

**CITY OF BELLE ISLE,
FLORIDA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended September 30, 2015



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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

TABLE OF CONTENTS

Year Ended September 30, 2015

	<u>Page</u>
I. Introductory Section:	
Table of Contents	i-ii
Letter of Transmittal	iii-vi
List of Principal Officials	vii
Organizational Chart	viii
Certificate of Achievement	ix
II. Financial Section:	
Independent Auditor's Report	1-3
Management Discussion and Analysis (Required Supplementary Information)	4-10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Fund Financial Statements -	
Balance Sheet - Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balances -	14
Governmental Funds	
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds to the	
Statement of Activities	15
Notes to the Financial Statements	16-31
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	32
Cornerstone Charter High School Special Revenue Fund	33
Cornerstone Charter Academy Special Revenue Fund	34
Notes to Required Supplementary Information	35
Combining and Individual Fund Financial Statements and Schedules:	
Major Governmental Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance-	
Budget and Actual-Debt Service Fund	36
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	37
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances - Nonmajor Governmental Funds	38
Budgetary Comparison Schedules:	
Transportation Impact Fee Fund	39
Stormwater Fund	40
Law Enforcement Education Fund	41

CITY OF BELLE ISLE, FLORIDA

TABLE OF CONTENTS - CONTINUED

Year Ended September 30, 2015

III. Statistical Section:	
Table of Contents	42
Financial Trends:	
Net Position by Component	43
Changes in Net Position	44
Governmental Activities Tax Revenues by Source	45
Fund Balances of Governmental Funds	46
Changes in Fund Balances of Governmental Funds	47
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	48
Property Tax Rates - Direct and Overlapping Governments	49
Principal Property Taxpayers	50
Property Tax Levies and Collections	51
Debt Capacity:	
Ratios of Outstanding Debt by Type	52
Direct and Overlapping Governmental Activities Debt	53
Pledged-Revenue Coverage	54
Demographic and Economic Information:	
Demographic and Economic Statistics	55
Principal Employers	56
Operating Information:	
Full-time Equivalent City Government Employees by Function	57
Operating Indicators by Function	58
Capital Asset Statistics by Function	59
IV. Internal Control and Compliance Section:	
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 <i>Government Auditing Standards</i>	60-61
Management Letter	62-64
Management Response to Auditor's Management Letter	65
Independent Auditor's Report on Compliance with the Requirements of Section 218.415, Florida Statutes	66
Letter to Those Charged with Governance	67-69
Impact Fee Affidavit	70



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CITY OF BELLE ISLE, FLORIDA

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

January 3, 2016

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, 2015.

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 is to provide reasonable assurance that the financial statements of the *City of Belle Isle* for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the *City of Belle Isle*'s financial statements for the fiscal year ended September 30, 2015, 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* has 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 6,464 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 area.

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

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

Relevant Financial Policies - Along with the annual budget, the City provides a comprehensive five- year projection. This plan details estimated personnel operating and capital costs for continuing operations and expansion plans for all City functions. 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 2015. The City plans to continue sidewalk repairs and resurfacing in 2016.

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, 2014. This was the fifteenth 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,



Richard Anderson
Interim City Manager



Tracey Richardson
Finance Manager

CITY OF BELLE ISLE, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2015

ELECTED OFFICIALS

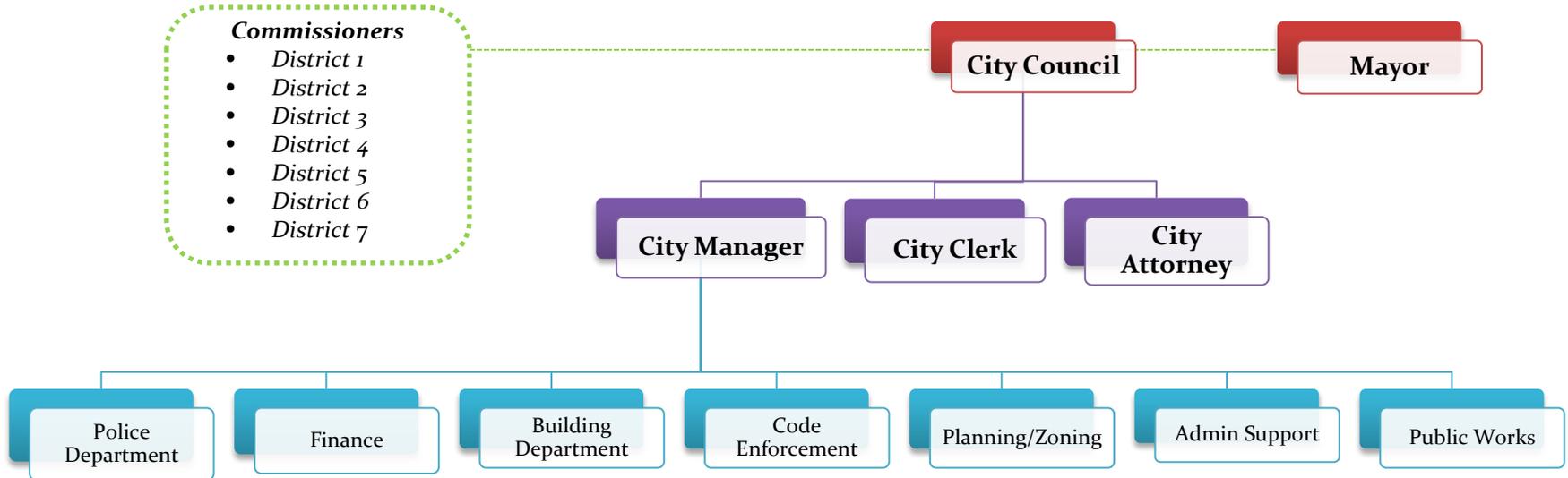
Mayor	Honorable Bill Brooks
District #1 City Commissioner	Ed Gold Jr.
District #2 City Commissioner	Keith Van Dyke
District #3 City Commissioner	Karl Shuck
District #4 City Commissioner	Laurence I. Ady
District #5 City Commissioner	Harvey Readey
District #6 City Commissioner	Lydia Pisano
District #7 City Commissioner	Sue Nielsen

CITY OFFICIALS

Interim City Manager	Richard Anderson
City Attorney	Frank Kruppenbacher
City Clerk	Yolanda Quiceno
Finance Manager	Tracey Richardson



City of Belle Isle Organizational Chart Fiscal Year 2014-2015





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, 2014

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, 2015, 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 20 percent, 33 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, 2015 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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TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

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

Opinions

In our opinion, based on our audit and the 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, 2015, 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 32 to 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *City of Belle Isle's* financial statements as a whole. The introductory section, combining and individual fund financial statements and 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 January 3, 2016 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
January 3, 2016

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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the *City of Belle Isle* exceeded its liabilities at the close of the most recent fiscal year by \$12,992,552 (net position). Of this amount, \$2,092,715 (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 \$1,549,777.
- As of the close of the current fiscal year, the *City of Belle Isle's* governmental funds reported combined ending fund balances of \$6,461,332, an increase of \$1,277,210 in comparison with the prior year. The general fund had an ending unassigned fund balance of \$2,130,542, which is 45% of total general fund expenditures.
- The *City of Belle Isle's* total debt is \$10,460,653 at September 30, 2015. 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 \$12,992,552 at the close of the most recent fiscal year.

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

	Governmental Activities	
	2015	2014
Current and Other Assets	\$ 7,493,509	\$ 6,096,846
Capital Assets	16,992,362	16,935,731
Total assets	<u>24,485,871</u>	<u>23,032,577</u>
Long-term Liabilities Outstanding	10,460,653	10,676,129
Other Liabilities	1,032,666	913,673
Total liabilities	<u>11,493,319</u>	<u>11,589,802</u>
Net Position:		
Net investment in capital assets	7,530,107	7,244,583
Restricted	3,369,730	2,579,822
Unrestricted	2,092,715	1,618,370
Total net position	<u>\$ 12,992,552</u>	<u>\$ 11,442,775</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, \$3,369,730 (26%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position, \$2,092,715 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 \$1,549,777 during the current fiscal year, as shown on the following page.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Statement of Activities

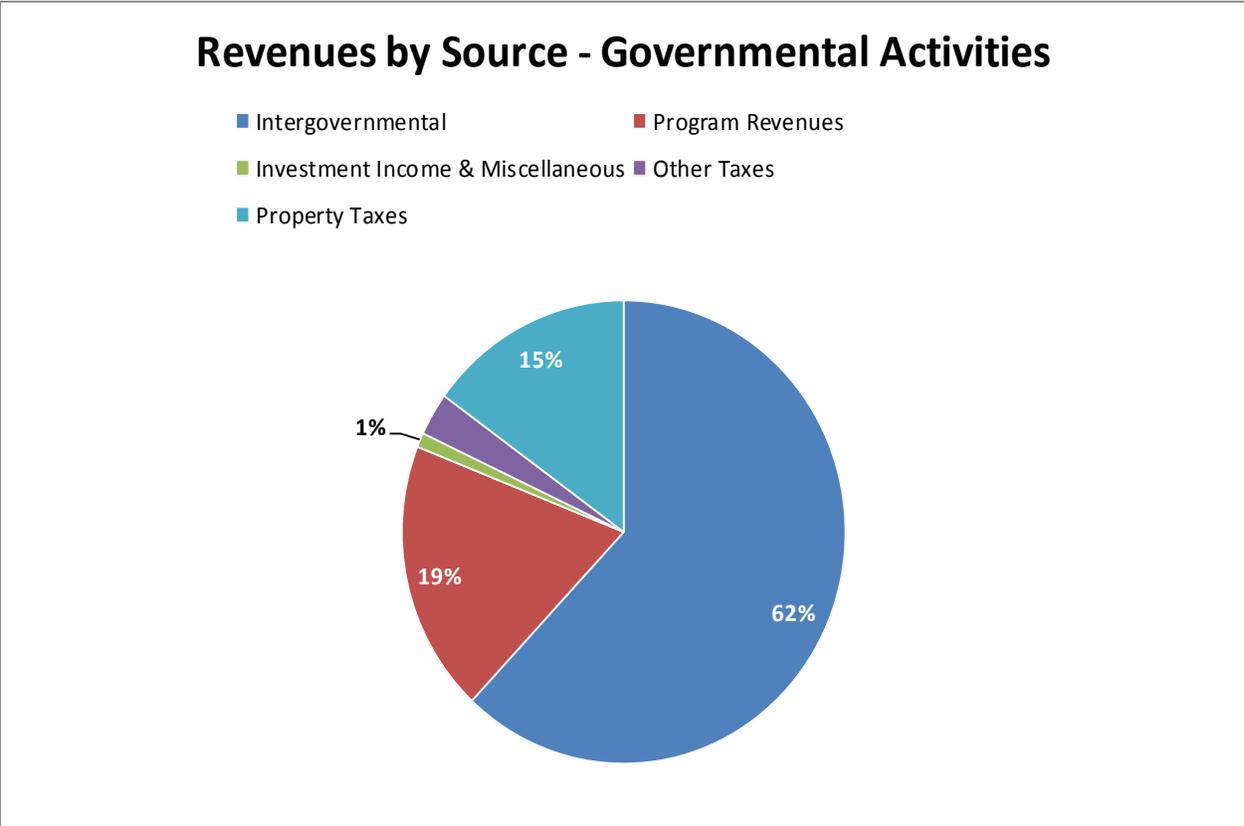
Governmental activities increased the *City of Belle Isle's* net position by \$1,549,777. Key elements of this increase are as follows:

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

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 2,020,909	\$ 1,938,080
Operating grants and contributions	384,248	436,178
Capital grants and contributions	619,626	608,518
	<u>3,024,783</u>	<u>2,982,776</u>
General revenues:		
Property taxes	2,506,520	2,479,107
Franchise and utility taxes	405,135	410,408
Intergovernmental	9,784,811	8,995,459
Investment income and miscellaneous	91,701	155,053
	<u>12,788,167</u>	<u>12,040,027</u>
Total revenues	<u>15,812,950</u>	<u>15,022,803</u>
Expenses:		
General government	1,181,293	1,184,379
Public safety	2,623,288	2,544,994
Physical environment	1,262,891	1,268,403
Human services	8,579,049	8,307,234
Interest on long-term debt	616,652	628,992
Total expenses	<u>14,263,173</u>	<u>13,934,002</u>
Increase in Net Position	1,549,777	1,088,801
Net Position- beginning	<u>11,442,775</u>	<u>10,353,974</u>
Net Position- ending	<u>\$ 12,992,552</u>	<u>\$ 11,442,775</u>

Increase in revenue of around \$750,000 primarily relates to an approximately \$583,000 increase in revenues at the Schools, which was driven by increased enrollment.

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED



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 \$487,386 primarily because of improved funding from property tax and intergovernmental sources and reduced debt service requirements from retiring debt in the prior year.

The Cornerstone Charter High School fund balance increased \$111,560 and the Cornerstone Charter Academy fund balance increased \$395,564. Both schools experienced increased revenues due to increased enrollment, but the increases were offset by capital outlay.

The debt service fund balance increased \$230,587 due to rental income from the charter schools in excess of debt service requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

General Fund Budgetary Highlights

During the fiscal 2015 year, actual revenues were more than budgeted revenues in the General Fund by approximately \$159,000. Also, expenditures were less than budgeted by approximately \$273,000 mainly due to less capital outlay than planned.

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, 2015, amounts to \$16,992,362 (net of accumulated depreciation), as detailed below. The greatest increase was in land and buildings due to the purchase of the Charter Schools property.

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

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 1,385,823	\$ 1,385,823
Construction in Progress	-	28,002
Buildings	6,893,516	7,088,712
Improvements	722,770	796,554
Machinery and Equipment	254,922	324,736
Equipment and Textbooks - Charter Schools	2,361,640	1,959,321
Intangibles	19,195	29,183
Infrastructure	5,354,496	5,323,400
Total	<u>\$ 16,992,362</u>	<u>\$ 16,935,731</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 \$10,414,755. This debt includes leases on the acquisition of equipment, bonds payable to the Florida Municipal Loan Council, and Charter School Lease Revenue Bonds, which are nonrecourse. Additional information on long-term debt can be found in Note 10 of this report.

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

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Capital Lease Payable	\$ 64,755	\$ 92,966
Bonds Payable	10,350,000	10,550,000
	<u>\$ 10,414,755</u>	<u>\$ 10,642,966</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 \$2,130,542 and management did not appropriate any of this balance for spending in 2016.

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



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CITY OF BELLE ISLE, FLORIDA

STATEMENT OF NET POSITION

September 30, 2015

	Governmental Activities
Assets:	
Cash	\$ 7,032,079
Investments	33,286
Due from other governments	303,645
Prepaid items	124,499
Capital assets:	
Not being depreciated	1,385,823
Being depreciated, net	15,606,539
Total assets	<u>24,485,871</u>
Liabilities:	
Accounts payable	102,206
Accrued liabilities	437,394
Accrued interest payable	489
Matured bonds and interest payable	416,762
Unearned revenue	75,815
Noncurrent liabilities:	
Due within one year	280,086
Due in more than one year	10,180,567
Total liabilities	<u>11,493,319</u>
Net Position:	
Net investment in capital assets	7,530,107
Restricted for:	
Debt service	762,048
Stormwater	500,623
Charter Schools	1,969,263
Other purposes	137,796
Unrestricted	2,092,715
Total net position	<u>\$ 12,992,552</u>

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



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CITY OF BELLE ISLE, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges For Services	Operating and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Primary Government:					Governmental Activities
Governmental activities:					
General Government	\$ 1,181,293	\$ -	\$ -	\$ -	\$ (1,181,293)
Public Safety	2,623,288	54,125	7,562	53,698	(2,507,903)
Physical Environment	1,262,891	847,737	216,239	-	(198,915)
Human Services	8,579,049	190,147	160,447	565,928	(7,662,527)
Interest on Long-term debt	616,652	928,900	-	-	312,248
Total governmental activities	<u>\$ 14,263,173</u>	<u>\$ 2,020,909</u>	<u>\$ 384,248</u>	<u>\$ 619,626</u>	<u>(11,238,390)</u>
General Revenues:					
Taxes:					
Property taxes					2,506,520
Franchise and utility taxes					405,135
Intergovernmental- unrestricted					9,784,811
Unrestricted investment earnings					4,267
Miscellaneous					87,434
Total general revenues					<u>12,788,167</u>
Change in net position					<u>1,549,777</u>
Net Position - beginning					<u>11,442,775</u>
Net Position - ending					<u>\$ 12,992,552</u>

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



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CITY OF BELLE ISLE, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2015

	<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>
Assets:						
Cash and cash equivalents	\$ 2,038,820	\$ 1,987,991	\$ 402,276	\$ 1,773,255	\$ 638,269	\$ 6,840,611
Investments	33,286	-	-	-	-	33,286
Due from other funds	-	1,113	7,500	-	-	8,613
Due from other governments	160,566	35,113	41,866	66,100	-	303,645
Cash with fiscal agent	-	191,468	-	-	-	191,468
Prepaid items	520	-	48,196	75,633	150	124,499
Total assets	<u>\$ 2,233,192</u>	<u>\$ 2,215,685</u>	<u>\$ 499,838</u>	<u>\$ 1,914,988</u>	<u>\$ 638,419</u>	<u>\$ 7,502,122</u>
Liabilities:						
Accounts payable	\$ 79,973	\$ -	\$ -	\$ 22,233	\$ -	\$ 102,206
Due to other funds	1,113	-	-	7,500	-	8,613
Matured bonds payable	-	135,000	-	-	-	135,000
Matured interest payable	-	281,762	-	-	-	281,762
Accrued liabilities	21,564	-	101,594	314,236	-	437,394
Unearned revenue	-	75,815	-	-	-	75,815
Total liabilities	<u>102,650</u>	<u>492,577</u>	<u>101,594</u>	<u>343,969</u>	<u>-</u>	<u>1,040,790</u>
Fund Balances:						
Nonspendable	520	-	48,196	75,633	150	124,499
Restricted	-	1,723,108	350,048	1,495,386	638,269	4,206,811
Unassigned	2,130,022	-	-	-	-	2,130,022
Total fund balances	<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>
Total Liabilities and Fund Balances	<u>\$ 2,233,192</u>	<u>\$ 2,215,685</u>	<u>\$ 499,838</u>	<u>\$ 1,914,988</u>	<u>\$ 638,419</u>	

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

Capital assets used in governmental activities are not fund resources and, therefore, are not reported in the funds	16,992,362
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(10,461,142)</u>
Net position of governmental activities	<u>\$ 12,992,552</u>

* As of June 30, 2015

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



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CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2015

	<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>
Revenues:						
Taxes:						
Property taxes	\$ 2,506,520	\$ -	\$ -	\$ -	\$ -	\$ 2,506,520
Franchise and utility	405,135	-	-	-	-	405,135
Licenses and permits	158,170	-	-	-	-	158,170
Intergovernmental	1,524,448	-	2,523,334	6,718,904	-	10,766,686
Charges for services	547,058	12,000	-	190,147	144,194	893,399
Impact fees	6,925	-	-	-	7,150	14,075
Fines and forfeitures	24,992	-	-	-	1,373	26,365
Investment income	2,530	213	-	-	1,524	4,267
Miscellaneous	47,427	928,900	25,330	30,777	-	1,032,434
Total revenues	<u>5,223,205</u>	<u>941,113</u>	<u>2,548,664</u>	<u>6,939,828</u>	<u>154,241</u>	<u>15,807,051</u>
Expenditures:						
Current:						
General government	991,080	-	-	-	-	991,080
Public safety	2,530,193	-	-	-	1,654	2,531,847
Physical environment	1,066,983	12,000	-	-	100,474	1,179,457
Human Services	-	-	2,437,104	6,544,264	-	8,981,368
Debt service:						
Principal	115,210	135,000	-	-	-	250,210
Interest and other charges	54,352	563,526	-	-	-	617,878
Total expenditures	<u>4,757,818</u>	<u>710,526</u>	<u>2,437,104</u>	<u>6,544,264</u>	<u>102,128</u>	<u>14,551,840</u>
Excess (deficiency) of revenues over expenditures	<u>465,387</u>	<u>230,587</u>	<u>111,560</u>	<u>395,564</u>	<u>52,113</u>	<u>1,255,211</u>
Other Financing Sources(Uses):						
Capital leases	21,999	-	-	-	-	21,999
Total other financing sources	<u>21,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,999</u>
Net change in fund balances	487,386	230,587	111,560	395,564	52,113	1,277,210
Fund Balances - beginning	1,643,156	1,492,521	286,684	1,175,455	586,306	5,184,122
Fund Balances - ending	<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>

* As of June 30, 2015

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



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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, 2015

Net Change in Fund Balances - total governmental funds \$ 1,277,210

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 \$1,426,465 was more than depreciation of \$1,334,683 in the current period. 91,782

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position. (35,151)

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments of \$250,210 exceeded proceeds of \$21,999 in the current period. 228,211

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. (12,275)

Change in Net Position of Governmental Activities \$ 1,549,777

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



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NOTES TO FINANCIAL STATEMENTS



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NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2015

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, 2015. 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, 2015

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, 2015

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

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

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

Investments for the City are reported at fair value. The City's investments consist of investments authorized per their investment policy adopted in accordance with section 218.415, Florida Statutes.

Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as 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.

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

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

Compensated Absences - The City's personnel policies permit full time employees to accrue personal leave time based upon length of service with the City. This paid time off (PTO) may be used for vacation, sick leave, or doctor appointments. Unused PTO will be paid to employees upon separation from City service at 50% after completion of one year of service. For governmental activities, compensated absences are generally liquidated by the General Fund. A liability for these amounts is reported in the general fund only if they have matured, for example, as a result of employee retirements.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2015

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

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

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, 2015.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2015.

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2015

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

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

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

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

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

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 \$10,461,142 difference are as follows:

Bonds Payable	\$ 10,350,000
Add: Issuance premium (to be amortized over life of debt)	8,560
Accrued Interest Payable	489
Capital Lease Payable	64,755
Compensated Absences	37,338
	<hr/>
	\$ 10,461,142

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2015

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 "The effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position." The details of this \$35,151 difference are as follows:

Net Book Value of Capital Assets Disposed	(\$57,150)
Donation of Capital Assets	<u>\$21,999</u>
	<u>\$ (35,151)</u>

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$12,275 difference are as follows:

Compensated Absences	\$ (13,501)
Accrued Interest	460
Amortization of Premium	<u>766</u>
Net Adjustment to Decrease Net Changes in Fund Balances	<u>\$ (12,275)</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.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2015

Note 3 - Stewardship, Compliance and Accountability (Continued):

A. Budgetary Information (Continued):

4. Formal budgetary integration is employed as a management control device during the year for all of the City's funds.
5. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Encumbrance accounting is not employed. Unexpended and unencumbered appropriations lapse at the end of the fiscal year and are reappropriated in the ensuing year.

B. Excess Expenditures Over Appropriations:

The Cornerstone Charter Academy had excess expenditures over appropriations of \$34,316 for the year ended June 30, 2015.

Note 4 - Cash and Investments:

Following are the components of the City's cash and investments at September 30, 2015:

Cash	\$ 7,032,079
Investments	<u>33,286</u>
	<u><u>\$ 7,065,365</u></u>

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

Investments - Since the Charter Schools are not-for-profit corporations, they are not required by Florida Statutes to have an investment policy like the City. They have no Investments at September 30, 2015.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2015

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, 2015 are summarized below. In accordance with GASB 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Florida PRIME	\$ 33,286	AAAm	29 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, 2015

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, 2015, all of the City's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2015, 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, 2015

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, 2015, 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 \$3,374,886 before discount, additional each year from the present assessed valuation of \$602,852,043 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 \$450 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, 2015

Note 7 - Capital Assets:

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, not being depreciated:				
Land	\$ 1,385,823	\$ -	\$ -	\$ 1,385,823
Construction in progress	28,002	-	(28,002)	-
Total capital assets, not being depreciated	<u>1,413,825</u>	<u>-</u>	<u>(28,002)</u>	<u>1,385,823</u>
Capital Assets, being depreciated:				
Buildings	7,776,250	-	-	7,776,250
Improvements	1,268,107	-	-	1,268,107
Machinery & equipment	1,303,829	99,056	(64,745)	1,338,140
Equipment & textbooks-Charter schools	3,190,149	977,680	(105,370)	4,062,459
Intangibles	48,858	-	-	48,858
Infrastructure	7,647,662	371,728	-	8,019,390
Total capital assets being depreciated	<u>21,234,855</u>	<u>1,448,464</u>	<u>(170,115)</u>	<u>22,513,204</u>
Less Accumulated Depreciation for:				
Buildings	(687,538)	(195,196)	-	(882,734)
Improvements	(471,553)	(73,784)	-	(545,337)
Machinery & equipment	(979,093)	(139,722)	35,597	(1,083,218)
Equipment & textbooks-Charter schools	(1,230,828)	(575,361)	105,370	(1,700,819)
Intangibles	(19,675)	(9,988)	-	(29,663)
Infrastructure	(2,324,262)	(340,632)	-	(2,664,894)
Total accumulated depreciation	<u>(5,712,949)</u>	<u>(1,334,683)</u>	<u>140,967</u>	<u>(6,906,665)</u>
Total capital assets being depreciated, net	<u>15,521,906</u>	<u>113,781</u>	<u>(29,148)</u>	<u>15,606,539</u>
Governmental activities capital assets, net	<u>\$ 16,935,731</u>	<u>\$ 113,781</u>	<u>\$ (57,150)</u>	<u>\$ 16,992,362</u>

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

General Government	\$ 192,949
Public Safety	140,320
Physical Environment	426,053
Human Services	575,361
	<u>\$ 1,334,683</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2015

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 five years of service. No fixed benefits are paid or payable upon retirement. At September 30, 2015, there were 17 active participants in the plan.

During the year ended September 30, 2015, the City contributed \$37,795 to the plan. 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, 2015, there were 35 active participants in the plan. Employer contributions for the year ended June 30, 2015 totaled \$11,111 and \$43,977 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, 2015, 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.

CITY OF BELLE ISLE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2015

Note 10 - Long-Term Debt:

Long-term debt activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Capital Leases	\$ 92,966	\$ 21,999	\$ 50,210	\$ 64,755	\$ 53,732
Revenue Bonds	10,550,000	-	200,000	10,350,000	210,000
Unamortized Premium	9,326	-	766	8,560	-
Compensated Absences	23,837	60,625	47,124	37,338	16,354
	<u>\$ 10,676,129</u>	<u>\$ 82,624</u>	<u>\$ 298,100</u>	<u>\$ 10,460,653</u>	<u>\$ 280,086</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:

	Governmental Activities
Equipment	\$ 229,388
Less: Accumulated depreciation	(142,103)
	<u>\$ 87,285</u>

The future minimum lease obligations of the minimum lease payments at September 30, 2015 are as follows:

Year Ending September 30,	Governmental Activities
2015	\$ 39,723
2016	27,597
2017	671
Total Minimum Lease Payments	67,991
Less: amount representing interest	(3,236)
Present Value of Minimum Lease Payments	<u>\$ 64,755</u>

CITY OF BELLE ISLE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2015

Note 10 - Long-Term Debt (Continued):

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. Total principal and interest remaining on the Series 2006 loan as of September 30, 2015 is \$1,249,739.

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.

Total principal and interest remaining on the Series 2012 Bonds as of September 30, 2015 is \$19,502,675. For the year ended September 30, 2015 interest paid was \$563,525 and total pledged revenue for the year was \$928,900.

Revenue bonds outstanding at year end are as follows:

Governmental Activities	Interest Rates and Dates	Maturity	Original Amount	Balance September 30, 2015
Charter School Lease Revenue Bonds, Series 2012	5.50% - 6.00% (4/1 & 10/1)	10/1/2042	<u>\$ 9,625,000</u>	\$ 9,365,000
Florida Municipal Loan Council- Series 2006	4.00% - 5.00% (4/1 & 10/1)	10/1/2026	<u>\$ 1,480,000</u>	985,000
Total				<u>\$ 10,350,000</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2015

Note 10 - Long-Term Debt (Continued):

Annual debt service requirements to maturity are as follows:

<u>Year Ending September, 30</u>	Governmental Activities	
	Principal	Interest
2016	\$ 210,000	\$ 598,600
2017	220,000	587,400
2018	235,000	575,675
2019	245,000	563,150
2020	260,000	550,875
2021 - 2025	1,515,000	2,539,776
2026 - 2030	1,480,000	2,115,938
2031 - 2035	1,830,000	1,648,500
2036 - 2040	2,455,000	1,029,300
2041 - 2042	1,900,000	193,200
	<u>\$ 10,350,000</u>	<u>\$ 10,402,414</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, 2015, the City had \$750,000 available on the line of credit to draw down.

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.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2015

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, 2015. The City received rent of \$928,900 during the year ended September 30, 2015. The City's budget for FYE 2016 includes annual rent to be received of \$840,000 based on an estimated student count of 1200. The estimated future minimum payments to be received by the City are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2016	\$ 840,000
2017	840,000
2018	840,000
2019	840,000
2020	840,000
2021 - 2025	4,200,000
2026 - 2030	4,200,000
2031 - 2035	4,200,000
2036 - 2040	4,200,000
2041 - 2042	1,680,000

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

Land and Buildings	\$ 7,946,512
Accumulated Depreciation	(509,738)
Capital Assets Held for Lease	<u>\$ 7,436,774</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.

REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 2,521,886	\$ 2,521,886	\$ 2,506,520	\$ (15,366)
Franchise fees and utility taxes	374,121	374,121	405,135	31,014
Licenses and permits	58,220	58,220	158,170	99,950
Intergovernmental	1,479,791	1,500,290	1,524,448	24,158
Fines and forfeitures	36,800	36,800	24,992	(11,808)
Charges for services	540,550	540,550	547,058	6,508
Impact fees	-	-	6,925	6,925
Investment income	400	400	2,530	2,130
Miscellaneous	14,000	32,100	47,427	15,327
Total revenues	<u>5,025,768</u>	<u>5,064,367</u>	<u>5,223,205</u>	<u>158,838</u>
Expenditures:				
Current:				
General government:				
Legislative	56,135	56,135	38,367	17,768
Executive	7,600	7,600	411	7,189
Finance and administrative	485,476	485,476	480,536	4,940
Other general government	557,110	557,110	471,766	85,344
Total general government	<u>1,106,321</u>	<u>1,106,321</u>	<u>991,080</u>	<u>115,241</u>
Public safety:				
Law enforcement	1,398,039	1,390,676	1,293,886	96,790
Fire control	1,214,777	1,214,777	1,214,308	469
Total public safety	<u>2,612,816</u>	<u>2,605,453</u>	<u>2,508,194</u>	<u>97,259</u>
Physical environment:				
Roads and streets	668,645	668,645	612,520	56,125
Solid waste disposal	457,491	457,491	454,463	3,028
Total physical environment	<u>1,126,136</u>	<u>1,126,136</u>	<u>1,066,983</u>	<u>59,153</u>
Debt service:				
Principal	65,000	115,210	115,210	-
Interest	50,000	55,752	54,352	1,400
Total debt service	<u>115,000</u>	<u>170,962</u>	<u>169,562</u>	<u>1,400</u>
Total expenditures	<u>4,960,273</u>	<u>5,008,872</u>	<u>4,735,819</u>	<u>273,053</u>
Excess (deficiency) of revenues over expenditures	<u>65,495</u>	<u>55,495</u>	<u>487,386</u>	<u>431,891</u>
Net change in fund balance*	65,495	55,495	487,386	431,891
Fund Balance - beginning	1,643,156	1,643,156	1,643,156	-
Fund Balance - ending	<u>\$ 1,708,651</u>	<u>\$ 1,698,651</u>	<u>\$ 2,130,542</u>	<u>\$ 431,891</u>

* The net change in fund balance was included in the budget as an appropriation of fund balance.

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,511,200	\$ 2,522,000	\$ 2,523,334	\$ 1,334
Miscellaneous	20,000	23,000	25,330	2,330
Total revenues	<u>2,531,200</u>	<u>2,545,000</u>	<u>2,548,664</u>	<u>3,664</u>
Expenditures:				
Current:				
Human services	2,465,800	2,455,650	2,437,104	18,546
Total expenditures	<u>2,465,800</u>	<u>2,455,650</u>	<u>2,437,104</u>	<u>18,546</u>
Excess (deficiency) of revenues over expenditures	<u>65,400</u>	<u>89,350</u>	<u>111,560</u>	<u>22,210</u>
Net change in fund balance	65,400	89,350	111,560	22,210
Fund Balance - beginning	286,684	286,684	286,684	-
Fund Balance - ending	<u>\$ 352,084</u>	<u>\$ 376,034</u>	<u>\$ 398,244</u>	<u>\$ 22,210</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 6,641,367	\$ 6,618,000	\$ 6,718,904	\$ 100,904
Charges for services	141,000	185,000	190,147	5,147
Miscellaneous	30,000	30,000	30,777	777
Total revenues	<u>6,812,367</u>	<u>6,833,000</u>	<u>6,939,828</u>	<u>106,828</u>
Expenditures:				
Current:				
Human services	<u>6,400,438</u>	<u>6,509,948</u>	<u>6,544,264</u>	<u>(34,316)</u>
Total expenditures	<u>6,400,438</u>	<u>6,509,948</u>	<u>6,544,264</u>	<u>(34,316)</u>
Excess (deficiency) of revenues over expenditures	<u>411,929</u>	<u>323,052</u>	<u>395,564</u>	<u>72,512</u>
Net change in fund balance	411,929	323,052	395,564	72,512
Fund Balance - beginning	<u>1,175,455</u>	<u>1,175,455</u>	<u>1,175,455</u>	<u>-</u>
Fund Balance - ending	<u>\$ 1,587,384</u>	<u>\$ 1,498,507</u>	<u>\$ 1,571,019</u>	<u>\$ 72,512</u>

CITY OF BELLE ISLE, FLORIDA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended September 30, 2015

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 capital outlay expenditures and other financing sources related to the acquisition of assets through capital leases.

For the 2015 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 Sources (Uses)</u>
GAAP Basis	\$ 4,757,818	\$ 21,999
Nonbudgeted Capital Lease Transactions	<u>(21,999)</u>	<u>(21,999)</u>
Budgetary Basis	<u>\$ 4,735,819</u>	<u>\$ -</u>

The Cornerstone Charter Academy had excess expenditures over appropriations of \$34,316 for the year ended June 30, 2015.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



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MAJOR GOVERNMENTAL FUNDS

Debt Service Fund

Debt Service Fund

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



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CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ -	\$ -	\$ 213	\$ 213
Charges for services	-	-	12,000	12,000
Miscellaneous	910,000	910,000	928,900	18,900
Total revenues	<u>910,000</u>	<u>910,000</u>	<u>941,113</u>	<u>31,113</u>
Expenditures:				
Current:				
Physical environment	100,000	100,000	12,000	88,000
Debt service:				
Principal	135,000	135,000	135,000	-
Interest	563,526	563,526	563,526	-
Total expenditures	<u>798,526</u>	<u>798,526</u>	<u>710,526</u>	<u>88,000</u>
Excess (deficiency) of revenues over expenditures	-	111,474	230,587	119,113
Fund Balance - beginning	1,492,521	1,492,521	1,492,521	-
Fund Balance - ending	<u>\$ 1,492,521</u>	<u>\$ 1,603,995</u>	<u>\$ 1,723,108</u>	<u>\$ 119,113</u>



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

- Transportation Impact Fee Special Revenue Fund** - This fund is used to account for collected impact fees on new development which are restricted for use in funding road construction directly related to new growth.
- Stormwater Special Revenue Fund** - This fund is used to account for stormwater management operations and related capital improvements.
- Law Enforcement Education Special Revenue Fund** - This fund is used to account for revenues received pursuant to Florida Statutes which imposes a \$2.00 court cost against persons convicted for violations of criminal statutes. Funds must be used to educate and train law enforcement personnel.



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CITY OF BELLE ISLE, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2015

	<u>Special Revenue Funds</u>			
	<u>Transportation Impact Fee</u>	<u>Stormwater</u>	<u>Law Enforcement Education</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 122,974	\$ 500,623	\$ 14,672	\$ 638,269
Prepaid items	-	-	150	150
Total assets	<u>\$ 122,974</u>	<u>\$ 500,623</u>	<u>\$ 14,822</u>	<u>\$ 638,419</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	150	150
Restricted	122,974	500,623	14,672	638,269
Total fund balances	<u>122,974</u>	<u>500,623</u>	<u>14,822</u>	<u>638,419</u>
Total Liabilities and Fund Balances	<u>\$ 122,974</u>	<u>\$ 500,623</u>	<u>\$ 14,822</u>	<u>\$ 638,419</u>



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CITY OF BELLE ISLE, FLORIDA

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

For the Year Ended September 30, 2015

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Transportation Impact Fee	Stormwater	Law Enforcement Education	
Revenues:				
Charges for services	\$ -	\$ 144,194	\$ -	\$ 144,194
Impact fees	7,150	-	-	7,150
Fines and forfeitures	-	-	1,373	1,373
Investment earnings	508	508	508	1,524
Total revenues	<u>7,658</u>	<u>144,702</u>	<u>1,881</u>	<u>154,241</u>
Expenditures:				
Current:				
Public Safety	-	-	1,654	1,654
Physical environment	-	100,474	-	100,474
Total expenditures	<u>-</u>	<u>100,474</u>	<u>1,654</u>	<u>102,128</u>
Excess (deficiency) of revenues over expenditures	<u>7,658</u>	<u>44,228</u>	<u>227</u>	<u>52,113</u>
Net change in fund balances	7,658	44,228	227	52,113
Fund Balances - beginning	115,316	456,395	14,595	586,306
Fund Balances - ending	<u>\$ 122,974</u>	<u>\$ 500,623</u>	<u>\$ 14,822</u>	<u>\$ 638,419</u>



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CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees	\$ 4,290	\$ 4,290	\$ 7,150	\$ 2,860
Investment income	400	400	508	108
Total revenues	<u>4,690</u>	<u>4,690</u>	<u>7,658</u>	<u>2,968</u>
Expenditures:				
Current:				
Physical environment:				
Roads and streets	20,200	20,200	-	20,200
Total expenditures	<u>20,200</u>	<u>20,200</u>	<u>-</u>	<u>20,200</u>
Excess (deficiency) of revenues over expenditures	<u>(15,510)</u>	<u>(15,510)</u>	<u>7,658</u>	<u>23,168</u>
Net change in fund balance	(15,510)	(15,510)	7,658	23,168
Fund Balance - beginning	115,316	115,316	115,316	-
Fund Balance - ending	<u>\$ 99,806</u>	<u>\$ 99,806</u>	<u>\$ 122,974</u>	<u>\$ 23,168</u>



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CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 141,451	\$ 141,451	\$ 144,194	\$ 2,743
Investment income	400	400	508	108
Total revenues	<u>141,851</u>	<u>141,851</u>	<u>144,702</u>	<u>2,851</u>
Expenditures:				
Current:				
Physical environment:				
Roads and streets	<u>190,200</u>	<u>190,200</u>	<u>100,474</u>	<u>89,726</u>
Total expenditures	<u>190,200</u>	<u>190,200</u>	<u>100,474</u>	<u>89,726</u>
Excess (deficiency) of revenues over expenditures	<u>(48,349)</u>	<u>(48,349)</u>	<u>44,228</u>	<u>92,577</u>
Net change in fund balance	(48,349)	(48,349)	44,228	92,577
Fund Balance - beginning	456,395	456,395	456,395	-
Fund Balance - ending	<u>\$ 408,046</u>	<u>\$ 408,046</u>	<u>\$ 500,623</u>	<u>\$ 92,577</u>



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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, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 3,000	\$ 3,000	\$ 1,373	\$ (1,627)
Investment income	400	400	508	108
Total revenues	<u>3,400</u>	<u>3,400</u>	<u>1,881</u>	<u>(1,519)</u>
Expenditures:				
Current:				
Public Safety:				
Law enforcement	<u>5,200</u>	<u>5,200</u>	<u>1,654</u>	<u>3,546</u>
Total expenditures	<u>5,200</u>	<u>5,200</u>	<u>1,654</u>	<u>3,546</u>
Excess (deficiency) of revenues over expenditures	<u>(1,800)</u>	<u>(1,800)</u>	<u>227</u>	<u>2,027</u>
Net change in fund balance	(1,800)	(1,800)	227	2,027
Fund Balance - beginning	14,595	14,595	14,595	-
Fund Balance - ending	<u>\$ 12,795</u>	<u>\$ 12,795</u>	<u>\$ 14,822</u>	<u>\$ 2,027</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.

<u>Contents</u>	<u>Page</u>
Financial Trends	43
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	48
These schedules contain formation to help the reader asses the government's most significant local revenue source, the property tax.	
Debt Capacity	52
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
There are no limitations placed upon the amount of debt the <i>City of Belle Isle</i> may issue by either the City Charter or the City's Code of Ordinances or by Florida Statues.	
The <i>City of Belle Isle</i> has no general obligation bonds outstanding.	
Demographic and Economic Information	54
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	56
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	



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CITY OF BELLE ISLE, FLORIDA

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2006</u>	<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>
Governmental Activities										
Net investment in capital assets	\$ 2,407,645	\$ 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
Restricted	899,538	1,099,267	778,479	378,961	254,287	442,964	951,727	3,166,639	2,579,822	3,369,730
Unrestricted	2,097,127	3,287,910	1,979,832	911,654	770,409	807,189	1,072,755	1,146,711	1,618,370	2,092,715
Total Governmental Activities Net Position	<u>\$ 5,404,310</u>	<u>\$ 7,228,947</u>	<u>\$ 7,346,323</u>	<u>\$ 6,936,135</u>	<u>\$ 6,857,551</u>	<u>\$ 8,368,401</u>	<u>\$ 9,336,677</u>	<u>\$ 10,353,974</u>	<u>\$ 11,442,775</u>	<u>\$ 12,992,552</u>

Total Governmental Activities Expense

CITY OF BELLE ISLE, FLORIDA

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2006</u>	<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>
Expenses										
Governmental Activities										
General government	\$ 959,373	\$ 1,004,664	\$ 995,667	\$ 992,184	\$ 1,037,331	\$ 1,003,552	\$ 836,317	\$1,425,899	\$1,184,379	\$1,181,293
Public safety	1,509,411	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
Physical environment	889,384	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
Total Governmental Activities Net Position	-	-	-	-	-	5,428,025	5,938,563	6,579,138	8,307,234	8,579,049
Interest on long-term debt	56,248	98,314	106,354	97,978	94,615	83,098	82,149	594,659	628,992	616,652
Total Governmental Activities Expense	<u>\$ 3,414,416</u>	<u>\$ 3,907,355</u>	<u>\$ 4,239,816</u>	<u>\$ 4,391,851</u>	<u>\$ 4,486,794</u>	<u>\$ 9,996,028</u>	<u>\$ 10,360,400</u>	<u>\$ 12,319,777</u>	<u>\$ 13,934,002</u>	<u>\$ 14,263,173</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,978	\$ -	\$ -	\$ -
Public safety	52,841	82,202	150,089	94,515	19,798	22,065	20,800	38,077	40,943	54,125
Physical environment	178,492	185,990	168,283	167,983	626,175	814,619	750,586	822,231	853,785	847,737
Human services	-	-	-	-	-	126,182	143,114	152,388	180,380	190,147
Interest on long-term debt	-	-	-	-	-	-	-	698,135	862,972	928,900
Operating grants and contributions	348,406	252,390	210,139	194,172	194,615	689,780	560,001	771,226	436,178	384,248
Capital grants and contributions	945,121	1,199,787	226,727	22,500	36,485	415,585	377,504	304,156	608,518	619,626
Total Governmental Activities Program Revenues	<u>\$ 1,524,860</u>	<u>\$ 1,720,369</u>	<u>\$ 755,238</u>	<u>\$ 479,170</u>	<u>\$ 877,073</u>	<u>\$ 2,068,231</u>	<u>\$ 1,870,983</u>	<u>\$ 2,786,213</u>	<u>\$ 2,982,776</u>	<u>\$ 3,024,783</u>
Total Governmental Activities Net Expense	<u>\$ (1,889,556)</u>	<u>\$ (2,186,986)</u>	<u>\$ (3,484,578)</u>	<u>\$ (3,912,681)</u>	<u>\$ (3,609,721)</u>	<u>\$ (7,927,797)</u>	<u>\$ (8,489,417)</u>	<u>\$ (9,533,564)</u>	<u>\$ (10,951,226)</u>	<u>\$ (11,238,390)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 1,749,543	\$ 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
Franchise and utility taxes	372,236	386,624	395,482	435,928	439,093	438,427	395,910	409,916	410,408	405,135
Intergovernmental-unrestricted	1,165,581	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
Investment income and Miscellaneous	191,568	431,644	86,640	22,381	17,450	211,805	27,841	49,285	155,053	91,701
Total Governmental Activities	<u>\$ 3,478,928</u>	<u>\$ 4,011,621</u>	<u>\$ 3,601,954</u>	<u>\$ 3,502,493</u>	<u>\$ 3,531,137</u>	<u>\$ 9,438,647</u>	<u>\$ 9,457,693</u>	<u>\$ 10,577,268</u>	<u>\$ 12,040,027</u>	<u>\$ 12,788,167</u>
Change in Net Position										
Governmental Activities	<u>\$ 1,589,372</u>	<u>\$ 1,824,635</u>	<u>\$ 117,376</u>	<u>\$ (410,188)</u>	<u>\$ (78,584)</u>	<u>\$ 1,510,850</u>	<u>\$ 968,276</u>	<u>\$ 1,043,704</u>	<u>\$ 1,088,801</u>	<u>\$ 1,549,777</u>

CITY OF BELLE ISLE, FLORIDA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>Property Tax</u>	<u>Franchise Fees and Utility Tax</u>	<u>Total</u>
2006	1,749,543	372,236	2,121,779
2007	2,088,933	386,624	2,475,557
2008	2,102,260	395,482	2,497,742
2009	2,121,051	412,874	2,533,925
2010	2,152,842	439,093	2,591,935
2011	2,397,747	438,427	2,836,174
2012	2,382,619	388,468	2,771,087
2013	2,392,337	409,916	2,802,253
2014	2,479,107	410,408	2,889,515
2015	2,506,520	405,135	2,911,655

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>2006</u>	<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>
General Fund										
Governmental Activities	\$ 899,538	\$ 382,227	\$ 385,653	\$ -	\$ -					
Unreserved	2,903,480	2,134,491	1,574,689	943,699	785,854					
Total General fund	<u>\$ 3,803,018</u>	<u>\$ 2,516,718</u>	<u>\$ 1,960,342</u>	<u>\$ 943,699</u>	<u>\$ 785,854</u>					
Total Governmental Activities Net Position										
All Other Governmental Funds										
Total Governmental Activities Expense	\$ -	\$ 717,040	\$ 392,826	\$ -	\$ -					
Unreserved, reported in:										
Special Revenue funds	134,721	170,834	430,538	378,961	254,287					
Governmental Activities:	<u>\$ 134,721</u>	<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	-	-
Unassigned						-	224,677	543,735	1,641,803	2,130,022
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>
Total Governmental Activities Program										
Revenues						\$ -	\$ 61,250	\$ 277,303	\$ 153,226	\$ 123,979
Assigned						-	-	-	-	-
Total Governmental Activities Net Expense						692,964	895,277	2,889,336	3,387,740	4,206,811
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>
Governmental Activities:										

CITY OF BELLE ISLE, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	<u>2006</u>	<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>
Revenues:										
Taxes:										
Property	\$ 1,749,543	\$ 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
Franchise and utility	372,236	386,624	395,482	435,928	439,093	438,427	395,910	409,916	410,408	405,135
Licenses and permits	42,374	39,604	25,522	8,235	40,366	151,377	114,745	119,342	134,284	158,170
Intergovernmental revenues	2,367,395	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
Charges for services	130,266	142,096	134,016	146,988	561,417	629,298	772,144	826,483	888,487	893,399
Impact fees	4,455	4,290	8,745	12,760	24,255	34,045	7,315	29,138	4,394	14,075
Fines and forfeitures	52,841	82,202	150,089	94,515	19,935	21,611	20,296	37,733	47,943	26,365
Investment Income	159,258	217,601	83,174	9,396	12,487	3,646	6,359	4,739	1,725	4,267
Miscellaneous	244,025	214,043	13,233	12,985	4,963	7,460	40,460	742,956	1,038,364	1,032,434
Total revenues	<u>5,122,393</u>	<u>5,731,990</u>	<u>4,366,959</u>	<u>3,981,663</u>	<u>4,408,210</u>	<u>11,506,878</u>	<u>11,328,676</u>	<u>13,254,981</u>	<u>15,033,033</u>	<u>15,807,051</u>
Expenditures:										
General government	1,052,145	3,616,583	1,378,561	1,484,293	1,032,000	1,006,852	879,717	8,815,568	988,079	991,080
Public safety	1,509,411	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
Physical environment	1,698,898	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
Human services	-	-	-	-	-	6,354,123	6,092,366	6,852,622	8,913,168	8,981,368
Debt Service:										
Principal	209,831	259,915	272,780	287,512	284,324	315,127	575,355	298,326	339,634	250,210
Interest	63,466	106,270	114,785	106,387	103,865	92,519	91,309	600,563	630,970	617,878
Bond issuance costs	-	32,818	-	-	-	-	-	434,688	-	-
Total expenditures	<u>4,533,751</u>	<u>7,805,724</u>	<u>5,005,441</u>	<u>5,615,854</u>	<u>4,711,729</u>	<u>11,281,079</u>	<u>10,772,768</u>	<u>20,706,983</u>	<u>14,281,269</u>	<u>14,551,840</u>
Excess Revenues Over Expenditures	588,642	(2,073,734)	(638,482)	(1,634,191)	(303,519)	225,799	555,908	(7,452,002)	751,764	1,255,211
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	-
Premium on bonds	-	15,326	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>1,540,587</u>	<u>17,596</u>	<u>173,145</u>	<u>21,000</u>	<u>250,000</u>	<u>-</u>	<u>9,625,000</u>	<u>187,512</u>	<u>21,999</u>
Net change in fund balance	<u>\$ 588,642</u>	<u>\$ (533,147)</u>	<u>\$ (620,886)</u>	<u>\$ (1,461,046)</u>	<u>\$ (282,519)</u>	<u>\$ 475,799</u>	<u>\$ 555,908</u>	<u>\$ 2,172,998</u>	<u>\$ 939,276</u>	<u>\$ 1,277,210</u>
Debt service as a % of noncapital expenditures	8.58%	11.13%	9.13%	9.19%	8.99%	3.78%	6.52%	11.54%	7.47%	5.97%

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>
2006	482,682,718	13,865,998	496,548,716	3.6655	908,326,364	54.67%
2007	569,227,451	15,679,104	584,906,555	3.6655	941,699,554	62.11%
2008	620,697,374	16,023,977	636,721,351	3.4068	629,330,040	98.84%
2009	615,305,721	17,587,224	632,892,945	3.5378	687,514,038	92.06%
2010	576,519,592	18,456,856	594,976,448	3.7432	618,183,229	96.25%
2011	547,396,958	18,999,294	566,396,252	4.4018	591,737,558	95.72%
2012	541,210,654	18,248,983	559,459,637	4.4018	561,857,096	99.57%
2013	543,214,623	18,057,560	561,272,183	4.4018	562,034,022	99.86%
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%

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	
2006	3.6655	5.1639	8.0635	0.4325	0.4620	0.4729	18.2603
2007	3.6655	5.1639	7.1690	0.4325	0.4620	0.4729	17.3658
2008	3.4068	4.4347	7.1500	0.3748	0.4158	0.4107	16.1928
2009	3.5378	4.4347	7.1500	0.3748	0.4158	0.4107	16.3238
2010	3.7432	4.4347	7.6730	0.3748	0.4158	0.4107	17.0522
2011	4.4018	4.4347	7.8940	0.3748	0.4158	0.4107	17.9318
2012	4.4018	4.4347	8.5450	0.3748	0.3313	0.4107	18.4983
2013	4.4018	4.4347	8.4780	0.3748	0.3313	0.4107	18.4313
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

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	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Belle Isle Commons	\$ 7,213,127	1	1.20%	\$ 8,349,303	2	1.72%
Legacy Holdings	6,165,060	2	1.02%	-		0
Duke Energy Florida	5,896,895	3	0.98%	-		0
Regal Marine	5,146,338	4	0.85%	-		0
Sri Balaji Hotels	4,308,602	5	0.71%	-		0
Emerald Eagles	3,471,600	6	0.58%	-		0
McCoy Federal Credit Union	3,028,221	7	0.50%	3,248,037	7	0.67%
Marketing Business Associates	2,598,627	8	0.43%	-		-
McCoy Enterprises Group	2,382,700	9	0.40%	-		-
Harrell Roberts	2,359,999	10	0.39%	-		-
M/I Homes of Orlando, LLC	-		-	9,282,582	1	1.91%
Lee Leo	-		-	6,395,353	3	1.32%
McCoy Condo Investments, LLC	-		-	3,545,514	4	0.73%
Efesos Properties, Inc.	-		-	3,463,851	5	0.71%
Tandiono Ferry	-		-	3,454,337	6	0.71%
E-Z Rent A Car, Inc.	-		-	2,750,698	8	0.57%
Conway Crest Development, LLC	-		-	2,624,325	9	0.54%
Ontario, Inc.	-		-	2,607,512	10	0.54%
	<u>\$ 42,571,169</u>		<u>7.06%</u>	<u>\$ 45,721,512</u>		<u>9.42%</u>

Source: Orange County Property Appraiser
2006 City of Belle Isle CAFR

CITY OF BELLE ISLE, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	1,820,099	1,699,855	93.39%	-	1,699,855	93.39%
2007	2,146,612	2,088,933	97.31%	1,232	2,090,165	97.37%
2008	2,169,182	2,102,260	96.91%	1,576	2,103,836	96.99%
2009	2,239,049	2,119,584	94.66%	2,576	2,122,190	94.78%
2010	2,227,116	2,144,861	96.31%	-	2,144,861	96.99%
2011	2,493,163	2,390,974	95.90%	1,454	2,392,428	95.96%
2012	2,462,629	2,386,130	96.89%	-	2,386,130	96.89%
2013	2,471,814	2,392,337	96.78%	-	2,392,337	96.78%
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%

CITY OF BELLE ISLE, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	Governmental Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita
	Revenue Bonds	Capital Leases			
2006	1,515,000	61,425	1,576,425	0.73%	259
2007	2,775,000	66,771	2,841,771	1.36%	483
2008	2,540,000	46,587	2,586,587	1.24%	440
2009	2,300,000	172,220	2,472,220	1.33%	435
2010	2,045,000	163,896	2,208,896	0.87%	337
2011	1,785,000	108,769	1,893,769	0.77%	316
2012	1,510,000	58,414	1,568,414	0.54%	257
2013	10,860,328	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

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, 2015

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping General Obligation Debt:			
Orange County Board of County Commissioners	\$ -		\$ -
Orange County School Board	-		-
St. John's River Management District	-		-
	<hr/>		<hr/>
Direct debt	1,058,315	100%	1,058,315
Total direct and overlapping debt	<u>\$ 1,058,315</u>		<u>\$ 1,058,315</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 Ended Sept 30,	2002C Revenue Bonds				2003B Revenue Bonds				2012 Lease Revenue Bonds			
	Half-Cent Sales Tax	Debt Service		Coverage	Communication Service Taxes	Debt Service		Coverage	Lease Revenue	Debt Service		Coverage
Principal	Interest	Service Taxes	Principal		Interest	Principal	Interest		Principal	Interest		
2006	875,891	85,000	30,481	7.58	247,459	90,000	26,521	2.12	-	-	-	-
2007	828,086	90,000	29,082	6.95	259,064	95,000	26,034	2.14	-	-	-	-
2008	779,290	90,000	24,546	6.80	259,206	95,000	22,262	2.21	-	-	-	-
2009	688,169	95,000	22,030	5.88	300,757	95,000	21,472	2.58	-	-	-	-
2010	694,066	100,000	17,850	5.89	276,677	100,000	18,860	2.33	-	-	-	-
2011	751,309	105,000	11,625	6.44	255,377	100,000	14,956	2.22	-	-	-	-
2012	776,496	110,000	6,800	6.65	252,981	105,000	11,816	2.17	-	-	-	-
2013	833,187	115,000	2,300	7.10	266,822	110,000	12,788	2.17	698,135	-	532,373	1.31
2014	-	-	-	-	248,568	110,000	2,888	2.20	862,972	125,000	570,400	1.24
2015	-	-	-	-	-	-	-	-	928,900	135,000	563,526	1.33

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 ¹	Per Capita Personal Income ¹	Median Age ¹	Education Level In Years of Formal Schooling ¹	Unemployment Rate ¹
2006	6,087	214,877,187	35,301	42.7	14.5	3.00%
2007	5,881	208,328,544	35,424	43.0	14.3	4.50%
2008	5,881	208,328,544	35,424	43.0	14.3	4.50%
2009	5,678	185,295,852	32,634	44.8	10,697.0	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%

¹ Metro Orlando Economic Development Commission or U.S. Census Bureau

CITY OF BELLE ISLE, FLORIDA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Regal Boats	453	1	7.05%	-	-	-
Cornerstone Charter	105	2	1.64%	-	-	-
La Petite	17	3	0.26%	-	-	-
CVS	17	4	0.26%	17	4	5.00%
Starbucks	17	5	0.26%	20	3	0.06%
Quality Inn	15	6	0.23%	-	-	-
RaceTrac	15	7	0.23%	12	5	0.03%
Travel Lodge	14	8	0.22%	-	-	-
Wendys	13	9	0.20%	25	2	0.07%
Comfort Suites	12	10	0.19%	-	-	-
Ramada Inn & Suites	-	-	-	40	1	0.11%
Sunshine Fitness Centers	-	-	-	12	6	0.03%
Conway's BBQ	-	-	-	10	7	0.03%
Specialist of Orlando	-	-	-	8	8	0.02%
Sunflower Chinese Kitchen	-	-	-	7	9	0.02%
Simply Unforgettable	-	-	-	6	10	0.02%
Total	678		10.56%	157		5.39%

Source: Field inspection

2015 The City of Belle Isle has a population of 6464

CITY OF BELLE ISLE, FLORIDA

FULL - TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	<u>2006</u>	<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>
General Government	5	5	5	5	5	5	4	6	5	5
Public Safety	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Public Works	5	5	4	3	2	2	2	2	2	2
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Police Department	-	-	-	12	12	20	14	16	16	16
Total	10	10	9	20	19	27	20	24	23	23

CITY OF BELLE ISLE, FLORIDA

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function	<u>2006</u>	<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>
General Government										
License/Permit Reviews	645	795	501	907	575	1170	1450	1195	1326	764
Occupational Licenses Issued	*	*	*	*	*	*	*	*	100	178
Employees paid	59	70	64	99	30	27	39	41	41	40
Public Safety										
Parking violations	14	170	237	131	99	56	48	24	34	18
Highways & Streets										
Streets paved (miles)	23.5	23.5	24	24	22	25	25	25	25	25
Streets resurfaced (tons/asphalt)								7.5	7.5	7.5
Sidewalks/bike paths built or repaired (feet)	25	25	7085	194	262	262	1200	2200	2200	474

* 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	<u>2006</u>	<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>
Highways & Streets										
Streets - paved (miles)	23.3	24	24	24	22	25	25	25	25	25
Streets - unpaved (miles)	0.3	0.3	0.3	0.3	0.3	0.03	0.03	0.03	0.03	0.03
Street lights	660	667	671	671	671	740	740	740	740	740
Parks and Recreation										
Parks	2	2	2	2	2	2	3	3	3	3

* Data not available

Source: City of Belle Isle Public Works Dept.



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INTERNAL CONTROL AND COMPLIANCE SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the *City of Belle Isle, Florida*, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 3, 2016.

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

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.

McDiarmid Davis & Company, LLC

Orlando, Florida
January 3, 2016

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, 2015, and have issued our report thereon dated January 3, 2016.

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 January 3, 2016, 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. There were no such findings or recommendations 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

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Financial Condition

Section 10.554(1)(i)5.a., 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, 2015, 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, 2015. 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. In connection with our audit, we did not have any such recommendations.

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. See Appendix A.

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
January 3, 2016

**APPENDIX A - NONCOMPLIANCE WITH PROVISIONS OF
CONTRACTS OR GRANT AGREEMENTS**

For the Fiscal Year Ended September 30, 2015

2015-01 Investment Policy

Criteria - The City has established an investment policy requiring continuing education pursuant to Florida Statutes 218.415.

Condition - During our audit, we noted that the required continuing education courses were not properly taken and documented.

Cause - Due to various staffing issues and time limitations the courses were not taken during the fiscal year ended September 30, 2015.

Effect - The City is not in compliance with FS 218.415 related to the investment of public funds.

Recommendation - We recommend the City ensure that the required personnel are authorized to complete the required training as required by Florida Statutes.



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CITY OF BELLE ISLE, FLORIDA

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

January 3, 2016

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

Re: City of Belle Isle FYE September 30, 2015

Dear McDermitt Davis & Company,

Your management comments related to fiscal year ending September 30, 2015 were received by both the Interim City Manager and Finance Manager. The comments represent an opportunity for improvement, which will be pursued in Fiscal Year Ending 2016.

2015-01 Investment Policy

Response: This was an oversight by the previous administration. Corrective action has already been taken as we are scheduled for the course at the next offered time.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard Anderson", is written over a horizontal line.

Richard Anderson
Interim City Manager

A handwritten signature in blue ink, appearing to read "Tracey Richardson", is written over a horizontal line.

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, 2015. 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, 2015, except for the noncompliance noted in Appendix A on page 64.

MCDIRMIT DAVIS & COMPANY, LLC

Orlando, Florida
January 3, 2016

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



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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, 2015, and have issued our report thereon dated January 3, 2016. 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 31, 2014, 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

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of significant accounting policies adopted by the City are described in Note 1 to the financial statements. There have been no changes in significant accounting policies or their application during 2015. 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.

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 January 3, 2016.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

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

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

Very truly yours,

McDiarmid Davis & Company, LLC

Orlando, Florida
January 3, 2016



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CITY OF BELLE ISLE, FLORIDA

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

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

Richard Anderson
Interim City Manager



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