706,983</u>
Excess (deficiency) of revenues over expenditures	<u>(37,114)</u>	<u>(8,279,427)</u>	<u>78,326</u>	<u>621,630</u>	<u>164,583</u>	<u>(7,452,002)</u>
<b>Other Financing Sources(Uses):</b>						
Revenue bonds issued	-	9,625,000	-	-	-	9,625,000
Total other financing sources	<u>-</u>	<u>9,625,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,625,000</u>
Net change in fund balances	(37,114)	1,345,573	78,326	621,630	164,583	2,172,998
Fund balances - beginning	1,115,321	-	12,533	658,084	285,910	2,071,848
Fund balances - ending	<u>\$ 1,078,207</u>	<u>\$ 1,345,573</u>	<u>\$ 90,859</u>	<u>\$ 1,279,714</u>	<u>\$ 450,493</u>	<u>\$ 4,244,846</u>

\* As of June 30, 2013

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2013

Net change in fund balances - total governmental funds \$ 2,172,998

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.

This is the amount by which capital outlays \$9,143,180 was more than depreciation \$1,072,691 in the current period. Also, there was \$8,500 of capital assets contributed which are not in the fund statements. 8,078,989

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 100,000

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. (9,326,674)

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. 18,391

Change in net position of governmental activities \$ 1,043,704

The accompanying Notes to Financial Statements are an integral part of this statement.



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**NOTES TO FINANCIAL STATEMENTS**



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**NOTES TO FINANCIAL STATEMENTS**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies:**

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 commission/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 City also provides to its residents educational facilities with the two (2) Charter Schools that it owns and operates. 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.

**Financial Reporting Entity** - The City's financial reporting entity comprises the City of Belle Isle as the primary government with two blended component units. Blended component units are separate legal entities that meet component unit criteria described by the Government Accounting Standards Board (GASB). Cornerstone Charter High School and Cornerstone Charter Academy are considered blended component units since their governing body is substantially the same as the City's elected commission and there is a financial burden relationship between them. The Charter Agreement with the School Board of Orange County indicates that the charter is between the School Board and the City of Belle Isle. The City of Belle Isle established The City of Belle Isle Charter Schools, Inc., a not-for-profit organization under the laws of Florida, to execute and hold the Charter and operate the Charter Schools on behalf of the City. Both Charter Schools were audited by other auditors who issued audit reports for the year ended June 30, 2013. These audited financial statements may be obtained from the management company Academia.

**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 nonfiduciary 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.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies (Continued):**

***Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)*** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected 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.

The government reports the following major governmental funds:

The *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.

The *Debt Service Fund* is used to account for the lease revenue received from the Charter Schools included as blended component units. The lease revenue is used to pay the debt service on the Series 2012 Lease Revenue Bonds issued by the City in October 2012.

*Cornerstone Charter High School* special revenue fund accounts for revenues received from Orange County School District through the Florida Education Finance Program (FEFP) restricted to operation of the charter high school.

*Cornerstone Charter Academy* special revenue fund accounts for revenues received from Orange County School through the FEFP restricted to operation of the charter academy.

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.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**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. 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 expenditure when consumed rather than when purchased.

**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. The Charter Schools capitalize assets with a cost of \$2,000 or more. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	5 - 15
Infrastructure	25 - 40
Machinery & Equipment	5 - 15
Equipment & Textbooks-Charter Schools	3 - 5
Intangibles	3 - 5

**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 50% 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, as a result of employee retirements.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies (Continued):**

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

**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.

**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, 2013.

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 does not have any item that qualifies for reporting in this category for the year ended September 30, 2013.

**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.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance (Continued) -**

***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.

**New GASB Statements Implemented** - GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*- This statement classifies all sources of generally accepted accounting principles for state and local governments so that the authoritative accounting and financial reporting literature will be together in a single source, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. The City elected to include all pre-November 30, 1989 FASB pronouncements which are now codified in GASB 62.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* - This statement provides guidance for deferred outflows of resources and deferred inflows of resources. It further identifies net position as the residual of all elements presented in a statement of financial position. This Statement redefines certain assets and liabilities as "deferred outflows of resources" or "deferred inflows of resources." It further requires the "Capital asset, net of debt" now be titled "Net investment in capital assets" and that the last line of the statements, previously called "Net assets" now be titled "Net position."

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued):**

**New GASB Statements Implemented (Continued):**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*- This statement provides additional guidance for the items listed in GASB 63 and includes additional changes in accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement requires that debt issuance costs be expensed in the period the debt was issued. This Statement also requires that taxes and lease revenues received prior to the period to which they relate to be classified as Unavailable Revenue (a deferred inflow). Changes to the government-wide statements and related disclosures are included in Note 2.

**Note 2 - Accounting Changes and Restatement of Financial Statements:**

The October 1, 2012, beginning net position of governmental activities was restated due to the implementation of GASB Statements 65, as follows:

Net position, October 1, 2012, previously stated	\$ 9,336,677
Restatement of net position due to GASB 65	<u>(26,407)</u>
Net position, October 1, 2012, restated	<u><u>\$ 9,310,270</u></u>

**Note 3 - 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 \$10,936,912 difference are as follows:

Bonds payable	\$ 10,850,000
Add: Issuance premium (to be amortized over life of debt)	10,328
Accrued interest payable	1,925
Capital lease payable	45,088
Compensated absences	<u>29,571</u>
	<u><u>\$ 10,936,912</u></u>

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 3 - Reconciliation of Government-Wide and Fund Financial Statements (Continued):**

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$18,391 difference are as follows:

Compensated absences	\$ 12,487
Accrued interest	3,383
Amortization of premium	<u>2,521</u>
Net adjustment to increase net changes in fund balances - total	<u><u>\$ 18,391</u></u>

**Note 4 - 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.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 4 - Stewardship, Compliance and Accountability (Continued):**

**A. Budgetary Information (Continued):**

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.

The governmental funds budgets are prepared on a budgetary basis, whereby the City includes 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 capital outlay expenditures and other financing sources related to the acquisition of assets through capital leases.

**B. Excess Expenditures Over Appropriations:**

The debt service fund had excess expenditures over appropriations in the amount of \$60,286 for the year ended September 30, 2013. Cost to acquire land and buildings was slightly more than budgeted however ending fund balance in the debt service fund is still \$1,345,573, which is approximately \$400,000 more than the required amounts maintained in the debt service reserve account of \$698,525 and renewal and replacement account of \$250,000.

**Note 5 - Cash and Investments:**

Following are the components of the City's cash and investments at September 30, 2013:

Cash	\$ 5,015,322
Investments	<u>31,322</u>
	<u><u>\$ 5,046,644</u></u>

**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 and the Bureau of Collateral Securities, Division of Treasury.

**Investments** - Since the Charter Schools are not-for-profit corporations, they are not required by Florida Statutes to have an investment policy like the City. They have no Investments at September 30, 2013.



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 5 - Cash and Investments (Continued):**

**Investments (Continued)** - 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 account balance can be used as fair value for financial reporting. Fund B is accounted for as a fluctuating NAVPOOL, not a 2a-7-like money market fund.

Investments made by the *City of Belle Isle* at September 30, 2013 are summarized below. In accordance with GASB 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Florida PRIME	\$ 22,640	AAAm	44 days
Fund B	8,582	Not rated	4.04 years
	<u>\$ 31,222</u>		

**Credit Risk:**

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 5 - 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, 2013, 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, 2013, 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 6 - 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.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 6 - Property Tax (Continued):**

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, 2013, 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 \$3,143,647 before discount, additional a year from the present assessed valuation of \$561,546,090 before the limit is reached.

**Note 7 - Charter School Management Agreements:**

Both Cornerstone Charter High School and Cornerstone Charter Academy have entered into a management agreement with Academia Central Florida, LLC, a professional charter school management company. Academia provides management and administrative services to the Charter Schools including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, and financial reporting.

The agreements between the Schools and Academia calls for a fee of \$450 per full time equivalent (FTE) student per year. The agreement is for a period of five years, through June 30, 2015, and unless terminated by the Board of Directors shall be renewed along with any renewals to the Charter Agreement. The Charter Agreement with The School Board of Orange County, Florida was extended by the School Board on August 21, 2012 and the new Charter expiration date is June 30, 2027.

CITY OF BELLE ISLE, FLORIDA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 8 - Capital Assets:**

Capital asset activity for the year ended September 30, 2013 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 235,823	\$ 1,150,000	\$ -	\$ 1,385,823
Construction in progress	-	28,002	-	28,002
Total capital assets, not being depreciated	<u>235,823</u>	<u>1,178,002</u>	<u>-</u>	<u>1,413,825</u>
Capital assets, being depreciated:				
Buildings	979,738	6,796,512	-	7,776,250
Improvements	844,713	419,434	-	1,264,147
Machinery & equipment	1,117,875	94,631	(19,104)	1,193,402
Equipment & textbooks-Charter schools	1,443,539	623,370	-	2,066,909
Intangibles	17,131	39,731	(8,004)	48,858
Infrastructure	7,621,694	-	-	7,621,694
Total capital assets being depreciated	<u>12,024,690</u>	<u>7,973,678</u>	<u>(27,108)</u>	<u>19,971,260</u>
Less accumulated depreciation for:				
Buildings	(297,145)	(195,197)	-	(492,342)
Improvements	(319,045)	(73,974)	-	(393,019)
Machinery & equipment	(745,869)	(113,280)	19,104	(840,045)
Equipment & textbooks-Charter schools	(363,637)	(349,884)	-	(713,521)
Intangibles	(11,158)	(6,533)	8,004	(9,687)
Infrastructure	(1,656,608)	(333,823)	-	(1,990,431)
Total accumulated depreciation	<u>(3,393,462)</u>	<u>(1,072,691)</u>	<u>27,108</u>	<u>(4,439,045)</u>
Total capital assets being depreciated, net	<u>8,631,228</u>	<u>6,900,987</u>	<u>-</u>	<u>15,532,215</u>
Governmental activities capital assets, net	<u>\$ 8,867,051</u>	<u>\$ 8,078,989</u>	<u>\$ -</u>	<u>\$ 16,946,040</u>

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

General government	\$ 188,569
Public safety	89,484
Physical environment	444,754
Human services	349,884
	<u>\$ 1,072,691</u>

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 9 - Retirement Plans:**

***Employees Defined Contribution Plan*** - The City is the administrator of a single employer defined contribution money purchase pension plan. All full-time employees are eligible to participate in the plan after one year of service. As soon as an employee is eligible to participate in the plan, contributions are made by the City. Under this plan, the City contributes 4% of the employees' eligible wages. The contribution rate is established by the City Commission. Employees do not participate in the plan funding. Employees are 100% vested upon completion of five years of service. No fixed benefits are paid or payable upon retirement.

During the year ended September 30, 2013, the City's total payroll was \$1,063,774 and the current year's covered payroll for retirement plan purposes was approximately \$942,725. The City contributed \$37,688 to the plan. Total contributed is approximately 4% of the current year's covered payroll. The City has no unfunded liability under this plan.

Both of the Charter Schools included in these financial statements have defined contribution plans for all full-time employees who have been employed for at least one year. These plans permit voluntary contributions from employees, based on a salary reduction agreement, and provide for discretionary employer matching contributions up to 4% of employees' compensation. There were no employer contributions for the year ended June 30, 2013.

***Deferred Compensation Plan*** - The City also offers its employees a deferred compensation 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 them to defer a portion of their current salary until future years.

The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

In accordance with changes in federal law brought about by the Small Business Job Protection Act of 1996, eligible deferred compensation plans established and maintained by governmental employers must be amended to provide that all assets of the plan be held in trust for the exclusive benefit of plan participants and their beneficiaries. The City has executed amended plans with its third party administrators, which conform to the new provisions of the law. Accordingly, assets of these plans are no longer accounted for in the City's financial statements.

**Note 10 - 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.

CITY OF BELLE ISLE, FLORIDA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 11 - Long-Term Debt:**

Long-term debt activity for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital Leases	\$ 58,414	\$ -	\$ 13,326	\$ 45,088	\$ 14,144
Revenue Bonds	1,510,000	9,625,000	285,000	10,850,000	300,000
Unamortized Premium	12,849	-	2,521	10,328	-
Compensated Absences	42,058	7,421	19,908	29,571	2,957
	<u>\$ 1,623,321</u>	<u>\$ 9,632,421</u>	<u>\$ 320,755</u>	<u>\$ 10,934,987</u>	<u>\$ 317,101</u>

**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:

	<b>Governmental Activities</b>
Equipment	\$ 93,945
Less: Accumulated depreciation	(41,649)
	<u>\$ 52,296</u>

The future minimum lease obligations of the minimum lease payments at September 30, 2013 are as follows:

<u>Year Ending September 30,</u>	<b>Governmental Activities</b>
2014	\$ 16,910
2015	16,910
2016	16,910
Total minimum lease payments	50,730
Less: amount representing interest	(5,642)
Present value of minimum lease payments	<u>\$ 45,088</u>

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 11 - Long-Term Debt (Continued):**

**Revenue Bonds** - The City has entered into three loan agreements with the Florida Municipal Loan Council (FMLC), whereby the FMLC issued Revenue Bonds and made loans to several cities including Belle Isle. The purpose of these loans was to provide funds for various capital improvements. The 2002C loan was paid off in 2013 and the 2003B loan is secured by pledged communication services tax revenue. The 2006 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 2003B Bonds as of September 30, 2013 is \$112,888. For the year ended September 30, 2013 principal and interest paid was \$117,795 and total communication services tax revenue pledged for the year was \$266,822.

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. pursuant to the Lease Agreement dated as of 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 15 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.

Total principal and interest remaining on the Series 2012 Bonds as of September 30, 2013 is \$20,896,600. For the year ended September 30, 2013 interest paid was \$532,373 and total pledged revenue for the year was \$698,135.

Revenue bonds outstanding at year end are as follows:

<u>Governmental Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2013</u>
Charter School Lease Revenue Bonds, Series 2012	5.50% - 6.00% (4/1 & 10/1)	10/1/2042	<u>\$ 9,625,000</u>	\$ 9,625,000
Florida Municipal Loan Council- Series 2003B	2.00% - 5.25% (6/1 & 12/1)	12/1/2013	<u>\$ 985,000</u>	110,000
Florida Municipal Loan Council- Series 2006	4.00% - 5.00% (4/1 & 10/1)	10/1/2026	<u>\$ 1,480,000</u>	1,115,000
Total				<u>\$ 10,850,000</u>

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 11 - Long-Term Debt (Continued):**

Annual debt service requirements to maturity are as follows:

<u>Year Ending September, 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 300,000	\$ 622,288
2015	200,000	609,275
2016	210,000	598,600
2017	220,000	587,400
2018	235,000	575,675
2019-2023	1,370,000	2,684,838
2024-2028	1,535,000	2,288,701
2029-2033	1,630,000	1,849,800
2034-2038	2,180,000	1,299,000
2039-2042	2,970,000	518,400
	<u>\$ 10,850,000</u>	<u>\$ 11,633,977</u>

**Note 12 - 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 50% floating with a floor of 4.5%. Repayment terms are interest only due monthly with maturity date of 12 months. The line of credit is unsecured. At September 30, 2013, the City had \$750,000 available on the line of credit to draw down.

**Note 13 - 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 14 - 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.



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2013

**Note 15 – Lease Agreement**

On October 1, 2012, the City of Belle Isle Charters Schools Inc. (the “Schools”) entered into an educational facilities lease agreement with the City of Belle Isle. Pursuant to the Lease, the 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. The 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, 2013. The City received rent of \$698,135 during the year ended September 30, 2013. The City’s budget for FYE 2014 includes annual rent to be received of \$840,000 based on the student count of 120. The estimated future minimum payments to be received by the City are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2014	\$ 840,000
2015	840,000
2016	840,000
2017	840,000
2018	840,000
2019 - 2023	4,200,000
2024 - 2028	4,200,000
2029 -2033	4,200,000
2034 - 2038	4,200,000
2039 - 2042	3,360,000

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

Land and Buildings	\$ 7,946,512
Accumulated Depreciation	(169,913)
Capital Assets Held for Lease	<u>\$ 7,776,599</u>

**Note 16 - Evaluation of Subsequent Events:**

The City has evaluated subsequent events through the date of the independent auditor’s report, the date which the financial statements were available to be issued.



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**REQUIRED SUPPLEMENTARY INFORMATION**



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CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>				
Taxes:				
Property taxes	\$ 2,350,263	\$ 2,350,263	\$ 2,392,337	\$ 42,074
Franchise fees and utility taxes	365,451	365,451	409,916	44,465
Licenses and permits	44,720	44,720	119,342	74,622
Intergovernmental	1,159,500	1,159,500	1,294,644	135,144
Fines and forfeitures	16,300	16,300	34,785	18,485
Charges for services	532,218	532,218	532,072	(146)
Impact fees	-	-	7,503	7,503
Investment income	450	450	1,986	1,536
Miscellaneous	10,700	10,700	42,324	31,624
Total revenues	<u>4,479,602</u>	<u>4,479,602</u>	<u>4,834,909</u>	<u>355,307</u>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative	50,300	50,300	36,369	13,931
Executive	7,200	7,200	6,423	777
Finance and administrative	631,917	585,917	374,368	211,549
Other general government	582,165	538,165	451,896	86,269
	<u>1,271,582</u>	<u>1,181,582</u>	<u>869,056</u>	<u>312,526</u>
Public safety:				
Law enforcement	1,241,956	1,331,956	1,325,350	6,606
Fire control	1,128,880	1,128,880	1,127,968	912
	<u>2,370,836</u>	<u>2,460,836</u>	<u>2,453,318</u>	<u>7,518</u>
Physical environment:				
Roads and streets	694,379	694,379	690,794	3,585
Solid waste disposal	493,543	493,543	492,339	1,204
	<u>1,187,922</u>	<u>1,187,922</u>	<u>1,183,133</u>	<u>4,789</u>
Debt service:				
Principal	298,326	298,326	298,326	-
Interest	69,975	69,975	68,190	1,785
	<u>368,301</u>	<u>368,301</u>	<u>366,516</u>	<u>1,785</u>
Total expenditures	<u>5,198,641</u>	<u>5,198,641</u>	<u>4,872,023</u>	<u>326,618</u>
Excess (deficiency) of revenues over expenditures	<u>(719,039)</u>	<u>(719,039)</u>	<u>(37,114)</u>	<u>681,925</u>
Net change in fund balance	<u>(719,039)</u>	<u>(719,039)</u>	<u>(37,114)</u>	<u>681,925</u>
Fund balance - beginning	1,115,321	1,115,321	1,115,321	-
Fund balance - ending	<u>\$ 396,282</u>	<u>\$ 396,282</u>	<u>\$ 1,078,207</u>	<u>\$ 681,925</u>

CITY OF BELLE ISLE, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CORNERSTONE CHARTER HIGH SCHOOL**

Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 1,506,000	\$ 1,522,500	\$ 1,525,346	\$ 2,846
Charges for services	15,000	14,000	14,891	891
Total revenues	<u>1,521,000</u>	<u>1,536,500</u>	<u>1,540,237</u>	<u>3,737</u>
<b>Expenditures:</b>				
Current:				
Human services	<u>1,265,000</u>	<u>1,504,500</u>	<u>1,461,911</u>	<u>42,589</u>
Total expenditures	<u>1,265,000</u>	<u>1,504,500</u>	<u>1,461,911</u>	<u>42,589</u>
Excess (deficiency) of revenues over expenditures	<u>256,000</u>	<u>32,000</u>	<u>78,326</u>	<u>46,326</u>
Net change in fund balance	256,000	32,000	78,326	46,326
Fund balance - beginning	12,533	12,533	12,533	-
Fund balance - ending	<u>\$ 268,533</u>	<u>\$ 44,533</u>	<u>\$ 90,859</u>	<u>\$ 46,326</u>

CITY OF BELLE ISLE, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CORNERSTONE CHARTER ACADEMY**

Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 5,535,000	\$ 5,707,400	\$ 5,872,347	\$ 164,947
Charges for services	100,000	122,000	137,497	15,497
Miscellaneous	-	-	2,497	2,497
Total revenues	<u>5,635,000</u>	<u>5,829,400</u>	<u>6,012,341</u>	<u>182,941</u>
<b>Expenditures:</b>				
Current:				
Human services	<u>5,182,500</u>	<u>5,438,900</u>	<u>5,390,711</u>	<u>48,189</u>
Total expenditures	<u>5,182,500</u>	<u>5,438,900</u>	<u>5,390,711</u>	<u>48,189</u>
Excess (deficiency) of revenues over expenditures	<u>452,500</u>	<u>390,500</u>	<u>621,630</u>	<u>231,130</u>
Net change in fund balance	452,500	390,500	621,630	231,130
Fund balance - beginning	658,084	658,084	658,084	-
Fund balance - ending	<u>\$ 1,110,584</u>	<u>\$ 1,048,584</u>	<u>\$ 1,279,714</u>	<u>\$ 231,130</u>



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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



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## **MAJOR GOVERNMENTAL FUNDS**

### **Debt Service Fund**

#### **Debt Service Fund**

- This fund was established to account for the lease revenue received from the Charter Schools included as blended component units. The lease revenue is used to pay the debt service on the Series 2012 Lease Revenue Bonds issued by the City in October 2012.



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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, 2013

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 211	\$ 211
Miscellaneous	-	698,135	698,135	-
Total revenues	-	698,135	698,346	211
<b>Expenditures:</b>				
Current:				
General government:	-	7,609,694	7,946,512	(336,818)
Physical environment:	-	190,000	64,200	125,800
	-	7,799,694	8,010,712	(211,018)
Debt service:				
Principal	-	-	-	-
Interest	-	532,894	532,373	521
Bond issuance costs	-	584,688	434,688	150,000
	-	1,117,582	967,061	150,521
Total expenditures	-	8,917,276	8,977,773	(60,497)
Excess (deficiency) of revenues over expenditures	-	(8,219,141)	(8,279,427)	(60,286)
<b>Other Financing Sources:</b>				
Revenue bonds issued	-	9,625,000	9,625,000	-
Total other financing sources	-	9,625,000	9,625,000	-
Net change in fund balance	-	1,405,859	1,345,573	(60,286)
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ 1,405,859	\$ 1,345,573	\$ (60,286)



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## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

- 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.
  
- Stormwater Special Revenue 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, 2013

	<u>Special Revenue Funds</u>			
	<u>Transportation Impact Fee</u>	<u>Stormwater</u>	<u>Law Enforcement Education</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 8,503	\$ -	\$ 1,193	\$ 9,696
Due from other funds	103,958	327,488	9,351	440,797
Total assets	<u>\$ 112,461</u>	<u>\$ 327,488</u>	<u>\$ 10,544</u>	<u>\$ 450,493</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	112,461	327,488	10,544	450,493
Total fund balances	<u>112,461</u>	<u>327,488</u>	<u>10,544</u>	<u>450,493</u>
Total liabilities and fund balances	<u>\$ 112,461</u>	<u>\$ 327,488</u>	<u>\$ 10,544</u>	<u>\$ 450,493</u>



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CITY OF BELLE ISLE, FLORIDA

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

For the Year Ended September 30, 2013

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Transportation Impact Fee</b>	<b>Stormwater</b>	<b>Law Enforcement Education</b>	
<b>Revenues:</b>				
Charges for services	\$ -	\$ 142,023	\$ -	\$ 142,023
Impact fees	21,635	-	-	21,635
Fines and forfeitures	-	-	2,948	2,948
Investment earnings	847	847	848	2,542
Total revenues	<u>22,482</u>	<u>142,870</u>	<u>3,796</u>	<u>169,148</u>
<b>Expenditures:</b>				
Current:				
Physical Environment	-	4,565	-	4,565
Total expenditures	<u>-</u>	<u>4,565</u>	<u>-</u>	<u>4,565</u>
Excess (deficiency) of revenues over expenditures	<u>22,482</u>	<u>138,305</u>	<u>3,796</u>	<u>164,583</u>
Net change in fund balances	22,482	138,305	3,796	164,583
Fund balances - beginning	89,979	189,183	6,748	285,910
Fund balances - ending	<u>\$ 112,461</u>	<u>\$ 327,488</u>	<u>\$ 10,544</u>	<u>\$ 450,493</u>



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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, 2013

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Impact fees	\$ 22,000	\$ 22,000	\$ 21,635	\$ (365)
Investment income	450	450	847	397
Total revenues	<u>22,450</u>	<u>22,450</u>	<u>22,482</u>	<u>32</u>
<b>Expenditures:</b>				
Current:				
Physical environment:				
Roads and streets	15,200	15,200	-	15,200
Total expenditures	<u>15,200</u>	<u>15,200</u>	<u>-</u>	<u>15,200</u>
Excess (deficiency) of revenues over expenditures	<u>7,250</u>	<u>7,250</u>	<u>22,482</u>	<u>15,232</u>
Net change in fund balance	7,250	7,250	22,482	15,232
Fund balance - beginning	89,979	89,979	89,979	-
Fund balance - ending	<u>\$ 97,229</u>	<u>\$ 97,229</u>	<u>\$ 112,461</u>	<u>\$ 15,232</u>

CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2013

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Charges for services	\$ 148,434	\$ 148,434	\$ 142,023	\$ (6,411)
Investment income	450	450	847	397
Total revenues	<u>148,884</u>	<u>148,884</u>	<u>142,870</u>	<u>(6,014)</u>
<b>Expenditures:</b>				
Current:				
Physical environment:				
Roads and streets	<u>30,200</u>	<u>30,200</u>	<u>4,565</u>	<u>25,635</u>
Total expenditures	<u>30,200</u>	<u>30,200</u>	<u>4,565</u>	<u>25,635</u>
Excess (deficiency) of revenues over expenditures	<u>118,684</u>	<u>118,684</u>	<u>138,305</u>	<u>19,621</u>
Net change in fund balance	118,684	118,684	138,305	19,621
Fund balance - beginning	189,183	189,183	189,183	-
Fund balance - ending	<u>\$ 307,867</u>	<u>\$ 307,867</u>	<u>\$ 327,488</u>	<u>\$ 19,621</u>

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, 2013

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 2,948	\$ 1,948
Investment income	450	450	848	398
Total revenues	<u>1,450</u>	<u>1,450</u>	<u>3,796</u>	<u>2,346</u>
<b>Expenditures:</b>				
Current:				
Public Safety:				
Law enforcement	-	200	-	200
Total expenditures	<u>-</u>	<u>200</u>	<u>-</u>	<u>200</u>
Excess (deficiency) of revenues over expenditures	<u>1,450</u>	<u>1,250</u>	<u>3,796</u>	<u>2,546</u>
Net change in fund balance	1,450	1,250	3,796	2,546
Fund balance - beginning	6,748	6,748	6,748	-
Fund balance - ending	<u>\$ 8,198</u>	<u>\$ 7,998</u>	<u>\$ 10,544</u>	<u>\$ 2,546</u>



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**STATISTICAL SECTION**



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## STATISTICAL SECTION

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><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends	43
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	48
These schedules contain formation to help the reader asses the government's most significant local revenue source, the property tax.	
Debt Capacity	52
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 Statues.	
The <i>City of Belle Isle</i> has no general obligation bonds outstanding.	
Demographic and Economic Information	54
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	56
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)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Net investment in capital assets	\$ 1,021,602	\$ 1,246,774	\$ 2,407,645	\$ 2,841,770	\$ 4,588,012	\$ 5,645,520	\$ 5,832,855	\$ 7,118,248	\$ 7,312,195	\$ 6,040,624
Restricted	982,228	855,024	899,538	1,099,267	778,479	378,961	254,287	442,964	951,727	3,166,639
Unrestricted	1,741,059	1,713,140	2,097,127	3,287,910	1,979,832	911,654	770,409	807,189	1,072,755	1,146,711
Total governmental activities net position	<u>\$ 3,744,889</u>	<u>\$ 3,814,938</u>	<u>\$ 5,404,310</u>	<u>\$ 7,228,947</u>	<u>\$ 7,346,323</u>	<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>

CITY OF BELLE ISLE, FLORIDA

**CHANGES IN NET POSITION**

Last Ten Fiscal Years  
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,854,684	\$ 1,583,138	\$ 959,373	\$ 1,004,664	\$ 995,667	\$ 992,184	\$ 1,037,331	\$ 1,003,552	\$ 836,317	\$1,425,899
Public safety	1,263,807	1,354,690	1,509,411	1,799,649	1,979,104	1,983,858	2,108,568	2,214,034	2,262,930	2,425,114
Physical environment	759,429	685,656	889,384	1,004,728	1,158,691	1,317,831	1,246,280	1,267,319	1,240,441	1,294,967
Human services	-	-	-	-	-	-	-	5,428,025.00	5,938,563	6,579,138
Interest on long-term debt	58,493	61,809	56,248	98,314	106,354	97,978	94,615	83,098	82,149	594,659
<b>Total governmental activities expense</b>	<b>\$ 5,936,413</b>	<b>\$ 3,685,293</b>	<b>\$ 3,414,416</b>	<b>\$ 3,907,355</b>	<b>\$ 4,239,816</b>	<b>\$ 4,391,851</b>	<b>\$ 4,486,794</b>	<b>\$ 9,996,028</b>	<b>\$ 10,360,400</b>	<b>\$ 12,319,777</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,978	\$ -
Public safety	74,657	52,158	52,841	82,202	150,089	94,515	19,798	22,065	20,800	38,077
Physical environment	12,421	23,026	178,492	185,990	168,283	167,983	626,175	814,619	750,586	822,231
Human services	-	-	-	-	-	-	-	126,182	143,114	152,388
Interest on long-term debt	-	-	-	-	-	-	-	-	-	698,135
Operating grants and contributions <sup>1</sup>	3,128,358	349,379	348,406	252,390	210,139	194,172	194,615	689,780	560,001	771,226
Capital grants and contributions	19,795	-	945,121	1,199,787	226,727	22,500	36,485	415,585	377,504	304,156
<b>Total governmental activities program revenues</b>	<b>\$ 3,235,231</b>	<b>\$ 424,563</b>	<b>\$ 1,524,860</b>	<b>\$ 1,720,369</b>	<b>\$ 755,238</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>Total governmental activities net expense</b>	<b>\$ (2,701,182)</b>	<b>\$ (3,260,730)</b>	<b>\$ (1,889,556)</b>	<b>\$ (2,186,986)</b>	<b>\$ (3,484,578)</b>	<b>\$ (3,912,681)</b>	<b>\$ (3,609,721)</b>	<b>\$ (7,927,797)</b>	<b>\$ (8,489,417)</b>	<b>\$ (9,533,564)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 1,226,058	\$ 1,605,909	\$ 1,749,543	\$ 2,088,933	\$ 2,102,260	\$ 2,122,775	\$ 2,152,842	\$ 2,397,747	\$ 2,386,130	\$ 2,392,337
Franchise and utility taxes	288,155	370,051	372,236	386,624	395,482	435,928	439,093	438,427	395,910	409,916
Intergovernmental-unrestricted	983,299	1,269,879	1,165,581	1,104,420	1,017,572	921,409	921,752	6,390,668	6,647,812	7,725,730
Investment income and Miscellaneous	85,390	84,940	191,568	431,644	86,640	22,381	17,450	211,805	27,841	49,285
<b>Total governmental activities</b>	<b>\$ 2,582,902</b>	<b>\$ 3,330,779</b>	<b>\$ 3,478,928</b>	<b>\$ 4,011,621</b>	<b>\$ 3,601,954</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>Change in Net Position</b>	<b>\$ (118,280)</b>	<b>\$ 70,049</b>	<b>\$ 1,589,372</b>	<b>\$ 1,824,635</b>	<b>\$ 117,376</b>	<b>\$ (410,188)</b>	<b>\$ (78,584)</b>	<b>\$ 1,510,850</b>	<b>\$ 968,276</b>	<b>\$ 1,043,704</b>

<sup>1</sup> Money received from FEMA for damages caused by three hurricanes in 2004 is included in operating grants and contributions.

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 and Utility Tax</u>	<u>Total</u>
2004	1,226,058	288,155	1,514,213
2005	1,605,909	370,051	1,975,960
2006	1,749,543	372,236	2,121,779
2007	2,088,933	386,624	2,475,557
2008	2,102,260	395,482	2,497,742
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

Source Earl K. Wood - Orange County Tax Collector

CITY OF BELLE ISLE, FLORIDA

**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund										
Reserved	\$ -	\$ 871,832	\$ 899,538	\$ 382,227	\$ 385,653	\$ -	\$ -			
Unreserved	836,522	2,477,265	2,903,480	2,134,491	1,574,689	943,699	785,854			
Total General fund	<u>\$ 836,522</u>	<u>\$ 3,349,097</u>	<u>\$ 3,803,018</u>	<u>\$ 2,516,718</u>	<u>\$ 1,960,342</u>	<u>\$ 943,699</u>	<u>\$ 785,854</u>			
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ 717,040	\$ 392,826	\$ -	\$ -			
Unreserved, reported in:										
Special Revenue funds	-	-	134,721	170,834	430,538	378,961	254,287			
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,721</u>	<u>\$ 887,874</u>	<u>\$ 823,364</u>	<u>\$ 378,961</u>	<u>\$ 254,287</u>			

Note: Prior to 2006, the City had only one fund, the General Fund.

General Fund										
Nonspendable							\$ -	\$ 171,605	\$ 1,815	
Assigned							822,976	719,039	532,657	
Unassigned							-	224,677	543,735	
Total General Fund							<u>\$ 822,976</u>	<u>\$ 1,115,321</u>	<u>\$ 1,078,207</u>	
All other governmental funds										
Nonspendable							\$ -	\$ 61,250	\$ 277,303	
Assigned							-	-	-	
Restricted							692,964	895,277	2,889,336	
Total all other governmental funds							<u>\$ 692,964</u>	<u>\$ 956,527</u>	<u>\$ 3,166,639</u>	

Note: Starting in Fiscal Year 2011, the City implemented GASB 54.



CITY OF BELLE ISLE, FLORIDA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>										
Taxes:										
Property	\$ 1,226,058	\$ 1,605,909	\$ 1,749,543	\$ 2,088,933	\$ 2,102,260	\$ 2,122,775	\$ 2,152,842	\$ 2,397,747	\$ 2,386,130	\$ 2,392,337
Franchise and utility	288,155	370,051	372,236	386,624	395,482	435,928	439,093	438,427	395,910	409,916
Licenses and permits	12,421	23,026	42,374	39,604	25,522	8,235	40,366	151,377	114,745	119,342
Intergovernmental revenues	1,238,791	4,391,917	2,367,395	2,556,597	1,454,438	1,138,081	1,152,852	7,823,267	7,585,317	8,692,337
Charges for services	-	-	130,266	142,096	134,016	146,988	561,417	629,298	772,144	826,483
Impact fees	-	-	4,455	4,290	8,745	12,760	24,255	34,045	7,315	29,138
Fines and forfeitures	74,657	52,158	52,841	82,202	150,089	94,515	19,935	21,611	20,296	37,733
Investment Income	67,725	51,470	159,258	217,601	83,174	9,396	12,487	3,646	6,359	4,739
Miscellaneous	17,665	33,470	244,025	214,043	13,233	12,985	4,963	7,460	40,460	742,956
Total revenues	2,925,472	6,528,001	5,122,393	5,731,990	4,366,959	3,981,663	4,408,210	11,506,878	11,328,676	13,254,981
<b>Expenditures:</b>										
General government	4,019,375	1,542,386	1,052,145	3,616,583	1,378,561	1,484,293	1,032,000	1,006,852	879,717	8,815,568
Public safety	1,263,807	1,354,690	1,509,411	1,799,649	1,979,104	2,189,801	2,136,974	2,221,937	2,273,447	2,453,318
Physical environment	1,125,337	908,484	1,698,898	1,990,489	1,260,211	1,547,861	1,154,566	1,290,521	860,574	1,251,898
Human services	-	-	-	-	-	-	-	6,354,123	6,092,366	6,852,622
Debt Service:										
Principal	180,799	202,461	209,831	259,915	272,780	287,512	284,324	315,127	575,355	298,326
Interest	-	68,905	63,466	106,270	114,785	106,387	103,865	92,519	91,309	600,563
Bond issuance costs	-	-	-	32,818	-	-	-	-	-	434,688
Total expenditures	6,589,318	4,076,926	4,533,751	7,805,724	5,005,441	5,615,854	4,711,729	11,281,079	10,772,768	20,706,983
Excess Revenues Over Expenditures	(3,663,846)	2,451,075	588,642	(2,073,734)	(638,482)	(1,634,191)	(303,519)	225,799	555,908	(7,452,002)
Other Financing Sources:										
Capital lease	-	61,500	-	45,261	17,596	173,145	21,000	-	-	-
Bonds/Notes issued	985,000	-	-	1,480,000	-	-	-	250,000	-	9,625,000
Premium on bonds	14,150	-	-	15,326	-	-	-	-	-	-
Total other financing sources	999,150	61,500	-	1,540,587	17,596	173,145	21,000	250,000	-	9,625,000
Net change in fund balance	\$ (2,664,696)	\$ 2,512,575	\$ 588,642	\$ (533,147)	\$ (620,886)	\$ (1,461,046)	\$ (282,519)	\$ 475,799	\$ 555,908	\$ 2,172,998
Debt service as a % of noncapital expenditures	3.13%	8.76%	8.58%	11.13%	9.13%	9.19%	8.99%	3.78%	6.52%	11.54%

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>
2004	398,414,867	7,041,684	405,456,551	3.1655	570,614,769	71.06%
2005	425,763,108	7,299,724	433,062,832	3.6655	699,333,981	61.93%
2006	482,682,718	13,865,998	496,548,716	3.6655	908,326,364	54.67%
2007	569,227,451	15,679,104	584,906,555	3.6655	941,699,554	62.11%
2008	620,697,374	16,023,977	636,721,351	3.4068	629,330,040	98.84%
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%

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 Year	Direct(1)	Overlapping(2)					Total Direct & Overlapping Rates
	City of Belle Isle	Orange County	School Board	County Library	St. Johns WMD	Lake Conway MSTU	
2004	3.1655	5.1639	7.5400	0.4365	0.4620	0.4729	17.2408
2005	3.6655	5.1639	7.7610	0.4352	0.4620	0.4729	17.9605
2006	3.6655	5.1639	8.0635	0.4325	0.4620	0.4729	18.2603
2007	3.6655	5.1639	7.1690	0.4325	0.4620	0.4729	17.3658
2008	3.4068	4.4347	7.1500	0.3748	0.4158	0.4107	16.1928
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

**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	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	Regal Marine Industries, Inc.	8,929,768	1	1.60%		
Belle Isle Commons LLC	6,703,142	2	1.20%			
Legacy Holdings LLC	6,333,571	3	1.13%			
Conway IG LLC	5,099,105	4	0.91%			
McCoy Condominium Investments LLC	4,214,912	5	0.75%			
SRI Balaji	3,674,277	6	0.66%			
Columbia Land & Development	3,637,500	7	0.65%			
Emerald Eagles	3,509,792	8	0.63%			
Progress Energy	3,474,730	9	0.62%			
McCoy Federal Credit Union	3,081,736	10	0.55%			
	-			*	1	*
	-			*	2	*
	-			*	3	*
	-			*	4	*
	-			*	5	*
	-			*	6	*
	-			*	7	*
	-			*	8	*
	-			*	9	*
	-			*	10	*
	<u>\$ 48,658,533</u>		<u>8.70%</u>	<u>*</u>		<u>*</u>

Source: Orange County Property Appraiser

\* Information not available

CITY OF BELLE ISLE, FLORIDA

**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2004	1,283,473	1,226,058	95.53%	-	1,226,058	95.53%
2005	1,587,392	1,576,653	99.32%	334	1,576,987	99.34%
2006	1,820,099	1,699,855	93.39%	-	1,699,855	93.39%
2007	2,146,612	2,088,933	97.31%	1,232	2,090,165	97.37%
2008	2,169,182	2,102,260	96.91%	1,576	2,103,836	96.99%
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%

CITY OF BELLE ISLE, FLORIDA

**RATIOS OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years

	<b>Governmental Activities</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>1</sup></b>	<b>Per Capita</b>
	<b>Revenue Bonds</b>	<b>Capital Leases</b>			
2004	1,860,000	67,217	1,927,217	*	317
2005	1,690,000	96,256	1,786,256	*	293
2006	1,515,000	61,425	1,576,425	0.73%	259
2007	2,775,000	66,771	2,841,771	1.36%	483
2008	2,540,000	46,587	2,586,587	1.24%	440
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	10,850,000	45,088	10,895,088	4.23%	1701

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.

\* Information is not available.

CITY OF BELLE ISLE, FLORIDA

**PLEDGE - REVENUE COVERAGE**

Last Ten Fiscal Years

Fiscal Year Ended Sept 30,	2002C Revenue Bonds				2003B Revenue Bonds				2012 Lease Revenue Bonds			
	Half-Cent Sales Tax	Debt Service		Coverage	Communication Service Taxes	Debt Service		Coverage	Lease Revenue	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2004	794,414	80,000	35,613	6.87	169,163	-	13,266	12.75	-	-	-	-
2005	863,036	85,000	33,138	7.31	247,247	85,000	28,271	2.18	-	-	-	-
2006	875,891	85,000	30,481	7.58	247,459	90,000	26,521	2.12	-	-	-	-
2007	828,086	90,000	29,082	6.95	259,064	95,000	26,034	2.14	-	-	-	-
2008	779,290	90,000	24,546	6.80	259,206	95,000	22,262	2.21	-	-	-	-
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	105,000	12,788	2.27	698,135	-	532,373	1.31

Notes:

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

CITY OF BELLE ISLE, FLORIDA

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Fiscal Years

	<b>Population</b>	<b>Personal Income <sup>1</sup></b>	<b>Per Capita Personal Income <sup>1</sup></b>	<b>Median Age <sup>1</sup></b>	<b>Education Level In Years of Formal Schooling <sup>1</sup></b>	<b>Unemployment Rate <sup>1</sup></b>
2004	6,087	*	*	*	*	*
2005	6,087	*	*	*	*	*
2006	6,087	214,877,187	35,301	42.7	14.5	3.00%
2007	5,881	208,328,544	35,424	43.0	14.3	4.50%
2008	5,881	208,328,544	35,424	43.0	14.3	4.50%
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%

\* Data not available

<sup>1</sup> Metro Orlando Economic Development Commission or U.S. Census Bureau



CITY OF BELLE ISLE, FLORIDA

**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Regal Boats	375	1	64.77%			
Cornerstone Charter	86	2	14.85%			
La Petite	20	3	3.45%			
CVS	16	4	2.76%			
Quality Inn	15	5	2.59%			
Travel Lodge	14	6	2.42%			
Comfort Suites	14	7	2.42%			
Best Western	13	8	2.25%			
Wendys	13	9	2.25%			
Tires Plus	13	10	2.25%	*	1	*
	-			*	2	*
	-			*	3	*
	-			*	4	*
	-			*	5	*
	-			*	6	*
	-			*	7	*
	-			*	8	*
	-			*	9	*
	-			*	10	*
Total	<u>579</u>		<u>100.00%</u>	<u>*</u>		<u>*</u>

Source: Field inspection

\* Data not available

CITY OF BELLE ISLE, FLORIDA

**FULL - TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**

Last Ten Fiscal Years

<b>Function</b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
General Government	5	4	5	5	5	5	5	5	4	6
Public Safety	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Public Works	5	5	5	5	4	3	2	2	2	2
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Police Department	-	-	-	-	-	12	12	20	14	16
<b>Total</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>20</b>	<b>19</b>	<b>27</b>	<b>20</b>	<b>24</b>

CITY OF BELLE ISLE, FLORIDA

**OPERATING INDICATORS BY FUNCTION**

Last Ten Fiscal Years

<b>Function</b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
General Government										
License/Permit Reviews	535	1124	645	795	501	907	575	1170	1450	1195
Employees paid	56	55	59	70	64	99	30	27	39	41
Public Safety										
Parking violations	*	*	14	170	237	131	99	56	48	24
Highways & Streets										
Streets paved (miles)	23.5	23.5	23.5	23.5	24	24	22	25	25	25
Streets resurfaced (tons/asphalt)										7.5
Sidewalks/bike paths built or repaired (feet)	25	25	25	25	7085	194	262	262	1200	2200

\* Data not available  
 Source: City of Belle Isle Finance Dept.

CITY OF BELLE ISLE, FLORIDA

**CAPITAL ASSET STATISTICS BY FUNCTION**

Last Ten Fiscal Years

<b>Function</b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
Highways & Streets										
Streets - paved (miles)	23.3	23.3	23.3	24	24	24	22	25	25	25
Streets - unpaved (miles)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.03	0.03	0.03
Street lights	660	660	660	667	671	671	671	740	740	740
Parks and Recreation										
Parks	2	2	2	2	2	2	2	2	3	3

\* Data not available

Source: City of Belle Isle Public Works Dept.

**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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon have issued our report thereon dated March 4, 2014.

**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 over financial reporting.

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. We did identify a deficiency in internal control described below that we consider to be a significant deficiency in internal control over financial reporting.

**MCDIRMIT DAVIS & COMPANY, LLC**  
934 NORTH MAGNOLIA AVENUE, SUITE 100 • ORLANDO, FLORIDA 32803  
TELEPHONE 407-843-5406 • FAX 407-649-9339 • EMAIL: INFO@MCDIRMITDAVIS.COM

### Significant Deficiency

The City of Belle Isle, Florida does not have controls over preparation of the financial statements which would prevent or detect a misstatement in the financial statements.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the *City of Belle Isle, Florida* 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 result 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 reported to management of the *City of Belle Isle, Florida*, in a separate letter March 24, 2014.

### **City's Response to Findings**

The City of Belle Isle's response to the findings identified in our audit is included in this report. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*McDermitt Davis & Company, LLC*

McDIRMIT DAVIS & COMPANY, LLC  
Orlando, Florida  
March 24, 2014



**MANAGEMENT LETTER**

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

We have audited the financial statements of the *City of Belle Isle, Florida*, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 24, 2014.

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. 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*. Disclosures in that report dated March 24, 2014 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The status of management's response to recommendations is included in the preceding annual financial report is outlined in Appendix A to this report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the *City of Belle Isle, Florida* complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Recommendations to improve the City's financial management are reported in Appendix B to this report.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts and 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.

**MCDIRMIT DAVIS & COMPANY, LLC**  
934 NORTH MAGNOLIA AVENUE, SUITE 100 • ORLANDO, FLORIDA 32803  
TELEPHONE 407-843-5406 • FAX 407-649-9339 • EMAIL: INFO@MCDIRMITDAVIS.COM

- Section 10.554(1)(i)5., 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.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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.
- Sections 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the *City of Belle Isle, Florida* for the fiscal ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. We determined that these two reports are in agreement.
- Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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.

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*McDermitt Davis & Company, LLC*

McDIRMIT DAVIS & COMPANY, LLC  
Orlando, Florida  
March 24, 2014

CITY OF BELLE ISLE, FLORIDA

**APPENDIX A - PRIOR YEAR RECOMMENDATIONS**

Year Ended September 30, 2013

<u>No.</u>	<u>Prior Year's Finding</u>	<u>Finding No Longer Relevant</u>	<u>Finding is Still Relevant</u>	<u>Finding Included in Second Preceding Audit</u>
ML12-1	Balance Trial Balance	X		
ML 12-2	Impact Fees Due		X	No

**APPENDIX B - CURRENT YEAR RECOMMENDATIONS TO  
IMPROVE THE CITY'S FINANCIAL MANAGEMENT**

Year Ended September 30, 2013

**ML 13-1-Impact Fees Due to Orange County**

**Criteria** - School impact fees collected by the City on behalf of Orange County Public Schools (OCPS) should be remitted to Orange County quarterly.

**Condition** - The City owed Orange County \$304,785 at September 30, 2011 and this balance was increased by \$55,788 during 2012 and \$142,572 during 2013. None of the \$503,145 due to OCPS at September 30, 2013 has been remitted to County.

**Cause** - This nonpayment is not due to lack of funds and therefore does not meet condition of financial emergency for not paying amounts due within 90 days.

**Effect** - Some of the ratios calculated for financial condition assessment procedures could be adversely affected by this increasing liability. In addition, the County could add on interest and penalties to what the City owes.

**Recommendation** - We recommend the City pay amounts due to Orange County on a timely basis.



# CITY OF BELLE ISLE, FLORIDA

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

March 24, 2014

McDermitt Davis & Company, LLC.  
924 North Magnolia Avenue  
Suite 200  
Orlando, FL 32803-3845

Re: City of Belle Isle FYE September 30, 2013

Dear McDermitt Davis & Company,

Your management comments related to fiscal year ending September 30, 2013 were received by both the City Manager and Finance Manager. The comments represent an opportunity for improvement, which will be pursued in Fiscal Year Ending 2014.

ML 13-1 – Impact Fees Due to Orange County


Response: The City acknowledges the OCPS Impact Fees and will be disbursed less a 5% administration, collection and handling fee.

Significant Deficiency

Response: Due to the size and limited resources of the City, it has not been practical or possible for the City to prepare its own Financial Statements. Going forward, the Auditor is going to work with the Finance Manager to prepare the statements.

Sincerely,

  
\_\_\_\_\_  
Keith N. Severns  
City Manager

  
\_\_\_\_\_  
Tracey Richardson  
Finance Manager



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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, 2013, and have issued our report thereon dated March 4, 2014. 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 December 16, 2013, 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 significant control deficiency over financial reporting noted during our audit in a separate letter to you dated March 24, 2014.

### **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 changes in significant accounting policies or their application during 2013, except as described in Note 1 to the financial statements. 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 in performing and completing 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.

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.

## **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 14, 2014.

## **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, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **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 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 24, 2014



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# CITY OF BELLE ISLE, FLORIDA

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

The *City of Belle Isle, Florida* has complied with Section 163.31801 of Florida Statutes regarding an accounting reporting of impact fee collections and expenditures.

A handwritten signature in black ink, appearing to read "Keith Severns", is written over a horizontal line.

Keith Severns  
City Manager



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