



**CITY OF BELLE ISLE,  
FLORIDA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**Year Ended September 30, 2016**



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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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Belle Isle, Florida 32809  
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[www.cityofbelleislefl.org](http://www.cityofbelleislefl.org)

February 25, 2017

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, 2016.

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, 2016, 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, 2016, 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 6,541 residents based on the BEBR Bureau of Economic and Business Research.

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

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

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



## **Factors Affecting Financial Condition**

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

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

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

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

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

**Relevant Financial Policies** - Along with the annual budget, the City provides a comprehensive five- year projection. This plan details estimated personnel operating and capital costs for continuing operations and expansion plans for all City functions. We are proud to say that we continue to transfer money back into the City's general fund reserve balance.

**Major Initiatives** – Despite the challenges related to the economy, the City has continued to work on various projects. In addition, the City completed a number of miscellaneous concrete sidewalk repairs and street resurfacing during 2016. The City plans to continue sidewalk repairs and resurfacing in 2017.

## **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, 2015. This was the sixteenth 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,

  
\_\_\_\_\_  
April Fisher  
Interim City Manager

  
Tracey Richardson  
Finance Manager

CITY OF BELLE ISLE, FLORIDA

**LIST OF PRINCIPAL OFFICIALS**

September 30, 2016

**ELECTED OFFICIALS**

|                               |                        |
|-------------------------------|------------------------|
| Mayor                         | Honorable Lydia Pisano |
| District #1 City Commissioner | Ed Gold Jr.            |
| District #2 City Commissioner | Tony Carugno           |
| District #3 City Commissioner | Jeremy Weinsier        |
| District #4 City Commissioner | Bobby Lance            |
| District #5 City Commissioner | Harvey Readey          |
| District #6 City Commissioner | Lenny Mosse            |
| District #7 City Commissioner | Sue Nielsen            |

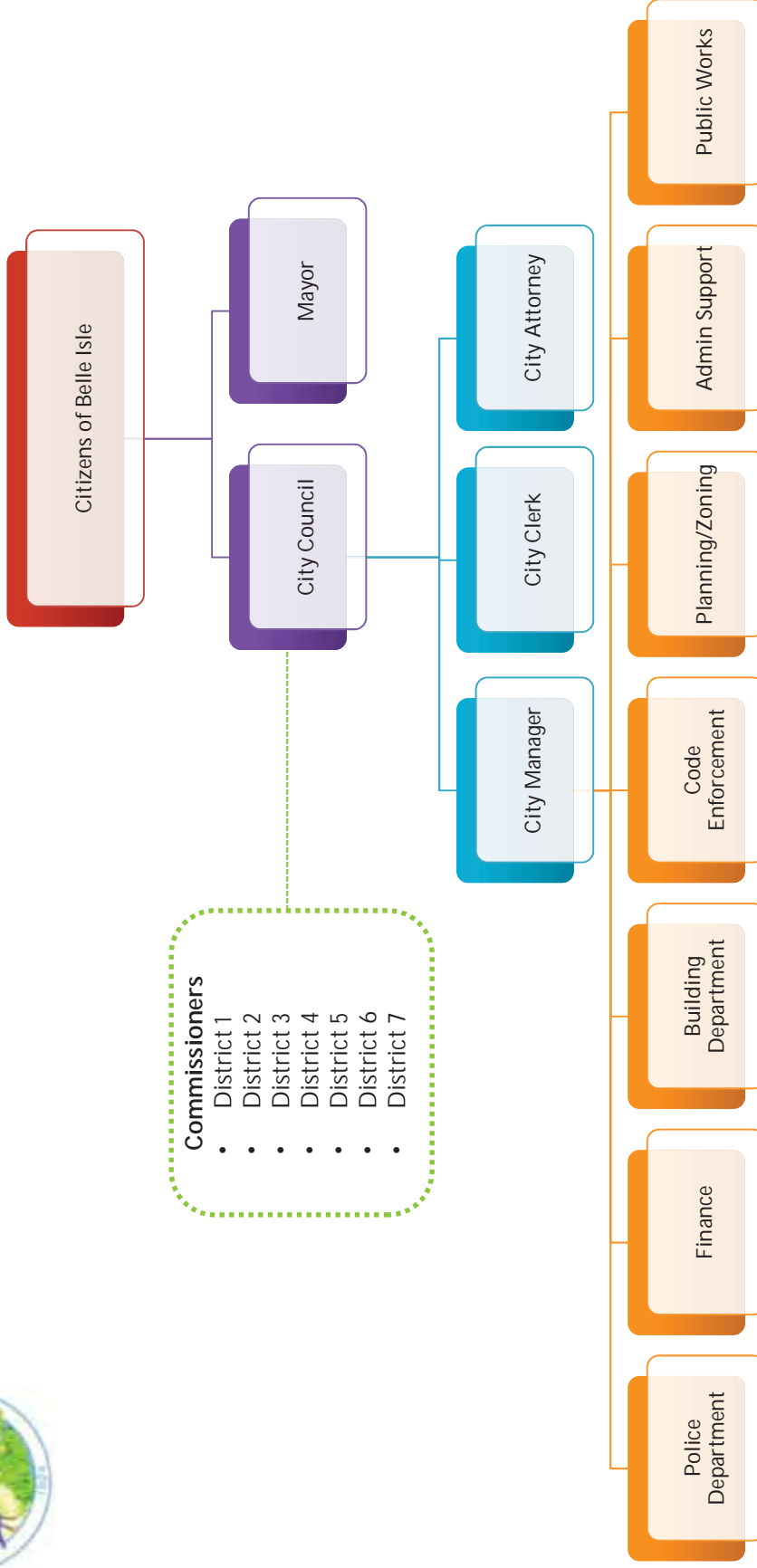
**CITY OFFICIALS**

|                      |                     |
|----------------------|---------------------|
| Interim City Manager | April Fisher        |
| City Attorney        | Frank Kruppenbacher |
| City Clerk           | Yolanda Quiceno     |
| Finance Manager      | Tracey Richardson   |





# City of Belle Isle Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Belle Isle  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 22 percent, 36 percent, and 60 percent, respectively, of the assets, net position, and revenues of the governmental activities. The Charter Schools' financial statements as of June 30, 2016 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**

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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 reports of other auditors, the financial statements referred to above 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, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 4 to 10 and 34 to 37 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 budgetary comparison schedules, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and 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 and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 25, 2017 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.

*McDiernit Davis & Company, LLC*

Orlando, Florida  
February 25, 2017

## 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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

- The assets of the *City of Belle Isle* exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$14,658,158 (net position). Of this amount, \$2,608,122 (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 \$1,665,606.
- As of the close of the current fiscal year, the *City of Belle Isle's* governmental funds reported combined ending fund balances of \$7,205,024, an increase of \$743,692 in comparison with the prior year. The general fund had an ending unassigned fund balance of \$2,245,970, which is 45% of total general fund expenditures.
- The *City of Belle Isle's* total debt is \$10,294,836 at September 30, 2016. 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 \$14,658,158 at the close of the most recent fiscal year.

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

|                                     | <b>Governmental Activities</b> |                      |
|-------------------------------------|--------------------------------|----------------------|
|                                     | <b>2016</b>                    | <b>2015</b>          |
| Current and Other Assets            | \$ 8,267,724                   | \$ 7,493,509         |
| Capital Assets                      | 17,829,541                     | 16,992,362           |
| Total assets                        | <u>26,097,265</u>              | <u>24,485,871</u>    |
| Long-term Liabilities Outstanding   | 10,248,050                     | 10,460,653           |
| Other Liabilities                   | 1,186,513                      | 1,032,666            |
| Total liabilities                   | <u>11,434,563</u>              | <u>11,493,319</u>    |
| Total Deferred Inflows of Resources | <u>4,544</u>                   | <u>-</u>             |
| Net Position:                       |                                |                      |
| Net investment in capital assets    | 8,475,455                      | 7,530,107            |
| Restricted                          | 3,574,581                      | 3,369,730            |
| Unrestricted                        | 2,608,122                      | 2,092,715            |
| Total net position                  | <u>\$ 14,658,158</u>           | <u>\$ 12,992,552</u> |

Fifty-eight percent (58%) of the City's net position is net investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position, \$3,574,581 (24%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position, \$2,608,122 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 \$1,665,606 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 \$1,665,606. Key elements of this increase are as follows:

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

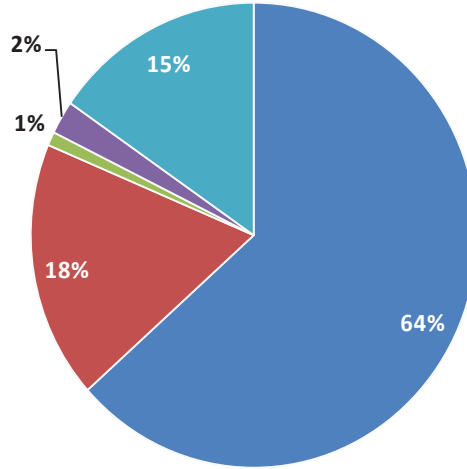
|                                     | <b>Governmental Activities</b> |                      |
|-------------------------------------|--------------------------------|----------------------|
|                                     | <b>2016</b>                    | <b>2015</b>          |
| <b>Revenues:</b>                    |                                |                      |
| Program revenues:                   |                                |                      |
| Charges for services                | \$ 2,253,389                   | \$ 2,020,909         |
| Operating grants and contributions  | 368,188                        | 384,248              |
| Capital grants and contributions    | 384,035                        | 619,626              |
|                                     | <u>3,005,612</u>               | <u>3,024,783</u>     |
| General revenues:                   |                                |                      |
| Property taxes                      | 2,574,866                      | 2,506,520            |
| Franchise and utility taxes         | 388,501                        | 405,135              |
| Intergovernmental                   | 10,611,076                     | 9,784,811            |
| Investment income and miscellaneous | 160,661                        | 91,701               |
|                                     | <u>13,735,104</u>              | <u>12,788,167</u>    |
| Total revenues                      | <u>16,740,716</u>              | <u>15,812,950</u>    |
| <b>Expenses:</b>                    |                                |                      |
| General government                  | 1,326,981                      | 1,181,293            |
| Public safety                       | 2,669,212                      | 2,623,288            |
| Physical environment                | 1,273,663                      | 1,262,891            |
| Human services                      | 9,161,001                      | 8,579,049            |
| Interest on long-term debt          | 644,253                        | 616,652              |
| Total expenses                      | <u>15,075,110</u>              | <u>14,263,173</u>    |
| <b>Increase in Net Position</b>     | 1,665,606                      | 1,549,777            |
| <b>Net Position- beginning</b>      | <u>12,992,552</u>              | <u>11,442,775</u>    |
| <b>Net Position- ending</b>         | <u>\$ 14,658,158</u>           | <u>\$ 12,992,552</u> |

Increase in revenue of approximately \$928,000 primarily relates to an approximately \$615,000 increase in revenues at the Schools, which was driven by increased enrollment. Also, the City's Stormwater Fund had an increase in revenue of \$165,000.

## 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*. The general fund balance increased by \$419,090 primarily because of improved funding from property tax and licenses and permits.

The Cornerstone Charter High School fund balance increased \$200,315 and the Cornerstone Charter Academy fund balance increased \$603,764. Both schools experienced increased revenues due to increased enrollment.

The debt service fund balance decreased \$594,168 due to capital outlay for property acquisition.



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

**General Fund Budgetary Highlights**

During the fiscal 2016 year, actual revenues were more than budgeted revenues in the General Fund by approximately \$123,000. Also, expenditures were less than budgeted by approximately \$285,000 primarily due to less capital outlay than anticipated.

**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, 2016, amounts to \$17,829,541 (net of accumulated depreciation), as detailed below. The greatest increase was in land and buildings due to the purchase of unimproved property near the charter schools.

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

|   | <b>Governmental Activities</b> |                      |
|---|--------------------------------|----------------------|
|   | <b>2016</b>                    | <b>2015</b>          |
| Land                                      | \$ 2,218,357                   | \$ 1,385,823         |
| Buildings                                 | 6,699,069                      | 6,893,516            |
| Improvements                              | 649,201                        | 722,770              |
| Machinery and Equipment                   | 209,253                        | 254,922              |
| Equipment and Textbooks - Charter Schools | 2,619,500                      | 2,361,640            |
| Intangibles                               | 10,534                         | 19,195               |
| Infrastructure                            | 5,423,627                      | 5,354,496            |
| Total                                     | <u>\$ 17,829,541</u>           | <u>\$ 16,992,362</u> |

Additional information on the *City of Belle Isle's* capital assets can be found in Note 7 of this report.

**Long-Term Debt** - At the end of the current fiscal year, the *City of Belle Isle* had total debt outstanding of \$10,294,836. This debt includes leases on the acquisition of equipment, bonds payable to the Florida Municipal Loan Council, a charter school note payable, and Charter School Lease Revenue Bonds, which are nonrecourse. Additional information on long-term debt can be found in Note 10 of this report.

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

|                             | <b>Governmental Activities</b> |                      |
|-----------------------------|--------------------------------|----------------------|
|                             | <b>2016</b>                    | <b>2015</b>          |
| Capital Lease Payable       | \$ 11,023                      | \$ 64,755            |
| Charter School Note Payable | 123,813                        | -                    |
| Bonds Payable               | 10,160,000                     | 10,350,000           |
|                             | <u>\$ 10,294,836</u>           | <u>\$ 10,414,755</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 increased to \$2,549,632 and \$303,662 of this balance was appropriated for spending in 2017.

### **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.

## **BASIC FINANCIAL STATEMENTS**

CITY OF BELLE ISLE, FLORIDA

**STATEMENT OF NET POSITION**

September 30, 2016

|                                     | <b>Governmental<br/>Activities</b> |
|-------------------------------------|------------------------------------|
| <b>Assets:</b>                      |                                    |
| Cash                                | \$ 4,911,365                       |
| Investments                         | 3,077,851                          |
| Due from other governments          | 165,127                            |
| Prepaid items                       | 113,381                            |
| Capital assets:                     |                                    |
| Not being depreciated               | 2,218,357                          |
| Being depreciated, net              | 15,611,184                         |
| Total assets                        | <u>26,097,265</u>                  |
| <b>Liabilities:</b>                 |                                    |
| Accounts payable                    | 86,108                             |
| Accrued liabilities                 | 460,265                            |
| Matured bonds and interest payable  | 418,050                            |
| Deposits                            | 19,610                             |
| Unearned revenue                    | 78,667                             |
| Noncurrent liabilities:             |                                    |
| Due within one year                 | 188,740                            |
| Due in more than one year           | 10,183,123                         |
| Total liabilities                   | <u>11,434,563</u>                  |
| <b>Deferred Inflows:</b>            |                                    |
| Deferred credit on debt refunding   | 4,544                              |
| Total deferred inflows of resources | <u>4,544</u>                       |
| <b>Net Position:</b>                |                                    |
| Net investment in capital assets    | 8,475,455                          |
| Restricted for:                     |                                    |
| Debt service                        | 167,154                            |
| Stormwater                          | 606,257                            |
| Charter Schools                     | 2,654,317                          |
| Other purposes                      | 146,853                            |
| Unrestricted                        | 2,608,122                          |
| Total net position                  | <u>\$ 14,658,158</u>               |

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

CITY OF BELLE ISLE, FLORIDA

**STATEMENT OF ACTIVITIES**

Year Ended September 30, 2016

|                                  | Expenses             | Charges<br>For<br>Services | Program Revenue<br>Operating<br>and<br>Contributions | Capital Grants<br>and<br>Contributions | Net (Expense)<br>Revenue and<br>Changes in<br>Net Assets |
|----------------------------------|----------------------|----------------------------|--|--|--|
| <b>Functions/Programs</b>        |                      |                            |  |  |  |
| <b>Primary Government:</b>       |                      |                            |  |  |  |
| Governmental activities:         |                      |                            |  |  |  |
| General Government               | \$ 1,326,981         | \$ -                       | \$ -   | -                                      | \$ (1,326,981)   |
| Public Safety                    | 2,669,212            | 56,471                     | 8,319  | 11,625                                 | (2,592,797)  |
| Physical Environment             | 1,273,663            | 1,040,533                  | 222,512  | 32,916                                 | 22,298   |
| Human Services                   | 9,161,001            | 199,136                    | 137,357  | 339,494                                | (8,485,014)  |
| Interest on Long-term debt       | 644,253              | 957,249                    | -  | -                                      | 312,996  |
| Total governmental activities    | <u>\$ 15,075,110</u> | <u>\$ 2,253,389</u>        | <u>\$ 368,188</u>                                    | <u>\$ 384,035</u>                      | <u>(12,069,498)</u>                                      |
| <b>General Revenues:</b>         |                      |                            |  |  |  |
| Taxes:                           |                      |                            |  |  |  |
| Property taxes                   |                      |                            |  |  | 2,574,866  |
| Franchise and utility taxes      |                      |                            |  |  | 388,501  |
| Intergovernmental- unrestricted  |                      |                            |  |  | 10,611,076   |
| Unrestricted investment earnings |                      |                            |  |  | 14,500   |
| Miscellaneous                    |                      |                            |  |  | 146,161  |
| Total general revenues           |                      |                            |  |  | <u>13,735,104</u>  |
| Change in net position           |                      |                            |  |  | 1,665,606  |
| Net Position - beginning         |                      |                            |  |  | 12,992,552   |
| Net Position - ending            |                      |                            |  |  | <u>\$ 14,658,158</u>                                     |

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



CITY OF BELLE ISLE, FLORIDA

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

September 30, 2016

|                                     | <b>General<br/>Fund</b> | <b>Debt Service<br/>Fund</b> | <b>Cornerstone<br/>Charter High<br/>School *</b> | <b>Cornerstone<br/>Charter<br/>Academy *</b> | <b>Total<br/>Nonmajor<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|-------------------------------------|-------------------------|------------------------------|--|--|-------------------------------------|---|
| <b>Assets:</b>                      |                         |                              |  |  |                                     |   |
| Cash and cash equivalents           | \$ 2,492,915            | \$ 1,625,657                 | \$ 10,513  | \$ 20,807                                    | \$ 761,473                          | \$ 4,911,365                            |
| Investments                         | 33,467                  | -                            | 633,000  | 2,411,384                                    | -                                   | 3,077,851                               |
| Due from other funds                | -                       | -                            | 22,669   | -  | -                                   | 22,669                                  |
| Due from other governments          | 143,947                 | -                            | 8,400  | 12,780                                       | -                                   | 165,127                                 |
| Prepaid items                       | -                       | -                            | 38,656   | 73,275                                       | 1,450                               | 113,381                                 |
| Total assets                        | <u>\$ 2,670,329</u>     | <u>\$ 1,625,657</u>          | <u>\$ 713,238</u>                                | <u>\$ 2,518,246</u>                          | <u>\$ 762,923</u>                   | <u>\$ 8,290,393</u>                     |
| <b>Liabilities:</b>                 |                         |                              |  |  |                                     |   |
| Accounts payable                    | \$ 76,295               | \$ -                         | \$ -   | \$ -   | \$ 9,813                            | \$ 86,108                               |
| Accrued liabilities                 | 24,792                  | -                            | 114,679  | 320,794                                      | -                                   | 460,265                                 |
| Due to other funds                  | -                       | -                            | -  | 22,669                                       | -                                   | 22,669                                  |
| Matured bonds payable               | -                       | 140,000                      | -  | -  | -                                   | 140,000                                 |
| Matured interest payable            | -                       | 278,050                      | -  | -  | -                                   | 278,050                                 |
| Unearned revenue                    | -                       | 78,667                       | -  | -  | -                                   | 78,667                                  |
| Deposits                            | 19,610                  | -                            | -  | -  | -                                   | 19,610                                  |
| Total liabilities                   | <u>120,697</u>          | <u>496,717</u>               | <u>114,679</u>                                   | <u>343,463</u>                               | <u>9,813</u>                        | <u>1,085,369</u>                        |
| <b>Fund Balances:</b>               |                         |                              |  |  |                                     |   |
| Nonspendable                        | -                       | -                            | 38,656   | 73,275                                       | 1,450                               | 113,381                                 |
| Restricted for:                     |                         |                              |  |  |                                     |   |
| Debt service                        | -                       | 1,128,940                    | -  | -  | -                                   | 1,128,940                               |
| Charter schools                     | -                       | -                            | 559,903  | 2,101,508                                    | -                                   | 2,661,411                               |
| Transportation impacts              | -                       | -                            | -  | -  | 132,076                             | 132,076                                 |
| Stormwater                          | -                       | -                            | -  | -  | 606,257                             | 606,257                                 |
| Law enforcement education           | -                       | -                            | -  | -  | 13,327                              | 13,327                                  |
| Assigned for:                       |                         |                              |  |  |                                     |   |
| Subsequent expenditures             | 303,662                 | -                            | -  | -  | -                                   | 303,662                                 |
| Unassigned                          | 2,245,970               | -                            | -  | -  | -                                   | 2,245,970                               |
| Total fund balances                 | <u>2,549,632</u>        | <u>1,128,940</u>             | <u>598,559</u>                                   | <u>2,174,783</u>                             | <u>753,110</u>                      | <u>7,205,024</u>                        |
| Total Liabilities and Fund Balances | <u>\$ 2,670,329</u>     | <u>\$ 1,625,657</u>          | <u>\$ 713,238</u>                                | <u>\$ 2,518,246</u>                          | <u>\$ 762,923</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                                       | 17,829,541           |
| Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds | <u>(10,376,407)</u>  |
| Net position of governmental activities   | <u>\$ 14,658,158</u> |

\* As of June 30, 2016

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, 2016

|   | <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                                    | \$ 2,574,866        | \$ -                     | \$ -                                     | \$ -                                 | \$ -                        | \$ 2,574,866                    |
| Franchise and utility                             | 388,501             | -                        | -  | -                                    | -                           | 388,501                         |
| Licenses and permits                              | 214,627             | -                        | -  | -                                    | -                           | 214,627                         |
| Intergovernmental                                 | 1,570,122           | -                        | 2,769,987                                | 7,023,190                            | -                           | 11,363,299                      |
| Charges for services                              | 546,000             | -                        | -  | 199,136                              | 306,236                     | 1,051,372                       |
| Impact fees                                       | 6,010               | -                        | -  | -                                    | 5,720                       | 11,730                          |
| Fines and forfeitures                             | 17,207              | -                        | -  | -                                    | 1,204                       | 18,411                          |
| Investment income                                 | 3,563               | 792                      | -  | -                                    | 10,145                      | 14,500                          |
| Miscellaneous                                     | 43,064              | 957,249                  | 77,585                                   | 34,017                               | -                           | 1,111,915                       |
| Total revenues                                    | <u>5,363,960</u>    | <u>958,041</u>           | <u>2,847,572</u>                         | <u>7,256,343</u>                     | <u>323,305</u>              | <u>16,749,221</u>               |
| <b>Expenditures:</b>                              |                     |                          |  |                                      |                             |                                 |
| Current:  |                     |                          |  |                                      |                             |                                 |
| General government                                | 1,136,552           | -                        | -  | -                                    | -                           | 1,136,552                       |
| Public safety                                     | 2,573,304           | -                        | -  | -                                    | 4,630                       | 2,577,934                       |
| Physical environment                              | 1,064,246           | 856,311                  | -  | -                                    | 203,984                     | 2,124,541                       |
| Human services                                    | -                   | -                        | 2,647,257                                | 6,771,604                            | -                           | 9,418,861                       |
| Debt service:                                     |                     |                          |  |                                      |                             |                                 |
| Principal   | 123,732             | 140,000                  | -  | 22,187                               | -                           | 285,919                         |
| Interest and other charges                        | 47,036              | 555,898                  | -  | 4,788                                | -                           | 607,722                         |
| Bond issuance costs                               | 37,786              | -                        | -  | -                                    | -                           | 37,786                          |
| Total expenditures                                | <u>4,982,656</u>    | <u>1,552,209</u>         | <u>2,647,257</u>                         | <u>6,798,579</u>                     | <u>208,614</u>              | <u>16,189,315</u>               |
| Excess (deficiency) of revenues over expenditures | <u>381,304</u>      | <u>(594,168)</u>         | <u>200,315</u>                           | <u>457,764</u>                       | <u>114,691</u>              | <u>559,906</u>                  |
| <b>Other Financing Sources(Uses):</b>             |                     |                          |  |                                      |                             |                                 |
| Refunding bonds issued                            | 935,000             | -                        | -  | -                                    | -                           | 935,000                         |
| Premium on refunding bonds issued                 | 21,036              | -                        | -  | -                                    | -                           | 21,036                          |
| Notes payable issued                              | -                   | -                        | -  | 146,000                              | -                           | 146,000                         |
| Payment to refunded bond escrow                   | (918,250)           | -                        | -  | -                                    | -                           | (918,250)                       |
| Total other financing sources                     | <u>37,786</u>       | <u>-</u>                 | <u>-</u>                                 | <u>146,000</u>                       | <u>-</u>                    | <u>183,786</u>                  |
| Net change in fund balances                       | 419,090             | (594,168)                | 200,315                                  | 603,764                              | 114,691                     | 743,692                         |
| Fund Balances - beginning                         | <u>2,130,542</u>    | <u>1,723,108</u>         | <u>398,244</u>                           | <u>1,571,019</u>                     | <u>638,419</u>              | <u>6,461,332</u>                |
| Fund Balances - ending                            | <u>\$ 2,549,632</u> | <u>\$ 1,128,940</u>      | <u>\$ 598,559</u>                        | <u>\$ 2,174,783</u>                  | <u>\$ 753,110</u>           | <u>\$ 7,205,024</u>             |

\* As of June 30, 2016

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, 2016

Net Change in Fund Balances - total governmental funds \$ 743,692

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 of \$2,280,545 was more than depreciation of \$1,430,037 in the current period. 850,508

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. (13,329)

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 proceeds exceeded re-payments in the current period.

|                                       |    |           |         |
|---------------------------------------|----|-----------|---------|
| Refunding bonds issued                | \$ | (935,000) |         |
| Premium on refunding bonds issued     |    | (21,036)  |         |
| Note payable issued                   |    | (146,000) |         |
| Principal repayments                  |    | 285,919   |         |
| Payment to escrow agent for refunding |    | 918,250   | 102,133 |

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. (17,398)

Change in Net Position of Governmental Activities \$ 1,665,606

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

**NOTES TO FINANCIAL STATEMENTS**



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**NOTES TO FINANCIAL STATEMENTS**

Year Ended September 30, 2016

**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, 2016. 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, 2016

**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 within 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 as well as repairs and maintenance to the Schools as required by the lease agreement.

*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, 2016

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

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

***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.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

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

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

**Capital assets (continued)** - 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 100% after completion of one year of service. For governmental activities, compensated absences are generally liquidated by the General Fund. A liability for these amounts is reported in the general fund only if they have matured, for example, due to employee retirements.

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

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

**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, 2016.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

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

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

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

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

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

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

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



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

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

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

***Fund Balance Policies (continued)*** - 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.

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

***New GASB Statement Implemented*** - In fiscal year 2016, the City implemented GASB Statement No. 72, *Fair Value Measurement and Application*. This statement updates the disclosure requirements for investments. There was no effect on beginning balances of the City.

**Note 2 - Reconciliation of Government-Wide and Fund Financial Statements:**

***A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position.***

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$10,371,863 difference are as follows:

|   |                      |
|---|----------------------|
| Bonds Payable   | \$ 10,160,000        |
| Add: Issuance premium (to be amortized over life of debt)             | 21,036               |
| Add: Deferred credit on refunding (to be amortized over life of debt) | 4,544                |
| Note Payable  | 123,813              |
| Capital Lease Payable   | 11,023               |
| Compensated Absences  | 55,991               |
|   | <hr/>                |
|   | <b>\$ 10,376,407</b> |

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

**Note 2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued):**

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation 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 \$17,398 decrease are as follows:

|   |                           |
|---|---------------------------|
| Compensated Absences                                    | \$ (18,653)               |
| Accrued Interest  | 489                       |
| Amortization of Premium                                 | <u>766</u>                |
| Net Adjustment to Decrease Net Changes in Fund Balances | <u><u>\$ (17,398)</u></u> |

**Note 3 - Stewardship, Compliance and Accountability:**

***A. Budgetary Information***

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

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

**Note 3 - 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.

**Note 4 - Cash and Investments:**

Following are the components of the City's cash and investments at September 30, 2016:

|             |                     |
|-------------|---------------------|
| Cash        | \$ 4,911,365        |
| Investments | <u>3,077,851</u>    |
|             | <u>\$ 7,989,216</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 (FDIC) and the Bureau of Collateral Securities, Division of Treasury.

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

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

The Charter Schools have the following recurring fair value measurements as of June 30, 2016:

- Government money market mutual funds of \$3,044,384 valued using Level 2 inputs.

Since the Charter Schools are not-for-profit corporations, they are not required by Florida Statutes to have an investment policy like the City.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

**Note 4 - 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 net asset value per share can be used as fair value for financial reporting.

Investments made by the *City of Belle Isle* at September 30, 2016 are summarized below. In accordance with GASB 31, investments are reported at amortized cost, which approximates fair value.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Credit Rating</u> | <u>Weighted Average Maturity</u> |
|------------------------|-------------------|----------------------|----------------------------------|
| Florida PRIME          | \$ 33,467         | AAAm                 | 70 days                          |

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, 2016

**Note 4 - Cash and Investments (Continued):**

Custodial Credit Risk:

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2016, all of the City's bank deposits were in qualified public depositories.

The Charter Schools' deposits are insured by the FDIC only for amounts up to \$250,000 per depositor, per financial institution. Both Schools are charter schools under the City of Belle Isle Charter Schools, Inc. All School bank accounts are opened under the ownership of City of Belle Isle Charter Schools, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. At June 30, 2016, bank balances in potential excess of FDIC coverage totaled \$28,699.

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, 2016, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

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

Interest Rate Risk:

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

**Note 5 - Property Tax:**

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



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

**Note 5 - 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, 2016, 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 \$3,436,857 before discount, additional each year from the present assessed valuation of \$613,921,842 before the limit is reached.

**Note 6 - 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 \$700 per full time equivalent (FTE) student per year. The agreement is for a period of five years, through June 30, 2020, 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 expires on June 30, 2027.

CITY OF BELLE ISLE, FLORIDA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

**Note 7 - Capital Assets:**

Capital asset activity for the year ended September 30, 2016 was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>   | <u>Decreases</u>   | <u>Ending<br/>Balance</u> |
|--|------------------------------|--------------------|--------------------|---------------------------|
| <u>Governmental Activities:</u>                |                              |                    |                    |                           |
| Capital Assets, not being depreciated:         |                              |                    |                    |                           |
| Land   | \$ 1,385,823                 | \$ 832,534         | \$ -               | \$ 2,218,357              |
| Total capital assets, not being<br>depreciated | <u>1,385,823</u>             | <u>832,534</u>     | <u>-</u>           | <u>2,218,357</u>          |
| Capital Assets, being depreciated:             |                              |                    |                    |                           |
| Buildings                                      | 7,776,250                    | -                  | -                  | 7,776,250                 |
| Improvements                                   | 1,268,107                    | -                  | -                  | 1,268,107                 |
| Machinery & equipment                          | 1,338,140                    | 89,187             | (91,632)           | 1,335,695                 |
| Equipment & textbooks-Charter schools          | 4,062,459                    | 929,198            | -                  | 4,991,657                 |
| Intangibles                                    | 48,858                       | -                  | -                  | 48,858                    |
| Infrastructure                                 | 8,019,390                    | 429,626            | -                  | 8,449,016                 |
| Total capital assets being depreciated         | <u>22,513,204</u>            | <u>1,448,011</u>   | <u>(91,632)</u>    | <u>23,869,583</u>         |
| Less Accumulated Depreciation for:             |                              |                    |                    |                           |
| Buildings                                      | (882,734)                    | (194,447)          | -                  | (1,077,181)               |
| Improvements                                   | (545,337)                    | (73,569)           | -                  | (618,906)                 |
| Machinery & equipment                          | (1,083,218)                  | (121,527)          | 78,303             | (1,126,442)               |
| Equipment & textbooks-Charter schools          | (1,700,819)                  | (671,338)          | -                  | (2,372,157)               |
| Intangibles                                    | (29,663)                     | (8,661)            | -                  | (38,324)                  |
| Infrastructure                                 | (2,664,894)                  | (360,495)          | -                  | (3,025,389)               |
| Total accumulated depreciation                 | <u>(6,906,665)</u>           | <u>(1,430,037)</u> | <u>78,303</u>      | <u>(8,258,399)</u>        |
| Total capital assets being<br>depreciated, net | <u>15,606,539</u>            | <u>17,974</u>      | <u>(13,329)</u>    | <u>15,611,184</u>         |
| Governmental activities capital<br>assets, net | <u>\$ 16,992,362</u>         | <u>\$ 850,508</u>  | <u>\$ (13,329)</u> | <u>\$ 17,829,541</u>      |

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

|                      |                     |
|----------------------|---------------------|
| General Government   | \$ 193,615          |
| Public Safety        | 121,808             |
| Physical Environment | 443,276             |
| Human Services       | 671,338             |
|                      | <u>\$ 1,430,037</u> |

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

**Note 8 - Retirement Plans:**

***Employees Defined Contribution Plans*** - The City is a participant in the Florida Municipal Pension Trust Fund, a multiple employer 401(a) defined contribution plan. The plan is established and administered by and can be amended under the authority of the Florida League of Cities, Inc. All full-time employees not employed by the Charter Schools 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 one year of service. No fixed benefits are paid or payable upon retirement. At September 30, 2016, there were 28 participants in the plan.

During the year ended September 30, 2016, the City contributed \$25,922 to the plan. Forfeitures of unvested balances totaling \$25,967 were used to reduce the City's contribution. The total contribution 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 participate in the ADP Total Source Retirement Savings Plan, which is established and can be amended by the plan sponsor, ADP Total Source Group, Inc. The plan is a multiple employer 401(k) plan and all full-time Charter School employees who have been employed for at least one year are eligible. This plan permits voluntary contributions from employees, based on a salary reduction agreement, and provide for discretionary employer matching contributions up to 4% of employees' compensation. At September 30, 2016, there were 35 participants in the plan. Employer contributions for the year ended June 30, 2016 totaled \$15,237 and \$43,925 for the Charter High School and Charter Academy, respectively.

***Deferred Compensation Plan*** - The City also participates in the Florida Municipal Pension Trust Fund 457(b) Deferred Compensation Plan, a multiple employer plan created in accordance with Internal Revenue Code Section 457 (the 457 Plan). The 457 Plan, available to all full-time employees immediately upon employment, permits participants to defer a portion of their current salary until future years. The plan is established and administered by, and can be amended under the authority of the Florida League of Cities, Inc. The City is not required and does not contribute to the 457 Plan. At September 30, 2016, there were 7 active plan participants. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

**Note 9 - 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.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

**Note 10 - Long-Term Debt:**

Long-term debt activity for the year ended September 30, 2016 was as follows:

|                             | <b>Beginning<br/>Balance</b> | <b>Additions</b>    | <b>Deductions</b>     | <b>Ending<br/>Balance</b> | <b>Due Within<br/>One Year</b> |
|-----------------------------|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| Capital Leases              | \$ 64,755                    | \$ -                | \$ (53,732)           | \$ 11,023                 | \$ 10,356                      |
| Charter School Note Payable | -                            | 146,000             | (22,187)              | 123,813                   | 27,785                         |
| Revenue Bonds               | 10,350,000                   | 935,000             | (1,125,000)           | 10,160,000                | 145,000                        |
| Unamortized Premium         | 8,560                        | 21,036              | (8,560)               | 21,036                    | -                              |
| Compensated Absences        | 37,338                       | 21,839              | (3,186)               | 55,991                    | 5,599                          |
|                             | <u>\$ 10,460,653</u>         | <u>\$ 1,123,875</u> | <u>\$ (1,212,665)</u> | <u>\$ 10,371,863</u>      | <u>\$ 188,740</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<br/>Activities</b> |
|--------------------------------|------------------------------------|
| Equipment                      | \$ 135,443                         |
| Less: Accumulated depreciation | (126,187)                          |
|                                | <u>\$ 9,256</u>                    |

The future minimum lease obligations of the minimum lease payments at September 30, 2016 are as follows:

| <b>Year Ending September 30,</b>        | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| 2017                                    | 10,686                             |
| 2018                                    | 671                                |
| Total Minimum Lease Payments            | 11,357                             |
| Less: amount representing interest      | (334)                              |
| Present Value of Minimum Lease Payments | <u>\$ 11,023</u>                   |

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

**Note 10 - Long-Term Debt (Continued):**

***Charter School Academy Note Payable*** - The Charter School Academy obtained a term loan for improvements on August 11, 2015. The note bears interest at a rate of 4.07%, with monthly principal and interest payments through maturity on August 11, 2020. Total principal and interest remaining as of the school's fiscal year end of June 30, 2016 is \$134,806. For the year ended June 30, 2016, interest paid was \$4,788.

***Revenue Bonds*** - The City has entered into a loan agreement 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 this loan was to provide funds for various capital improvements.

The Series 2006 loan is secured by a covenant to appropriate in the annual budget the amount of non-ad valorem revenues to satisfy repayment. The Series 2006 loan was refunded in 2016.

Advance Refunding - On September 27, 2016, the City issued \$935,000 of FMLC Refunding and Improvement Revenue Bonds, Series 2016 with interest rates ranging from 2.0% to 4.0% to refund the Series 2006 loan which had interest rates ranging from 4.0% to 5.0%. The \$935,000 loan is secured by a covenant to appropriate in the annual budget the amount of non-ad valorem revenues to satisfy repayment. The net proceeds of \$918,250 (including a \$21,036 premium and after payment of \$37,786 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the 2006 Series loan is considered defeased and the related liability has been removed from the statement of net position.

The reacquisition price was less than the net carrying amount of the old debt by \$4,544. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$48,950 and a reduction of \$54,853 in future debt service payments.

Series 2012 Charter School Lease Revenue Bonds - 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 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 14 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.

CITY OF BELLE ISLE, FLORIDA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

**Note 10 - Long-Term Debt (Continued):**

Total principal and interest remaining on the Series 2012 Bonds as of September 30, 2016 is \$18,806,575. For the year ended September 30, 2016, principal and interest paid was \$696,100 and total pledged revenue for the year was \$957,249.

Revenue bonds outstanding at year end are as follows:

| <u>Governmental Activities</u>                     | <u>Interest Rates<br/>and Dates</u> | <u>Maturity</u> | <u>Original<br/>Amount</u> | <u>Balance<br/>September 30,<br/>2016</u> |
|--|-------------------------------------|-----------------|----------------------------|---|
| Charter School Lease Revenue<br>Bonds, Series 2012 | 5.50% - 6.00%<br>(4/1 & 10/1)       | 10/1/2042       | <u>\$ 9,625,000</u>        | \$ 9,225,000                              |
| FMLC Refunding Revenue<br>Bonds, Series 2016       | 2.00% - 4.00%<br>(4/1 & 10/1)       | 10/1/2026       | <u>\$ 935,000</u>          | 935,000                                   |
| Total  |                                     |                 |                            | <u>\$ 10,160,000</u>                      |

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

| <u>Year Ending<br/>September, 30</u> | <u>Governmental Activities<br/>Principal</u> | <u>Interest</u>     |
|--------------------------------------|--|---------------------|
| 2017                                 | \$252,936                                    | \$577,644           |
| 2018                                 | 268,955                                      | 566,441             |
| 2019                                 | 280,156                                      | 553,740             |
| 2020                                 | 296,406                                      | 540,365             |
| 2021                                 | 285,360                                      | 527,077             |
| 2022 - 2026                          | 1,590,000                                    | 2,424,375           |
| 2027 - 2031                          | 1,450,000                                    | 2,029,200           |
| 2032 - 2036                          | 1,940,000                                    | 1,538,700           |
| 2037 - 2041                          | 2,600,000                                    | 882,000             |
| 2042                                 | 1,320,000                                    | 79,200              |
|                                      | <u>\$ 10,283,813</u>                         | <u>\$ 9,718,742</u> |

**Note 11 - 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, 2016, the City had \$750,000 available on the line of credit to draw down.



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

**Note 12 - 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 13 - Contingencies:**

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

**Note 14 - 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, with minimum rent equaling the debt service requirements for the year. 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, 2016. The City received rent of \$957,249 during the year ended September 30, 2016. The City's budget for FYE 2016 includes annual rent to be received of \$969,500 based on an estimated student count of 1385. The estimated future minimum payments to be received by the City are as follows:

| Fiscal Year<br>Ending | Amount               |
|-----------------------|----------------------|
| 2017                  | \$ 969,500           |
| 2018                  | 969,500              |
| 2019                  | 969,500              |
| 2020                  | 969,500              |
| 2021                  | 969,500              |
| 2022 - 2026           | 4,847,500            |
| 2027 - 2031           | 4,847,500            |
| 2032 - 2036           | 4,847,500            |
| 2037 - 2041           | 4,847,500            |
| 2042                  | 1,939,000            |
|                       | <u>\$ 26,176,500</u> |

CITY OF BELLE ISLE, FLORIDA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

Year Ended September 30, 2016

**Note 14 - Lease Agreement (Continued):**

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

|                               |                     |
|-------------------------------|---------------------|
| Land and Buildings            | \$ 7,946,512        |
| Accumulated Depreciation      | <u>(679,651)</u>    |
| Capital Assets Held for Lease | <u>\$ 7,266,861</u> |

**Note 15 - 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.

Effective October 1, 2016, the City's contribution rate to the 401(a) plan increased to 10% of eligible salary for police officers and 7% of for all other eligible employees.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2016

|  | <b>Budgeted Amounts</b> |                     | <b>Actual<br/>Amounts,<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------------|--|---|
|  | <b>Original</b>         | <b>Final</b>        |  |   |
| <b>Revenues:</b>                                     |                         |                     |  |   |
| Taxes:   |                         |                     |  |   |
| Property taxes                                       | \$ 2,568,182            | \$ 2,568,182        | \$ 2,574,866                                       | \$ 6,684  |
| Franchise fees and utility taxes                     | 371,361                 | 371,361             | 388,501  | 17,140  |
| Licenses and permits                                 | 95,720                  | 170,907             | 214,627  | 43,720  |
| Intergovernmental                                    | 1,531,017               | 1,574,413           | 1,570,122  | (4,291)   |
| Fines and forfeitures                                | 13,000                  | 13,000              | 17,207   | 4,207   |
| Charges for services                                 | 530,870                 | 530,870             | 546,000  | 15,130  |
| Impact fees  | -                       | -                   | 6,010  | 6,010   |
| Investment income                                    | 400                     | 400                 | 3,563  | 3,163   |
| Miscellaneous  | 11,500                  | 11,500              | 43,064   | 31,564  |
| Total revenues                                       | <u>5,122,050</u>        | <u>5,240,633</u>    | <u>5,363,960</u>                                   | <u>123,327</u>  |
| <b>Expenditures:</b>                                 |                         |                     |  |   |
| Current:   |                         |                     |  |   |
| General government:                                  |                         |                     |  |   |
| Legislative  | 56,135                  | 56,135              | 30,381   | 25,754  |
| Executive  | 7,600                   | 7,600               | 2,103  | 5,497   |
| Finance and administrative                           | 540,952                 | 540,952             | 528,824  | 12,128  |
| Other general government                             | 537,609                 | 612,796             | 575,244  | 37,552  |
| Total general government                             | <u>1,142,296</u>        | <u>1,217,483</u>    | <u>1,136,552</u>                                   | <u>80,931</u>   |
| Public safety:                                       |                         |                     |  |   |
| Law enforcement                                      | 1,438,380               | 1,481,776           | 1,336,218  | 145,558   |
| Fire control   | 1,237,395               | 1,237,395           | 1,237,086  | 309   |
| Total public safety                                  | <u>2,675,775</u>        | <u>2,719,171</u>    | <u>2,573,304</u>                                   | <u>145,867</u>  |
| Physical environment:                                |                         |                     |  |   |
| Roads and streets                                    | 632,268                 | 662,557             | 605,756  | 56,801  |
| Solid waste disposal                                 | 460,000                 | 460,000             | 458,490  | 1,510   |
| Total physical environment                           | <u>1,092,268</u>        | <u>1,122,557</u>    | <u>1,064,246</u>                                   | <u>58,311</u>   |
| Debt service:  |                         |                     |  |   |
| Principal  | 123,732                 | 123,732             | 123,732  | -   |
| Interest   | 47,416                  | 47,416              | 47,036   | 380   |
| Total debt service                                   | <u>171,148</u>          | <u>171,148</u>      | <u>170,768</u>                                     | <u>380</u>  |
| Total expenditures                                   | <u>5,081,487</u>        | <u>5,230,359</u>    | <u>4,944,870</u>                                   | <u>285,489</u>  |
| Excess (deficiency) of revenues<br>over expenditures | <u>40,563</u>           | <u>10,274</u>       | <u>419,090</u>                                     | <u>408,816</u>  |
| Net change in fund balance                           | 40,563                  | 10,274              | 419,090  | 408,816   |
| Fund Balance - beginning                             | 2,130,542               | 2,130,542           | 2,130,542  | -   |
| Fund Balance - ending                                | <u>\$ 2,171,105</u>     | <u>\$ 2,140,816</u> | <u>\$ 2,549,632</u>                                | <u>\$ 408,816</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, 2016

|  | <u>Budgeted Amounts</u> |                   | <u>Actual<br/>Amounts,<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------|--|---|
|  | <u>Original</u>         | <u>Final</u>      |  |   |
| <b>Revenues:</b>                                     |                         |                   |  |   |
| Intergovernmental                                    | \$ 2,757,340            | \$ 2,764,855      | \$ 2,769,987                                       | \$ 5,132  |
| Miscellaneous  | 76,000                  | 76,000            | 77,585   | 1,585   |
| Total revenues                                       | <u>2,833,340</u>        | <u>2,840,855</u>  | <u>2,847,572</u>                                   | <u>6,717</u>  |
| <b>Expenditures:</b>                                 |                         |                   |  |   |
| Current:   |                         |                   |  |   |
| Human services                                       | <u>2,539,674</u>        | <u>2,697,804</u>  | <u>2,647,257</u>                                   | <u>50,547</u>   |
| Total expenditures                                   | <u>2,539,674</u>        | <u>2,697,804</u>  | <u>2,647,257</u>                                   | <u>50,547</u>   |
| Excess (deficiency) of revenues<br>over expenditures | <u>293,666</u>          | <u>143,051</u>    | <u>200,315</u>                                     | <u>57,264</u>   |
| Net change in fund balance                           | 293,666                 | 143,051           | 200,315  | 57,264  |
| Fund Balance - beginning                             | 398,244                 | 398,244           | 398,244  | -   |
| Fund Balance - ending                                | <u>\$ 691,910</u>       | <u>\$ 541,295</u> | <u>\$ 598,559</u>                                  | <u>\$ 57,264</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, 2016

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts,<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------|--|---|
|  | <u>Original</u>         | <u>Final</u>        |  |   |
| <b>Revenues:</b>                                     |                         |                     |  |   |
| Intergovernmental                                    | \$ 6,876,888            | \$ 7,001,362        | \$ 7,023,190                                       | \$ 21,828   |
| Charges for services                                 | 177,000                 | 177,000             | 199,136  | 22,136  |
| Miscellaneous  | 30,000                  | 30,000              | 34,017   | 4,017   |
| Total revenues                                       | <u>7,083,888</u>        | <u>7,208,362</u>    | <u>7,256,343</u>                                   | <u>47,981</u>   |
| <b>Expenditures:</b>                                 |                         |                     |  |   |
| Current:   |                         |                     |  |   |
| Human services                                       | 6,620,710               | 6,867,607           | 6,771,604  | 96,003  |
| Debt service:  |                         |                     |  |   |
| Principal  | -                       | 22,000              | 22,187   | (187)   |
| Interest   | -                       | 5,000               | 4,788  | 212   |
| Total expenditures                                   | <u>6,620,710</u>        | <u>6,894,607</u>    | <u>6,798,579</u>                                   | <u>96,028</u>   |
| Excess (deficiency) of revenues<br>over expenditures | <u>463,178</u>          | <u>313,755</u>      | <u>457,764</u>                                     | <u>144,009</u>  |
| <b>Other Financing Sources (Uses):</b>               |                         |                     |  |   |
| Proceeds from notes payable                          | <u>125,000</u>          | <u>146,000</u>      | <u>146,000</u>                                     | <u>-</u>  |
| Total other financing sources (uses)                 | <u>125,000</u>          | <u>146,000</u>      | <u>146,000</u>                                     | <u>-</u>  |
| Net change in fund balance                           | 588,178                 | 459,755             | 603,764  | 144,009   |
| Fund Balance - beginning                             | <u>1,571,019</u>        | <u>1,571,019</u>    | <u>1,571,019</u>                                   | <u>-</u>  |
| Fund Balance - ending                                | <u>\$ 2,159,197</u>     | <u>\$ 2,030,774</u> | <u>\$ 2,174,783</u>                                | <u>\$ 144,009</u>   |



CITY OF BELLE ISLE, FLORIDA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Year Ended September 30, 2016

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

For the 2016 fiscal year, the following adjustments were necessary to convert General Fund expenditures on the GAAP basis to the budgetary basis:

|   | <u>Expenditures</u> | <u>Other Financing<br/>Sources (Uses)</u> |
|---|---------------------|---|
| GAAP Basis                                  | \$ 4,982,656        | \$ 37,786                                 |
| Nonbudgeted Bond Proceeds and Premium       | -                   | (956,036)                                 |
| Nonbudgeted Payment to Refunded Bond Escrow | -                   | 918,250                                   |
| Nonbudgeted Bond Issuance Transactions      | <u>(37,786)</u>     | <u>-</u>                                  |
| Budgetary Basis                             | <u>\$ 4,944,870</u> | <u>\$ -</u>                               |



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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 and repairs and maintenance as required by the bond agreement.

CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2016

|  | <b>Budgeted Amounts</b> |              | <b>Actual Amounts,<br/>Budgetary Basis</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|--------------|--|---|
|  | <b>Original</b>         | <b>Final</b> |  |   |
| <b>Revenues:</b>                                     |                         |              |  |   |
| Investment income                                    | \$ -                    | \$ -         | \$ 792                                     | \$ 792  |
| Miscellaneous  | 840,000                 | 840,000      | 957,249                                    | 117,249   |
| Total revenues                                       | 840,000                 | 840,000      | 958,041                                    | 118,041   |
| <b>Expenditures:</b>                                 |                         |              |  |   |
| Current:   |                         |              |  |   |
| Physical environment                                 | 100,000                 | 932,554      | 856,311                                    | 76,243  |
| Debt service:  |                         |              |  |   |
| Principal  | 140,000                 | 140,000      | 140,000                                    | -   |
| Interest   | 556,100                 | 556,100      | 555,898                                    | 202   |
| Total expenditures                                   | 796,100                 | 1,628,654    | 1,552,209                                  | 76,445  |
| Excess (deficiency) of revenues<br>over expenditures | 43,900                  | (788,654)    | (594,168)                                  | 194,486   |
| Fund Balance - beginning                             | 1,723,108               | 1,723,108    | 1,723,108                                  | -   |
| Fund Balance - ending                                | \$ 1,767,008            | \$ 934,454   | \$ 1,128,940                               | \$ 194,486  |

## 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.

CITY OF BELLE ISLE, FLORIDA

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2016

|                                     | <u>Special Revenue Funds</u>         |                   |  |  |
|-------------------------------------|--------------------------------------|-------------------|--|--|
|                                     | <u>Transportation<br/>Impact Fee</u> | <u>Stormwater</u> | <u>Law<br/>Enforcement<br/>Education</u> | <u>Total Nonmajor<br/>Governmental<br/>Funds</u> |
| <b>Assets:</b>                      |                                      |                   |  |  |
| Cash and cash equivalents           | \$ 132,076                           | \$ 616,070        | \$ 13,327                                | \$ 761,473                                       |
| Prepaid items                       | -                                    | -                 | 1,450                                    | 1,450  |
| Total assets                        | <u>\$ 132,076</u>                    | <u>\$ 616,070</u> | <u>\$ 14,777</u>                         | <u>\$ 762,923</u>                                |
| <b>Liabilities:</b>                 |                                      |                   |  |  |
| Accounts payable                    | \$ -                                 | \$ 9,813          | \$ -                                     | \$ 9,813   |
| Total liabilities                   | <u>-</u>                             | <u>9,813</u>      | <u>-</u>                                 | <u>9,813</u>                                     |
| <b>Fund Balances:</b>               |                                      |                   |  |  |
| Nonspendable                        | -                                    | -                 | 1,450                                    | 1,450  |
| Restricted for:                     |                                      |                   |  |  |
| Transportation impacts              | 132,076                              | -                 | -  | 132,076  |
| Stormwater                          | -                                    | 606,257           | -  | 606,257  |
| Law enforcement education           | -                                    | -                 | 13,327                                   | 13,327   |
| Total fund balances                 | <u>132,076</u>                       | <u>606,257</u>    | <u>14,777</u>                            | <u>753,110</u>                                   |
| Total Liabilities and Fund Balances | <u>\$ 132,076</u>                    | <u>\$ 616,070</u> | <u>\$ 14,777</u>                         | <u>\$ 762,923</u>                                |



CITY OF BELLE ISLE, FLORIDA

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

For the Year Ended September 30, 2016

|  | <u>Special Revenue Funds</u>         |                   |  | <b>Total Nonmajor<br/>Governmental<br/>Funds</b> |
|--|--------------------------------------|-------------------|--|--|
|  | <b>Transportation<br/>Impact Fee</b> | <b>Stormwater</b> | <b>Law<br/>Enforcement<br/>Education</b> |  |
| <b>Revenues:</b>                                     |                                      |                   |  |  |
| Charges for services                                 | \$ -                                 | \$ 306,236        | \$ -                                     | \$ 306,236                                       |
| Impact fees  | 5,720                                | -                 | -  | 5,720  |
| Fines and forfeitures                                | -                                    | -                 | 1,204                                    | 1,204  |
| Investment earnings                                  | 3,382                                | 3,382             | 3,381                                    | 10,145   |
| Total revenues                                       | <u>9,102</u>                         | <u>309,618</u>    | <u>4,585</u>                             | <u>323,305</u>                                   |
| <b>Expenditures:</b>                                 |                                      |                   |  |  |
| Current:   |                                      |                   |  |  |
| Public Safety  | -                                    | -                 | 4,630                                    | 4,630  |
| Physical environment                                 | -                                    | 203,984           | -  | 203,984  |
| Total expenditures                                   | <u>-</u>                             | <u>203,984</u>    | <u>4,630</u>                             | <u>208,614</u>                                   |
| Excess (deficiency) of revenues<br>over expenditures | <u>9,102</u>                         | <u>105,634</u>    | <u>(45)</u>                              | <u>114,691</u>                                   |
| Net change in fund balances                          | 9,102                                | 105,634           | (45)                                     | 114,691  |
| Fund Balances - beginning                            | 122,974                              | 500,623           | 14,822                                   | 638,419  |
| Fund Balances - ending                               | <u>\$ 132,076</u>                    | <u>\$ 606,257</u> | <u>\$ 14,777</u>                         | <u>\$ 753,110</u>                                |



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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



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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, 2016

|  | <b>Budgeted Amounts</b> |                   | <b>Actual Amounts,<br/>Budgetary Basis</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|--|---|
|  | <b>Original</b>         | <b>Final</b>      |  |   |
| <b>Revenues:</b>                                     |                         |                   |  |   |
| Impact fees  | \$ 7,150                | \$ 7,150          | \$ 5,720                                   | \$ (1,430)  |
| Investment income                                    | 400                     | 400               | 3,382                                      | 2,982   |
| Total revenues                                       | <u>7,550</u>            | <u>7,550</u>      | <u>9,102</u>                               | <u>1,552</u>  |
| <b>Expenditures:</b>                                 |                         |                   |  |   |
| Current:   |                         |                   |  |   |
| Physical environment                                 | -                       | -                 | -  | -   |
| Total expenditures                                   | <u>-</u>                | <u>-</u>          | <u>-</u>                                   | <u>-</u>  |
| Excess (deficiency) of revenues<br>over expenditures | <u>7,550</u>            | <u>7,550</u>      | <u>9,102</u>                               | <u>1,552</u>  |
| Net change in fund balance                           | 7,550                   | 7,550             | 9,102                                      | 1,552   |
| Fund Balance - beginning                             | 122,974                 | 122,974           | 122,974                                    | -   |
| Fund Balance - ending                                | <u>\$ 130,524</u>       | <u>\$ 130,524</u> | <u>\$ 132,076</u>                          | <u>\$ 1,552</u>   |

CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2016

|  | <b>Budgeted Amounts</b> |                   | <b>Actual<br/>Amounts,<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|--|---|
|  | <b>Original</b>         | <b>Final</b>      |  |   |
| <b>Revenues:</b>                                     |                         |                   |  |   |
| Charges for services                                 | \$ 306,543              | \$ 306,543        | \$ 306,236   | \$ (307)  |
| Investment income                                    | 400                     | 400               | 3,382  | 2,982   |
| Total revenues                                       | <u>306,943</u>          | <u>306,943</u>    | <u>309,618</u>                                     | <u>2,675</u>  |
| <b>Expenditures:</b>                                 |                         |                   |  |   |
| Current:   |                         |                   |  |   |
| Physical environment:                                | 364,200                 | 404,750           | 203,984  | 200,766   |
| Total expenditures                                   | <u>364,200</u>          | <u>404,750</u>    | <u>203,984</u>                                     | <u>200,766</u>  |
| Excess (deficiency) of revenues<br>over expenditures | <u>(57,257)</u>         | <u>(97,807)</u>   | <u>105,634</u>                                     | <u>203,441</u>  |
| Net change in fund balance                           | (57,257)                | (97,807)          | 105,634  | 203,441   |
| Fund Balance - beginning                             | 500,623                 | 500,623           | 500,623  | -   |
| Fund Balance - ending                                | <u>\$ 443,366</u>       | <u>\$ 402,816</u> | <u>\$ 606,257</u>                                  | <u>\$ 203,441</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, 2016

|  | Budgeted Amounts |                  | Actual Amounts,<br>Budgetary Basis | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------------------------|---|
|  | Original         | Final            |                                    |   |
| <b>Revenues:</b>                                     |                  |                  |                                    |   |
| Fines and forfeitures                                | \$ 1,200         | \$ 1,200         | \$ 1,204                           | \$ 4  |
| Investment income                                    | 400              | 400              | 3,381                              | 2,981   |
| Total revenues                                       | <u>1,600</u>     | <u>1,600</u>     | <u>4,585</u>                       | <u>2,985</u>  |
| <b>Expenditures:</b>                                 |                  |                  |                                    |   |
| Current:   |                  |                  |                                    |   |
| Public safety  | <u>5,200</u>     | <u>5,200</u>     | <u>4,630</u>                       | <u>570</u>  |
| Total expenditures                                   | <u>5,200</u>     | <u>5,200</u>     | <u>4,630</u>                       | <u>570</u>  |
| Excess (deficiency) of revenues over<br>expenditures | <u>(3,600)</u>   | <u>(3,600)</u>   | <u>(45)</u>                        | <u>3,555</u>  |
| Net change in fund balance                           | (3,600)          | (3,600)          | (45)                               | 3,555   |
| Fund Balance - beginning                             | 14,822           | 14,822           | 14,822                             | -   |
| Fund Balance - ending                                | <u>\$ 11,222</u> | <u>\$ 11,222</u> | <u>\$ 14,777</u>                   | <u>\$ 3,555</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   | 45                 |
| 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   | 50                 |
| These schedules contain formation to help the reader asses the government's most significant local revenue source, the property tax.   |                    |
| Debt Capacity  | 54                 |
| 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   | 56                 |
| 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  | 58                 |
| 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. |                    |

CITY OF BELLE ISLE, FLORIDA

NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(accrual basis of accounting)

|  | <u>2007</u>  | <u>2008</u>  | <u>2009</u>  | <u>2010</u>  | <u>2011</u>  | <u>2012</u>  | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   |
|--|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Governmental Activities                    |              |              |              |              |              |              |               |               |               |               |
| Net investment in capital assets           | \$ 2,841,770 | \$ 4,588,012 | \$ 5,645,520 | \$ 5,832,855 | \$ 7,118,248 | \$ 7,312,195 | \$ 6,040,624  | \$ 7,244,583  | \$ 7,530,107  | \$ 8,475,455  |
| Restricted                                 | 1,099,267    | 778,479      | 378,961      | 254,287      | 442,964      | 951,727      | 3,166,639     | 2,579,822     | 3,369,730     | 3,574,581     |
| Unrestricted                               | 3,287,910    | 1,979,832    | 911,654      | 770,409      | 807,189      | 1,072,755    | 1,146,711     | 1,618,370     | 2,092,715     | 2,608,122     |
| Total Governmental Activities Net Position | \$ 7,228,947 | \$ 7,346,323 | \$ 6,936,135 | \$ 6,857,551 | \$ 8,368,401 | \$ 9,336,677 | \$ 10,353,974 | \$ 11,442,775 | \$ 12,992,552 | \$ 14,658,158 |

CITY OF BELLE ISLE, FLORIDA

**CHANGES IN NET POSITION**

Last Ten Fiscal Years  
(accrual basis of accounting)

|                                       | <u>2007</u>  | <u>2008</u>  | <u>2009</u>  | <u>2010</u>  | <u>2011</u>  | <u>2012</u>   | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| <b>Expenses</b>                       |              |              |              |              |              |               |               |               |               |               |
| Governmental Activities               |              |              |              |              |              |               |               |               |               |               |
| General government                    | \$ 1,004,664 | \$ 995,667   | \$ 992,184   | \$ 1,037,331 | \$ 1,003,552 | \$ 836,317    | \$ 1,425,899  | \$ 1,184,379  | \$ 1,181,293  | \$ 1,326,981  |
| Public safety                         | 1,799,649    | 1,979,104    | 1,983,858    | 2,108,568    | 2,214,034    | 2,262,930     | 2,425,114     | 2,544,994     | 2,623,288     | 2,669,212     |
| Physical environment                  | 1,004,728    | 1,158,691    | 1,317,831    | 1,246,280    | 1,267,319    | 1,240,441     | 1,294,967     | 1,268,403     | 1,262,891     | 1,273,663     |
| Human Services                        | -            | -            | -            | -            | 5,428,025    | 5,938,563     | 6,579,138     | 8,307,234     | 8,579,049     | 9,161,001     |
| Interest on long-term debt            | 98,314       | 106,354      | 97,978       | 94,615       | 83,098       | 82,149        | 594,659       | 628,992       | 616,652       | 644,253       |
| Total Governmental Activities Expense | \$ 3,907,355 | \$ 4,239,816 | \$ 4,391,851 | \$ 4,486,794 | \$ 9,996,028 | \$ 10,360,400 | \$ 12,319,777 | \$ 13,934,002 | \$ 14,263,173 | \$ 15,075,110 |

**Program Revenues**

|  |              |            |            |            |              |              |              |              |              |              |
|--|--------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Governmental Activities:                       |              |            |            |            |              |              |              |              |              |              |
| Charges for services:                          |              |            |            |            |              |              |              |              |              |              |
| General government                             | \$ -         | \$ -       | \$ -       | \$ -       | \$ -         | \$ 18,978    | \$ -         | \$ -         | \$ -         | \$ -         |
| Public safety                                  | 82,202       | 150,089    | 94,515     | 19,798     | 22,065       | 20,800       | 38,077       | 40,943       | 54,125       | 56,471       |
| Physical environment                           | 185,990      | 168,283    | 167,983    | 626,175    | 814,619      | 750,586      | 822,231      | 853,785      | 847,737      | 1,040,533    |
| Human services                                 | -            | -          | -          | -          | 126,182      | 143,114      | 152,388      | 180,380      | 190,147      | 199,136      |
| Interest on long-term debt                     | -            | -          | -          | -          | -            | -            | 698,135      | 862,972      | 928,900      | 957,249      |
| Operating grants and contributions             | 252,390      | 210,139    | 194,172    | 194,615    | 689,780      | 560,001      | 771,226      | 436,178      | 384,248      | 368,188      |
| Capital grants and contributions               | 1,199,787    | 226,727    | 22,500     | 36,485     | 415,585      | 377,504      | 304,156      | 608,518      | 619,626      | 384,035      |
| Total Governmental Activities Program Revenues | \$ 1,720,369 | \$ 755,238 | \$ 479,170 | \$ 877,073 | \$ 2,068,231 | \$ 1,870,983 | \$ 2,786,213 | \$ 2,982,776 | \$ 3,024,783 | \$ 3,005,612 |

Total Governmental Activities Net Expense

|  |                |                |                |                |                |                |                |                 |                 |                 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
|  | \$ (2,186,986) | \$ (3,484,578) | \$ (3,912,681) | \$ (3,609,721) | \$ (7,927,797) | \$ (8,489,417) | \$ (9,533,564) | \$ (10,951,226) | \$ (11,238,390) | \$ (12,069,498) |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|

**General Revenues and Other Changes in Net Position**

|                                     |              |              |              |              |              |              |               |               |               |               |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Governmental Activities:            |              |              |              |              |              |              |               |               |               |               |
| Taxes                               |              |              |              |              |              |              |               |               |               |               |
| Property taxes                      | \$ 2,088,933 | \$ 2,102,260 | \$ 2,122,775 | \$ 2,152,842 | \$ 2,397,747 | \$ 2,386,130 | \$ 2,392,337  | \$ 2,479,107  | \$ 2,506,520  | \$ 2,574,866  |
| Franchise and utility taxes         | 386,624      | 395,482      | 435,928      | 439,093      | 438,427      | 395,910      | 409,916       | 410,408       | 405,135       | 388,501       |
| Intergovernmental-unrestricted      | 1,104,420    | 1,017,572    | 921,409      | 921,752      | 6,390,668    | 6,647,812    | 7,725,730     | 8,995,459     | 9,784,811     | 10,611,076    |
| Investment income and Miscellaneous | 431,644      | 86,640       | 22,381       | 17,450       | 211,805      | 27,841       | 49,285        | 155,053       | 91,701        | 160,661       |
| Total Governmental Activities       | \$ 4,011,621 | \$ 3,601,954 | \$ 3,502,493 | \$ 3,531,137 | \$ 9,438,647 | \$ 9,457,693 | \$ 10,577,268 | \$ 12,040,027 | \$ 12,788,167 | \$ 13,735,104 |

**Change in Net Position**

|                         |              |            |              |             |              |            |              |              |              |              |
|-------------------------|--------------|------------|--------------|-------------|--------------|------------|--------------|--------------|--------------|--------------|
| Governmental Activities | \$ 1,824,635 | \$ 117,376 | \$ (410,188) | \$ (78,584) | \$ 1,510,850 | \$ 968,276 | \$ 1,043,704 | \$ 1,088,801 | \$ 1,549,777 | \$ 1,665,606 |
|-------------------------|--------------|------------|--------------|-------------|--------------|------------|--------------|--------------|--------------|--------------|



CITY OF BELLE ISLE, FLORIDA

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**

Last Ten Fiscal Years  
(accrual basis of accounting)

|      | Property Tax | Franchise Fees<br>and Utility Tax | Total     |
|------|--------------|-----------------------------------|-----------|
| 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 |
| 2014 | 2,479,107    | 410,408                           | 2,889,515 |
| 2015 | 2,506,520    | 405,135                           | 2,911,655 |
| 2016 | 2,574,866    | 388,501                           | 2,963,367 |

Source Orange County Tax Collector

CITY OF BELLE ISLE, FLORIDA

**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

|                                    | <u>2007</u>         | <u>2008</u>         | <u>2009</u>         | <u>2010</u>         | <u>2011*</u>        | <u>2012*</u>        | <u>2013*</u>        | <u>2014*</u>        | <u>2015*</u>        | <u>2016*</u>        |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Reserved                           | \$ 382,227          | \$ 385,653          | \$ -                | \$ -                |                     |                     |                     |                     |                     |                     |
| Unreserved                         | 2,134,491           | 1,574,689           | 943,699             | 785,854             |                     |                     |                     |                     |                     |                     |
| Total General fund                 | <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              | 170,834             | 430,538             | 378,961             | 254,287             |                     |                     |                     |                     |                     |                     |
| Total All Other Governmental Funds | <u>\$ 887,874</u>   | <u>\$ 823,364</u>   | <u>\$ 378,961</u>   | <u>\$ 254,287</u>   |                     |                     |                     |                     |                     |                     |
| General Fund                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Nonspendable                       | \$ -                | \$ 171,605          | \$ 1,815            | \$ -                | \$ 1,353            | \$ 520              | \$ -                | \$ -                | \$ -                | \$ -                |
| Assigned                           | 822,976             | 719,039             | 532,657             | -                   | -                   | -                   | -                   | -                   | -                   | 303,662             |
| Unassigned                         | -                   | 224,677             | 543,735             | 1,641,803           | 2,130,022           | 2,245,970           | 2,130,022           | 2,130,022           | 2,245,970           | 2,245,970           |
| Total General Fund                 | <u>\$ 822,976</u>   | <u>\$ 1,115,321</u> | <u>\$ 1,078,207</u> | <u>\$ 1,643,156</u> | <u>\$ 2,130,542</u> | <u>\$ 2,130,542</u> | <u>\$ 2,130,542</u> | <u>\$ 2,130,542</u> | <u>\$ 2,130,542</u> | <u>\$ 2,549,632</u> |
| All Other Governmental Funds       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Nonspendable                       | \$ -                | \$ 61,250           | \$ 277,303          | \$ 153,226          | \$ 123,979          | \$ 113,381          | \$ -                | \$ -                | \$ -                | \$ -                |
| Assigned                           | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Restricted                         | 692,964             | 895,277             | 2,889,336           | 3,387,740           | 4,206,811           | 4,542,011           | 4,206,811           | 4,206,811           | 4,206,811           | 4,542,011           |
| Total All Other Governmental Funds | <u>\$ 692,964</u>   | <u>\$ 956,527</u>   | <u>\$ 3,166,639</u> | <u>\$ 3,540,966</u> | <u>\$ 4,330,790</u> | <u>\$ 4,655,392</u> | <u>\$ 4,330,790</u> | <u>\$ 4,330,790</u> | <u>\$ 4,330,790</u> | <u>\$ 4,655,392</u> |

\* Implementation of GASB Statement No. 54

CITY OF BELLE ISLE, FLORIDA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

|  | <b>2007</b>  | <b>2008</b>  | <b>2009</b>    | <b>2010</b>  | <b>2011</b>  | <b>2012</b>  | <b>2013</b>  | <b>2014</b>  | <b>2015</b>  | <b>2016</b>  |
|--|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenues:</b>                               |              |              |                |              |              |              |              |              |              |              |
| Taxes:   |              |              |                |              |              |              |              |              |              |              |
| Property                                       | \$ 2,088,933 | \$ 2,102,260 | \$ 2,122,775   | \$ 2,152,842 | \$ 2,397,747 | \$ 2,386,130 | \$ 2,392,337 | \$ 2,479,107 | \$ 2,506,520 | \$ 2,574,866 |
| Franchise and utility                          | 386,624      | 395,482      | 435,928        | 439,093      | 438,427      | 395,910      | 409,916      | 410,408      | 405,135      | 388,501      |
| Licenses and permits                           | 39,604       | 25,522       | 8,235          | 40,366       | 151,377      | 114,745      | 119,342      | 134,284      | 158,170      | 214,627      |
| Intergovernmental revenues                     | 2,556,597    | 1,454,438    | 1,138,081      | 1,152,852    | 7,823,267    | 7,585,317    | 8,692,337    | 10,028,321   | 10,766,686   | 11,363,299   |
| Charges for services                           | 142,096      | 134,016      | 146,988        | 561,417      | 629,298      | 772,144      | 826,483      | 888,487      | 893,399      | 1,051,372    |
| Impact fees                                    | 4,290        | 8,745        | 12,760         | 24,255       | 34,045       | 7,315        | 29,138       | 4,394        | 14,075       | 11,730       |
| Fines and forfeitures                          | 82,202       | 150,089      | 94,515         | 19,935       | 21,611       | 20,296       | 37,733       | 47,943       | 26,365       | 18,411       |
| Investment income                              | 217,601      | 83,174       | 9,396          | 12,487       | 3,646        | 6,359        | 4,739        | 1,725        | 4,267        | 14,500       |
| Miscellaneous                                  | 214,043      | 13,233       | 12,985         | 4,963        | 7,460        | 40,460       | 742,956      | 1,038,364    | 1,032,434    | 1,111,915    |
| Total revenues                                 | 5,731,990    | 4,366,959    | 3,981,663      | 4,408,210    | 11,506,878   | 11,328,676   | 13,254,981   | 15,033,033   | 15,807,051   | 16,749,221   |
| <b>Expenditures:</b>                           |              |              |                |              |              |              |              |              |              |              |
| General government                             | 3,616,583    | 1,378,561    | 1,484,293      | 1,032,000    | 1,006,852    | 879,717      | 8,815,568    | 988,079      | 991,080      | 1,136,552    |
| Public safety                                  | 1,799,649    | 1,979,104    | 2,189,801      | 2,136,974    | 2,221,937    | 2,273,447    | 2,453,318    | 2,547,179    | 2,531,847    | 2,577,934    |
| Physical environment                           | 1,990,489    | 1,260,211    | 1,547,861      | 1,154,566    | 1,290,521    | 860,574      | 1,251,898    | 862,239      | 1,179,457    | 2,124,541    |
| Human services                                 | -            | -            | -              | -            | 6,354,123    | 6,092,366    | 6,852,622    | 8,913,168    | 8,981,368    | 9,418,861    |
| Debt Service:                                  |              |              |                |              |              |              |              |              |              |              |
| Principal                                      | 259,915      | 272,780      | 287,512        | 284,324      | 315,127      | 575,355      | 298,326      | 339,634      | 250,210      | 285,919      |
| Interest                                       | 106,270      | 114,785      | 106,387        | 103,865      | 92,519       | 91,309       | 600,563      | 630,970      | 617,878      | 607,722      |
| Bond issuance costs                            | 32,818       | -            | -              | -            | -            | -            | 434,688      | -            | -            | 37,786       |
| Total expenditures                             | 7,805,724    | 5,005,441    | 5,615,854      | 4,711,729    | 11,281,079   | 10,772,768   | 20,706,983   | 14,281,269   | 14,551,840   | 16,189,315   |
| Excess Revenues Over Expenditures              | (2,073,734)  | (638,482)    | (1,634,191)    | (303,519)    | 225,799      | 555,908      | (7,452,002)  | 751,764      | 1,255,211    | 559,906      |
| Other Financing Sources:                       |              |              |                |              |              |              |              |              |              |              |
| Capital lease                                  | 45,261       | 17,596       | 173,145        | 21,000       | -            | -            | -            | 87,512       | 21,999       | -            |
| Bonds/Notes issued                             | 1,480,000    | -            | -              | -            | 250,000      | -            | 9,625,000    | 100,000      | -            | 1,081,000    |
| Premium on bonds                               | 15,326       | -            | -              | -            | -            | -            | -            | -            | -            | 21,036       |
| Payment to refunded bond escrow                | 15,326       | -            | -              | -            | -            | -            | -            | -            | -            | (918,250)    |
| Total other financing sources                  | 1,540,587    | 17,596       | 173,145        | 21,000       | 250,000      | -            | 9,625,000    | 187,512      | 21,999       | 183,786      |
| Net change in fund balance                     | \$ (533,147) | \$ (620,886) | \$ (1,461,046) | \$ (282,519) | \$ 475,799   | \$ 555,908   | \$ 2,172,998 | \$ 939,276   | \$ 1,277,210 | \$ 743,692   |
| Debt service as a % of noncapital expenditures | 10.02%       | 9.13%        | 9.19%          | 8.99%        | 3.78%        | 6.52%        | 11.54%       | 7.47%        | 6.61%        | 6.70%        |

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> |
|--------------------|----------------------|--------------------------|---------------------------------------|------------------------------|---------------------------------------|---|
| 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%  |
| 2014               | 562,918,210          | 18,467,610               | 581,385,820                           | 4.4018                       | 584,568,215                           | 99.46%  |
| 2015               | 585,089,524          | 17,762,519               | 602,852,043                           | 4.4018                       | 603,075,188                           | 99.96%  |
| 2016               | 595,651,703          | 17,857,310               | 613,509,013                           | 4.4018                       | 614,146,295                           | 99.90%  |

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 |                                  |
| 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                          |
| 2014        | 4.4018             | 4.4347        | 8.3620         | 0.3748         | 0.3283        | 0.4107           | 18.3123                          |
| 2015        | 4.4018             | 4.4347        | 8.4740         | 0.3748         | 0.3164        | 0.4107           | 18.4124                          |
| 2016        | 4.4018             | 4.4347        | 8.2180         | 0.3748         | 0.3023        | 0.4107           | 18.1423                          |

**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                             | 2016                   |      |  | 2007                   |      |  |
|--------------------------------------|------------------------|------|--|------------------------|------|--|
|                                      | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Belle Isle Commons                   | \$ 6,929,864           | 1    | 1.13%                                      | \$ 8,775,042           | 3    | 1.50%                                      |
| Duke Energy Florida                  | 6,341,991              | 2    | 1.03%                                      | -                      | -    | -  |
| Legacy Holdings                      | 6,156,913              | 3    | 1.00%                                      | -                      | -    | -  |
| Regal Marine                         | 6,085,291              | 4    | 0.99%                                      | 12,591,759             | 1    | 2.15%                                      |
| Sri Balaji Hotels                    | 5,213,408              | 5    | 0.85%                                      | -                      | -    | -  |
| Capital Lodging LLC                  | 3,863,056              | 6    | 0.63%                                      | -                      | -    | -  |
| McCoy Federal Credit Union           | 3,539,337              | 7    | 0.58%                                      | 3,492,101              | 7    | 0.60%                                      |
| Marketing Business Associates        | 3,015,703              | 8    | 0.49%                                      | -                      | -    | -  |
| Siddhi-Vinayak Inc.                  | 2,732,896              | 9    | 0.45%                                      | -                      | -    | -  |
| Harrell Roberts                      | 2,396,284              | 10   | 0.39%                                      | -                      | -    | -  |
| M/J Homes of Orlando, LLC            | -                      | -    | -  | 10,741,400             | 2    | 1.84%                                      |
| Lee Leo                              | -                      | -    | -  | 7,481,112              | 4    | 1.28%                                      |
| McCoy Condo Investments, LLC         | -                      | -    | -  | 2,758,534              | 9    | 0.47%                                      |
| Efesos Properties, Inc. (Winn Dixie) | -                      | -    | -  | 3,561,336              | 6    | 0.61%                                      |
| Tandiono Ferry                       | -                      | -    | -  | 4,294,084              | 5    | 0.73%                                      |
| E-Z Rent A Car, Inc.                 | -                      | -    | -  | 2,869,116              | 8    | 0.49%                                      |
| Conway Crest Development, LLC        | -                      | -    | -  | 2,625,411              | 10   | 0.45%                                      |
| Ontario, Inc.                        | -                      | -    | -  | -                      | -    | -  |
|                                      | <u>\$ 46,274,743</u>   |      | <u>7.54%</u>                               | <u>\$ 59,189,895</u>   |      | <u>10.12%</u>                              |

Source: Orange County Property Appraiser  
2007 City of Belle Isle CAFR

CITY OF BELLE ISLE, FLORIDA

**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

|      | Total Tax Levy<br>for Fiscal Year | Collected Within the Fiscal<br>Year of the Levy |                       | Collections in<br>Subsequent<br>Years | Total Collections to Date |                       |
|------|-----------------------------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|      |                                   | Amount  | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 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%                |
| 2014 | 2,566,675                         | 2,479,107                                       | 96.59%                | -                                     | 2,479,107                 | 96.78%                |
| 2015 | 2,653,634                         | 2,506,520                                       | 94.46%                | -                                     | 2,506,520                 | 94.46%                |
| 2016 | 2,702,361                         | 2,574,866                                       | 95.28%                | -                                     | 2,574,866                 | 95.28%                |



CITY OF BELLE ISLE, FLORIDA

**RATIOS OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years

|      | Governmental Activities |                | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income <sup>1</sup> | Per<br>Capita |
|------|-------------------------|----------------|--------------------------------|--|---------------|
|      | Revenue Bonds           | Capital Leases |                                |  |               |
| 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 | 10,860,328              | 45,088         | 10,905,416                     | 4.24%  | 1703          |
| 2014 | 10,559,326              | 92,966         | 10,652,292                     | 3.89%  | 1659          |
| 2015 | 10,358,560              | 64,755         | 10,423,315                     | 3.63%  | 1613          |
| 2016 | 10,181,036              | 11,023         | 10,192,059                     | 3.89%  | 1558          |

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

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

CITY OF BELLE ISLE, FLORIDA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

As of September 30, 2016

| Governmental Unit                           | Debt Outstanding     | Estimated Percentage Applicable (1) | Estimated Share of Overlapping Debt |
|---|----------------------|-------------------------------------|-------------------------------------|
| Overlapping General Obligation Debt:        |                      |                                     |                                     |
| Orange County Board of County Commissioners | \$ -                 |                                     | \$ -                                |
| Orange County School Board                  | -                    |                                     | -                                   |
| St. John's River Management District        | -                    |                                     | -                                   |
| Direct debt                                 | 10,315,872           | 100%                                | 10,315,872                          |
| Total direct and overlapping debt           | <u>\$ 10,315,872</u> |                                     | <u>\$ 10,315,872</u>                |

Note:

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

CITY OF BELLE ISLE, FLORIDA

PLEDGE - REVENUE COVERAGE

Last Ten Fiscal Years

| Fiscal Year<br>Ended Sept 30, | 2002C Revenue Bonds    |                           |                          | 2003B Revenue Bonds            |                           |                          | 2012 Lease Revenue Bonds |                           |                          |          |
|-------------------------------|------------------------|---------------------------|--------------------------|--------------------------------|---------------------------|--------------------------|--------------------------|---------------------------|--------------------------|----------|
|                               | Half-Cent<br>Sales Tax | Debt Service<br>Principal | Debt Service<br>Interest | Communication<br>Service Taxes | Debt Service<br>Principal | Debt Service<br>Interest | Lease<br>Revenue         | Debt Service<br>Principal | Debt Service<br>Interest | Coverage |
| 2007                          | 828,086                | 90,000                    | 29,082                   | 259,064                        | 95,000                    | 26,034                   | -                        | -                         | -                        | -        |
| 2008                          | 779,290                | 90,000                    | 24,546                   | 259,206                        | 95,000                    | 22,262                   | -                        | -                         | -                        | -        |
| 2009                          | 688,169                | 95,000                    | 22,030                   | 300,757                        | 95,000                    | 21,472                   | -                        | -                         | -                        | -        |
| 2010                          | 694,066                | 100,000                   | 17,850                   | 276,677                        | 100,000                   | 18,860                   | -                        | -                         | -                        | -        |
| 2011                          | 751,309                | 105,000                   | 11,625                   | 255,377                        | 100,000                   | 14,956                   | -                        | -                         | -                        | -        |
| 2012                          | 776,496                | 110,000                   | 6,800                    | 252,981                        | 105,000                   | 11,816                   | 698,135                  | -                         | 532,373                  | 1.31     |
| 2013                          | 833,187                | 115,000                   | 2,300                    | 266,822                        | 110,000                   | 12,788                   | 862,972                  | 125,000                   | 570,400                  | 1.24     |
| 2014                          | -                      | -                         | -                        | 248,568                        | 110,000                   | 2,888                    | 928,900                  | 135,000                   | 563,526                  | 1.33     |
| 2015                          | -                      | -                         | -                        | -                              | -                         | -                        | 957,249                  | 140,000                   | 555,898                  | 1.38     |
| 2016                          | -                      | -                         | -                        | -                              | -                         | -                        | -                        | -                         | -                        | -        |

Notes:

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

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

CITY OF BELLE ISLE, FLORIDA

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Fiscal Years

|      | Population | Personal Income <sup>1</sup> | Per Capita Personal Income <sup>1</sup> | Median Age <sup>1</sup> | Education Level                           |  | Unemployment Rate <sup>1</sup> |
|------|------------|------------------------------|---|-------------------------|---|--|--------------------------------|
|      |            |                              |   |                         | In Years of Formal Schooling <sup>1</sup> |  |                                |
| 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%                          |
| 2014 | 6,422      | 274,090,960                  | 42,680                                  | 47.5                    | 14.7                                      |  | 7.70%                          |
| 2015 | 6,464      | 286,865,856                  | 44,379                                  | 47.3                    | 14.8                                      |  | 4.80%                          |
| 2016 | 6,541      | 262,320,264                  | 40,104                                  | 47.9                    | 14.2                                      |  | 4.40%                          |

<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               | 2016      |      |                                     | 2007      |      |                                     |
|------------------------|-----------|------|-------------------------------------|-----------|------|-------------------------------------|
|                        | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Regal Boats            | 500       | 1    | 7.64%                               | 261       | 1    | 58%                                 |
| Cornerstone Charter    | 108       | 2    | 1.65%                               | -         | -    | -                                   |
| La Petite              | 17        | 3    | 0.26%                               | -         | -    | -                                   |
| CVS                    | 17        | 4    | 0.26%                               | 20        | 5    | 4.00%                               |
| Starbucks              | 17        | 5    | 0.26%                               | 15        | 7    | 3.00%                               |
| Quality Inn            | 17        | 6    | 0.26%                               | -         | -    | -                                   |
| RaceTrac               | 15        | 7    | 0.23%                               | 7         | 10   | 2.00%                               |
| Days Inn               | 14        | 8    | 0.21%                               | -         | -    | -                                   |
| Wendys                 | 13        | 9    | 0.20%                               | 18        | 6    | 4.00%                               |
| Comfort Suites         | 12        | 10   | 0.18%                               | -         | -    | -                                   |
| Winn Dixie             | -         | -    | -                                   | 50        | 2    | 11%                                 |
| Ramada Inn & Suites    | -         | -    | -                                   | 37        | 3    | 8.00%                               |
| E-Z Rent A Car         | -         | -    | -                                   | 21        | 4    | 5.00%                               |
| Specialists of Orlando | -         | -    | -                                   | 12        | 8    | 3.00%                               |
| Taco Bell              | -         | -    | -                                   | 10        | 9    | 2.00%                               |
| Total                  | 730       |      | 11.16%                              | 451       |      | 100.00%                             |

Source: Field inspection  
 2016 The City of Belle Isle has a population of 6541

CITY OF BELLE ISLE, FLORIDA

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

Last Ten Fiscal Years

| <b>Function</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> | <b><u>2014</u></b> | <b><u>2015</u></b> | <b><u>2016</u></b> |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Government   | 5                  | 5                  | 5                  | 5                  | 5                  | 4                  | 6                  | 5                  | 5                  | 5                  |
| Public Safety        | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Fire                 | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Public Works         | 5                  | 4                  | 3                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  |
| Parks and Recreation | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Police Department    | -                  | -                  | 12                 | 12                 | 20                 | 14                 | 16                 | 16                 | 16                 | 16                 |
| <b>Total</b>         | <b>10</b>          | <b>9</b>           | <b>20</b>          | <b>19</b>          | <b>27</b>          | <b>20</b>          | <b>24</b>          | <b>23</b>          | <b>23</b>          | <b>23</b>          |

CITY OF BELLE ISLE, FLORIDA

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

| Function                                      | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016  |
|---|------|------|------|------|------|------|------|------|------|-------|
| General Government                            |      |      |      |      |      |      |      |      |      |       |
| License/Permit Reviews                        | 795  | 501  | 907  | 575  | 1170 | 1450 | 1195 | 1326 | 764  | 1056  |
| Occupational Licenses Issued                  | *    | *    | *    | *    | *    | *    | *    | 100  | 178  | 185   |
| Employees paid                                | 70   | 64   | 99   | 30   | 27   | 39   | 41   | 41   | 40   | 38    |
| Public Safety                                 |      |      |      |      |      |      |      |      |      |       |
| Parking violations                            | 170  | 237  | 131  | 99   | 56   | 48   | 24   | 34   | 18   | 14    |
| Highways & Streets                            |      |      |      |      |      |      |      |      |      |       |
| Streets paved (miles)                         | 23.5 | 24   | 24   | 22   | 25   | 25   | 25   | 25   | 25   | 25    |
| Streets resurfaced (tons/asphalt)             |      |      |      |      |      |      | 7.5  | 7.5  | 7.5  | 7.5   |
| Sidewalks/bike paths built or repaired (feet) | 25   | 7085 | 194  | 262  | 262  | 1200 | 2200 | 2200 | 474  | 212.5 |

\* Data not available

Source: City of Belle Isle Finance Dept.



CITY OF BELLE ISLE, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

| Function                  | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|
| Highways & Streets        |      |      |      |      |      |      |      |      |      |      |
| Streets - paved (miles)   | 24   | 24   | 24   | 22   | 25   | 25   | 25   | 25   | 25   | 25   |
| Streets - unpaved (miles) | 0.3  | 0.3  | 0.3  | 0.3  | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 |
| Street lights             | 667  | 671  | 671  | 671  | 740  | 740  | 740  | 740  | 740  | 740  |
| Parks and Recreation      |      |      |      |      |      |      |      |      |      |      |
| Parks                     | 2    | 2    | 2    | 2    | 2    | 3    | 3    | 3    | 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 25, 2017.

**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.

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

## **Compliance and Other Matters**

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

We noted certain matters that we have reported to management of the City of Belle Isle in a separate letter dated February 25, 2017.

## **Purpose of the Report**

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

*McDiernit Davis & Company, LLC*

Orlando, Florida  
February 25, 2017

## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the *City of Belle Isle, Florida*, as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated February 25, 2017.

### Auditor's Responsibility

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

### Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditor's Report on an examination conducted in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 25, 2017, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the finding and recommendation made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

**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

## **Financial Condition**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the *City of Belle Isle, Florida* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *City of Belle Isle, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

## **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the *City of Belle Isle, Florida* for the fiscal year ended September 30, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. See Appendix A.

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

## **Purpose of this Letter**

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

*McDiernit Davis & Company, LLC*

Orlando, Florida  
February 25, 2017

**APPENDIX A - RECOMMENDATION TO IMPROVE  
FINANCIAL MANAGEMENT**

Year Ended September 30, 2016

**ML 2016-01 Segregation of Duties**

**Criteria** - Effectively designed internal control requires adequate segregation of duties.

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

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

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

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





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## CITY OF BELLE ISLE, FLORIDA

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

February 25, 2017

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

Re: City of Belle Isle FYE September 30, 2016

Dear McDermitt Davis & Company,

Your recommendation to improve financial management related to fiscal year ending September 30, 2016 was received by both the Interim City Manager and Finance Manager.

### Design of Internal Control

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

Sincerely,

April Fisher  
Interim City Manager

Tracey Richardson  
Finance Manager



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

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

We have examined City of Belle Isle, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, City of Belle Isle, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

*MCDIRMIT DAVIS & COMPANY, LLC*

Orlando, Florida  
February 25, 2017



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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, 2016, and have issued our report thereon dated February 25, 2017. Professional standards require that we advise you of the following matters relating to our audit.

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

As communicated in our engagement letter dated October 9, 2015, 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.

### **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.

**MCDIRMIT DAVIS & COMPANY, LLC**

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TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

## **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. During the year, the City adopted GASB Statement No. 72, *Fair Value Measurement and Application*. There was no effect on beginning balances of the City. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

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

The most sensitive accounting estimates affecting the financial statements are:

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

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

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

## **Uncorrected and Corrected Misstatements**

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

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.



## **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 February 25, 2017.

## **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 City Commission and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*McDiernit Davis & Company, LLC*

Orlando, Florida  
February 25, 2017





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