

TOWN OF BELLEAIR SHORE, FLORIDA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

TOWN COMMISSION

ROBERT E. SCHMIDT, JR., MAYOR

STEPHEN E. BLUME
MICHAEL TOLBERT
DOUGLAS SEITH
DOROTHY NIEWIAROWSKI

TOWN CLERK AND DIRECTOR OF FINANCE

MARY PALMER

TOWN ATTORNEY

REGINA KARDASH

INDEPENDENT AUDITORS

BMC CPAs

TABLE OF CONTENTS
ANNUAL FINANCIAL REPORT
September 30, 2023
TOWN OF BELLEAIR SHORE, FLORIDA

	<u>Page</u>
INTRODUCTORY SECTION	
Title Page	1
Table of Contents	2
FINANCIAL SECTION	
Independent Auditors' Report.....	4
Management's Discussion and Analysis	8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet - Governmental Fund	18
Reconciliation of the Balance Sheet of Governmental Fund to the	
Statement of Net Position.....	19
Statement of Revenues, Expenditures and Changes in Fund	
Balance - Governmental Fund.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund	
Balance of Governmental Fund to the Statement of Activities	21
Budgetary Comparison Schedule - General Fund	22
Notes to the Financial Statements	25
COMPLIANCE SECTION	
Independent Auditors' 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>	38
Management Letter	40
Independent Accountants' Report on (Compliance with Section 218.415,	
Florida Statutes).....	42

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor, and
Members of the Town Commission
Town of Belleair Shore, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparisons for the General Fund of the Town of Belleair Shore, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the budgetary comparisons for the general fund of the Town of Belleair Shore, Florida, as of September 30, 2023 and the respective changes in financial position, and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Belleair Shore, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Belleair Shore, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Belleair Shore, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Belleair Shore, Florida's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (as listed in the table of contents) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024 on our consideration of the Town of Belleair Shore, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Belleair Shore, Florida's internal control over financial reporting and compliance.

BMC CPAs

February 5, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS

As financial management of Town of Belleair Shore, Florida, (hereinafter referred to as the “Town”), we offer the readers of these basic financial statements this narrative overview and analysis of the Town’s financial activities for the fiscal year that ended on September 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section, taken as a whole.

Financial Highlights

- The total assets of the Town of Belleair Shore, Florida exceeded its liabilities (net position) at the close of the most recent fiscal year by \$671,967, compared to \$626,033 one year earlier. Of this amount, \$641,703 (unrestricted net position) may be used to meet the Town’s ongoing obligations to citizens and creditors.
- During 2023, gross revenues from governmental activities of the Town decreased by \$15,192 to a total of \$188,097, compared to a total of \$203,289 in 2022. This was primarily due to an operating grant under ARPA received for \$57,098 in 2022, compared to no operating grants received in 2023. Expenses for governmental activities totaled \$142,163 in 2023 compared to \$134,628 in 2022.
- The Town’s governmental fund balance increased by \$48,049 in 2023 compared to an increase of \$70,776 in 2022.
- The Town’s governmental fund reported fund balance is \$641,703 at the end of the current fiscal year, an increase of \$48,049 over the \$593,654 reported from one year earlier. All of this amount is available for spending at the Town’s discretion (unassigned fund balance).
- At the end of fiscal year 2023, unassigned fund balance for the General Fund was \$641,703 or 458.20% of the total 2023 General Fund expenditures, which represents 1,672 days (or 4.58 years) of excess funds. This represents an increase of \$48,049 over the \$593,654 reported at the end of 2022.

Overview of the Financial Statements

The Town’s basic financial statements are comprised of three parts: 1) management’s discussion and analysis, 2) the basic financial statements (including government-wide financial statements, fund financial statements, and notes to the financial statements), and 3) required supplementary information, including budgetary comparisons and other selected financial data.

Management’s Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements and required supplementary information. The MD&A represents management’s examination and analysis of the Town’s financial condition and financial performance as a whole. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, and other management tools were used for this analysis.

The basic financial statements include two kinds of statements that present different views of the Town. The first two statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the Town's overall financial status, including its governmental activities. These statements report information about the Town using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the Town's assets and liabilities, both financial and capital, and short-term and long-term debt are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported. The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide financial statements. These fund statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The basic financial statements of the Town include a statement of net position and a statement of activities, which are described as follows:

- A statement of net position presents information on all of the Town's assets and liabilities at the end of its fiscal year, 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 Town's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.
- The statement of activities presents the results of business operations over the course of the fiscal year and information as to how the Town's net position changed during the 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 the 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 such as delinquent taxes and earned but unused personal leave.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*government activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government services, public safety (police, fire and building inspection), highways and streets, solid waste, street lighting, stormwater management, and recreation and leisure services. The Town did not operate any proprietary, or business-type, activities during the past fiscal year.

The basic entity-wide financial statements can be found on pages 16 and 17 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only fund of the Town is a governmental fund – the General Fund.

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. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information is 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. These reconciliations can be found on pages 19 and 21.

The Town maintains only one individual governmental fund, the General Fund.

The Town adopts an annual appropriations budget for the General Fund in accordance with state statutes. Budgetary comparison statements have been provided for each fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements and budgetary comparisons for the major governmental funds can be found on pages 18 to 23 of this report.

Notes to the Financial Statements. The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Town's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. The notes to the financial statements can be found on pages 25 to 38 of this report.

Government-Wide Financial Analysis of the Town as a Whole

Net position. As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the Town's combined net position increased from \$626,033 to \$671,967, which represents an increase of \$45,934 or 7.34%, over amounts reported last year. Of this amount, approximately 4.5% is invested in capital assets (land, buildings, improvements, infrastructure, machinery and equipment), and is not available for future spending. Although the Town's investment in capital assets are reported net of related debt, it should be noted that under normal circumstances 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. The remaining portion represents the Town's unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints of enabling legislation or other legal requirements, and totaled \$641,703, or 95.5% of total net position at the end of 2023.

The following is a summary of net position at year end:

	Governmental Activities	
	2023	2022
Assets:		
Current and other assets	\$ 645,342	\$ 604,497
Capital assets, net	30,264	32,379
Total assets	\$ 675,606	\$ 636,876
Liabilities:		
Accounts payable and accrued expenses	\$ 3,639	\$ 10,843
Total liabilities	3,639	10,843
Net position:		
Invested in capital assets	30,264	32,379
Unrestricted	641,703	593,654
Total net position	671,967	626,033
Total liabilities and net position	\$ 675,606	\$ 636,876

Changes in Net position. While the statement of net position shows a snapshot of the Town's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and source of those changes. During 2023, the Town's combined net position increased by \$45,934, or 7.34% over the amount reported in the prior year. During this same period, the Town's total revenues decreased by \$15,192 to a total of \$188,097 compared to a total of \$203,289 in 2022. This decrease was primarily due to an operating grant from ARPA received in 2022 for \$57,098, compared to no operating grants received in 2023.

During 2023, approximately 66.12% of the Town's total revenue came from property taxes, and approximately 81.42 cents (compared to 65.7 cents in the prior year) of every dollar raised came from some type of tax (e.g. property taxes, sales tax, gas tax, utility tax, etc.).

Expenses incurred to operate the Town increased \$7,535 in 2023. This increase in expenses was primarily due to increase in combined governmental activity expenses. Overall, combined governmental activity expenses were relatively consistent with the prior year.

Changes in Net position (Continued)

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 11,165	\$ 9,575
General revenues:		
Property taxes	124,370	104,604
Intergovernmental	28,782	28,892
Operating grants - ARPA	-	57,098
Investment income	23,780	3,120
Total revenues	188,097	203,289
Expenses:		
General government	90,305	86,991
Public safety	38,314	34,704
Physical Environment	13,544	12,933
Total expenses	142,163	134,628
Increase in net assets	45,934	68,661
Net position, beginning of year	626,033	557,372
Net position, end of year	\$ 671,967	\$ 626,033

Governmental Activities

Revenues for the Town's governmental activities experienced a decrease during 2023. Overall, the Town's governmental revenues totaled \$188,097, which represents a decrease of \$15,192, or 7.47% over last year's reported governmental revenues totaling \$203,289.

Expenses for the Town's governmental activities totaled \$142,163 for fiscal year 2023, which represents an increase of \$7,535 or 5.60% over last year's reported governmental expenditures totaling \$134,628. These expenses do not include amounts expended for capital outlay and for debt principal payments; however, they do include depreciation and amortization expense for the year.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, 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.

As the Town completed the current fiscal year, its governmental fund (the General Fund) reported a fund balance of \$641,703 which was \$48,049, or 8.1%, more than the \$593,654 reported last year. All of this amount constitutes unassigned fund balance, which is available for spending at the government's discretion.

General Fund Budgetary Highlights

In fiscal year 2023, the Town Council adopted the General Fund operating budget and did not amend the budget during the year. Revenues recognized were \$37,255 more than the budgeted revenues during 2023, largely due to the interest earnings not being budgeted for. Actual expenditures in the General Fund for the current fiscal year were \$10,456 less than the \$150,504 in budgetary amounts appropriated.

Capital Assets

Capital Assets. At September 30, 2023, the Town had \$63,602 invested in land and improvements. This is the same amount the Town had invested in capital assets one year earlier. Accumulated depreciation on capital assets totaled \$33,338 and \$31,223 at September 30, 2023 and 2022, respectively. The Town's resultant net investment in capital assets totaled \$30,264 and \$32,379 at September 30, 2023 and 2022, respectively.

This overall investment in capital assets, net of depreciation, for all governmental activities is reflected in the following schedule:

A. Governmental Activities

	Balances 9/30/2022	Additions	Deletions	Balances 9/30/2023
Capital assets not being depreciated:				
Land	\$ 21,307	\$ -	\$ -	\$ 21,307
Total capital assets not being depreciated	21,307	-	-	21,307
Capital assets being depreciated:				
Improvements other than buildings	42,295	-	-	42,295
Total capital assets being depreciated	42,295	-	-	42,295
Less accumulated depreciation for:				
Improvements other than buildings	(31,223)	(2,115)	-	(33,338)
Total accumulated depreciation	(31,223)	(2,115)	-	(33,338)
Total capital assets being depreciated, net	11,072	(2,115)	-	8,957
Total capital assets, net	\$ 32,379	\$ (2,115)	\$ -	\$ 30,264

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the City Clerk, Town of Belleair Shore, Florida, 1200 Gulf Blvd., Belleair Shore, Florida 33786.

BASIC FINANCIAL STATEMENTS

TOWN OF BELLEAIR SHORE, FLORIDA
STATEMENT OF NET POSITION
September 30, 2023

	<u>Primary Government</u> <u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 298,282
Investments	345,970
Due from other governments	1,090
Capital assets, net of accumulated depreciation	<u>30,264</u>
Total assets	<u>675,606</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>3,639</u>
Total liabilities	<u>3,639</u>
Net Position:	
Net investment in capital assets	30,264
Unrestricted	<u>641,703</u>
Total net position	<u><u>\$ 671,967</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BELLEAIR SHORE, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2023

				Net Revenue (Expense) and Changes in Net Assets- Primary Government
		Program Revenues		
Functions / Programs	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
Governmental activities:				
General government	\$ 90,305	\$ -	\$ -	\$ (90,305)
Public safety	38,314	11,165	-	(27,149)
Physical environment	13,544	-	-	(13,544)
Total primary government	<u>\$ 142,163</u>	<u>\$ 11,165</u>	<u>\$ -</u>	<u>(130,998)</u>
General revenues:				
Property taxes levied for general purposes				124,370
Intergovernmental revenues				28,782
Investment earnings				<u>23,780</u>
Total general revenues				<u>176,932</u>
Change in net position				45,934
Net position - beginning of year				<u>626,033</u>
Net position - end of year				<u>\$ 671,967</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BELLEAIR SHORE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
September 30, 2023

	<u>General Fund</u>
Assets:	
Cash and cash equivalents	\$ 298,282
Investments	345,970
Due from other governments	<u>1,090</u>
Total assets	<u><u>\$ 645,342</u></u>
Liabilities:	
Accounts payable	\$ 3,099
Accrued liabilities	<u>540</u>
Total liabilities	<u>3,639</u>
Fund Balance:	
Unassigned	<u>641,703</u>
Total fund balance	<u>641,703</u>
Total liabilities and fund balance	<u><u>\$ 645,342</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BELLEAIR SHORE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
September 30, 2023

Fund balance - governmental fund	\$ 641,703
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>30,264</u>
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Net position of governmental activities	<u><u>\$ 671,967</u></u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF BELLEAIR SHORE, FLORIDA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
For the Fiscal Year Ended September 30, 2023

	<u>General Fund</u>
Revenues:	
Taxes	\$ 124,370
Intergovernmental revenue	28,782
Court fines	11,165
Investment earnings and miscellaneous	<u>23,780</u>
Total revenues	<u>188,097</u>
Expenditures:	
Current:	
General government	88,190
Public safety	38,314
Physical environment	<u>13,544</u>
Total expenditures	<u>140,048</u>
Excess of revenue over expenditures	<u>48,049</u>
Net change in fund balance	48,049
Fund balance, beginning of year	<u>593,654</u>
Fund balance, end of year	<u><u>\$ 641,703</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BELLEAIR SHORE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2023

Net change in fund balances - total governmental funds	\$ 48,049
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Depreciation expense	<u>(2,115)</u>
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Change in net position of governmental activities	<u>\$ 45,934</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF BELLEAIR SHORE, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
For the Year Ended September 30, 2023

	Budget Original & Final	Actual Amounts	Variance With Budget Favorable (Unfavorable)
Revenues:			
Taxes:			
General property taxes	\$ 120,982	\$ 122,582	\$ 1,600
Local option gas taxes	1,800	1,788	(12)
	<u>122,782</u>	<u>124,370</u>	<u>1,588</u>
Intergovernmental Revenue:			
State shared revenues:			
State revenue sharing	2,400	2,349	(51)
Infrastructure tax	10,000	17,357	7,357
Communications Svc. Tax	2,600	2,835	235
Local one-half cent sales tax	8,000	6,241	(1,759)
	<u>23,000</u>	<u>28,782</u>	<u>5,782</u>
Court fines	<u>5,000</u>	<u>11,165</u>	<u>6,165</u>
Miscellaneous Revenues:			
Building permits	-	4,000	4,000
Miscellaneous revenue	-	251	251
Interest earnings	60	19,529	19,469
	<u>60</u>	<u>23,780</u>	<u>23,720</u>
Total revenues	<u>150,842</u>	<u>188,097</u>	<u>37,255</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF BELLEAIR SHORE, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
For the Year Ended September 30, 2023

	Budget Original & Final	Actual Amounts	Variance With Budget Favorable (Unfavorable)
Expenditures:			
Current:			
Financial and Administrative:			
Personal services	14,200	12,918	1,282
Operating expenditures	<u>37,600</u>	<u>44,200</u>	<u>(6,600)</u>
	<u>51,800</u>	<u>57,118</u>	<u>(5,318)</u>
Legal Counsel:			
Operating expenditures	<u>32,000</u>	<u>21,094</u>	<u>10,906</u>
Comprehensive Planning:			
Operating expenditures	<u>12,400</u>	<u>2,450</u>	<u>9,950</u>
Other General Government:			
Operating expenditures	<u>8,000</u>	<u>7,528</u>	<u>472</u>
Total general government	<u>104,200</u>	<u>88,190</u>	<u>16,010</u>
Public Safety:			
Law Enforcement:			
Operating expenditures	<u>32,304</u>	<u>38,314</u>	<u>(6,010)</u>
Physical Environment:			
Garbage/Solid Waste Control Services:			
Operating expenditures	<u>14,000</u>	<u>13,544</u>	<u>456</u>
Total expenditures	<u>150,504</u>	<u>140,048</u>	<u>10,456</u>
Excess of revenue over (under) expenditures	<u>338</u>	<u>48,049</u>	<u>47,711</u>
Net change in fund balances	338	48,049	47,711
Fund balance, beginning of year	<u>593,654</u>	<u>593,654</u>	<u>-</u>
Fund balance, end of year	<u>\$ 593,992</u>	<u>\$ 641,703</u>	<u>\$ 47,711</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Town of Belleair Shore, Florida (the “Town”), have been prepared in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town’s significant accounting policies:

A. Reporting Entity

The Town was incorporated in 1955 and established by Charter in accordance with Chapters 67-1107 of the laws of Florida (1982). The Town is approximately 43 acres and operates under the Town Commission form of government. The legislative branch of the Town is composed of an elected five-member Town Commission consisting of the Mayor and four commissioners. The Town Commission is governed by the Town Charter and by state and local laws and regulations. The Town Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Town’s Clerk and Director of Finance, who serves at the discretion of the Commission. The Town provides its citizens with police, fire, EMS, and wastewater services through operating agreements with departments of Pinellas County, Florida. Solid waste disposal services are provided by a private entity under a contracting agreement.

The accompanying financial statements present the financial position and results of operations of the applicable fund governed by or dependent on the Town (the primary government). In evaluating the Town as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and, as such, be included within the Town’s financial statements. No component units exist that require inclusion in the Town’s financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, comprised of the statement of net position and the statement of activities, report aggregated information for the overall government for all of the activities of the primary government. These statements do not report fiduciary funds or fiduciary component units such as retirement trust funds. Those activities are reported only in fund financial statements, when required. The effect of interfund activity has been removed from these statements, when applicable.

All of the Town’s activities are governmental activities which are supported from ad valorem and other taxes, intergovernmental revenues, charges for services, fines and forfeitures, and other nonexchange revenues. The Town does not engage in any business-type activities.

The Statement of Net Position presents the overall government’s financial position at year-end. The Statement of Activities presents direct expenses of a given function or segment offset by program revenues for the fiscal reporting period. The resulting net expense or revenue is then totaled and offset by general revenues producing the aggregate change in net position for the period. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the government. Taxes and other nonexchange revenues not properly included among program revenues are reported as general revenues.

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

C. 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 as earned. Expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, unless accrued for grant reimbursements of costs previously funded by the Town. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized and grouped into four classes, based on their principal characteristics. The accounting treatment for each type of transaction is as follows:

Derived Tax Revenue, defined as assessments imposed on exchange transactions. Examples include: sales taxes, franchise tax, utility taxes, etc. Assets from derived tax revenue are recognized in the period when the exchange transaction on which the tax is imposed or when resources are received, whichever occurs first. Revenues are recognized, net of estimated uncollectible amounts, in the same period that the assets are recognized. Resources received in advance are recorded as unearned revenue until the period of the exchange.

Imposed Nonexchange Revenue, result from assessments on nongovernmental entities, other than assessments on exchange transactions. Examples include: ad valorem (property) taxes, fines and penalties, and property forfeitures. Assets from imposed nonexchange revenues are recognized in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Property taxes are recognized in the period for which the taxes are levied. All other imposed nonexchange revenues are recognized in the same period that the assets are recognized.

Government-mandated Nonexchange Transactions, frequently establish eligibility requirements before a transaction can occur. Examples include federal awards and state financial assistance. Until the requirements are met, the recipient does not have a receivable and the recognition of revenue received in advance is deferred. The providers (usually federal, state, and county governments) often offer resources on a reimbursement (“expenditure-driven”) basis at the time the recipient has incurred allowable costs under the applicable program.

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

Voluntary Nonexchange Transactions, result from legislative or contractual agreements other than exchanges, entered into willingly by two or more parties. Examples include certain grants, entitlements, and donations by nongovernmental entities. Principal characteristics of these types of transactions are (1) they are not imposed on the provider or recipient, and (2) fulfillment of eligibility requirements is essential for a transaction to occur. Assets and revenues are recognized when all applicable eligibility requirements, including time requirements, are met. Resources received in advance are reported as unearned revenue.

The Town's accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of the governmental fund financial statements is on major funds.

The Town reports the following major governmental fund:

General Fund - The General Fund is the principal fund of the Town which accounts for all financial transactions not accounted for in other funds. All of the current operating expenditures of the Town are financed through revenues received by the General Fund.

Amounts reported as program revenues include charges to customers for services, and fines collected. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, except those that are statutorily restricted for special functional cost elements.

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

D. Assets, Liabilities, and Net Assets or Equity

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

The Town's investment policies are governed by state statutes and local resolution. Allowable investment instruments include: bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, interest bearing savings accounts, interest bearing certificates of deposit and interest bearing time deposits. All of the Town's investments are reported at fair value.

Receivables and payables. All trade and property tax receivables and amounts due from other governments are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends.

All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

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

Capital Assets. Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town. The Town has elected to report all known infrastructure assets and related depreciation expense on all infrastructure assets in the entity-wide statement of net position and statement of activities.

Capital assets are defined by the Town as assets with an initial individual cost of \$750 or more and an estimated useful life of more than one-year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization.

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, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction period interest is capitalized net of interest earned on unexpended construction funds and, therefore, depreciated over the remaining useful life of the related asset, when applicable.

Depreciation is reported for the primary government using the straight-line method (half-year convention in year of acquisition) calculated on a service-life basis to amortize the cost of the assets over their estimated economic useful lives, which are as follows:

<u>Assets</u>	<u>Years</u>
Buildings.....	15-40 years
Improvements other than buildings.....	15-40 years
Equipment.....	5-7 years
Infrastructure.....	15-50 years

The Town has historically recorded all easements and rights of way that are determined to have limited useful lives at estimated fair market value on the date received. The Town has elected to not retroactively report intangible assets that are determined to have indefinite useful lives. The Town does not have any intangible assets previously subjected to amortization that have now been determined to have indefinite useful lives.

Unearned Revenue. Unearned revenues are reported when potential revenue does not meet both the “measurable” and “available” criteria for the current period. Unearned revenue also arises when resources are received before it has legal claim to them. The revenue received in advance in the General Fund consists of prepaid occupational license revenue which will be recognized as revenue in future periods when collected and/or earned, and grant funds which will be recognized as revenue when they become available or as qualified grant expenditures are incurred.

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of net position reports 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 future periods and so will not be recognized as an outflow of resources expense until then.

Fund Balance Flow Assumptions. Sometimes the Town 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 Town policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Non-spendable. This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted. This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources from external resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation). The Town has classified forfeitures as being restricted because their use is restricted by State Statute for police investigative expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Infrastructure

Projects are restricted by State Statute and County laws and are legally segregated for funding of infrastructure improvements.

Committed. When applicable, this classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Commission. The Town Commission is the highest level of decision-making authority for the Town 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. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

Assigned. When applicable, this classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Commission or through the Town Commission delegating this responsibility to the Town Clerk through the budgetary process, as is authorized by the Town's Code of Ordinances.

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

The Town would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Net Position. The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets groups all capital assets into one component of net position; accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category. Restricted net position includes all net position with external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position is the residual amount of net position of the Town that is not restricted for any particular purpose.

Net Position Flow Assumption. Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. grant proceeds) 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 Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Use of Estimates. Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

E. Recent Accounting Standards

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

- Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (LIBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2022, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

- Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.
- Statement No. 99, *Omnibus 2022* The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022. The implementation of this standard had no effect on the Town.

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 Assets

Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. A detailed explanation of these differences is provided in this reconciliation.

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

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

Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information - An annual budget was adopted for the Town's sole governmental fund. The basis on which the budget was prepared is consistent with generally accepted accounting principles for the fund. The Town uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

1. On or before July 1st, the Town Clerk submits a preliminary budget to the Town Commission for the ensuing fiscal year.
2. Budget workshop sessions are scheduled by the Town Commission, as needed.
3. A general summary of the budget and notice of public hearing is published in a local newspaper.
4. Prior to October 1st, the budget is legally enacted through passage of an ordinance.
5. The Town Commission, by ordinance, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue in accordance with the Town Charter. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Commission.
6. The Town Commission must approve all inter-departmental budget amendments and/or appropriations transfers. Budgetary control is exercised at the fund level.
7. Every appropriation lapses at the close of the fiscal year.

NOTE 4 - PROPERTY TAX CALENDAR

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Finance Director. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the Town was .5959 mills (2022 levy collected in the year ended September 30, 2023).

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

The property tax calendar is as follows:

Valuation Date	January 1
Property Appraiser prepares the assessment roll with values as of January 1, submits preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1
Town Commission holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year.	September
Property Appraiser certified the assessment roll and all real and tangible personal property taxes are due and payable (levy date).	November 1
A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November through March, with the following applicable discounts:	November 1

<u>Month Paid</u>	<u>Discount</u>
November	4%
December.....	3%
January.....	2%
February.....	1%
March.....	None

All unpaid taxes on real and tangible personal property become delinquent.	April 1
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A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	April/May
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Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date).	June 1
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A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent taxes	August
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NOTE 5 -CASH DEPOSITS AND INVESTMENTS

Deposits. At September 30, 2023, the carrying value of the Town's cash deposit accounts totaled \$298,282 and the bank balances totaled \$299,418. The cash deposits are held by banks that qualify as public depositories under the Florida Security for Public Deposits Act (mentioned below) as required by Chapter 280, Florida Statutes and are fully insured.

Interest Rate Risk. Generally, the Town limits its exposure to fair value losses arising from increases in interest rates by limiting the investment of its operating funds in investments with maturities of less than one year. Substantially all of the Town's surplus funds are invested in the Florida State Board of Administration investment pool.

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

Credit Risk. The provisions of Section 218.415, Florida Statutes, require that the investment activity of the Town be conducted in accordance with a written investment plan adopted by the governing body. Under that plan, allowable investment instruments include: bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, interest bearing savings accounts, interest bearing certificates of deposit and interest bearing time deposits, including those held with the Florida State Board of Administration investment pool.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act* ("the Act"), the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State's Chief Financial Officer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State's Chief Financial Officer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State Chief Financial Officer's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State Chief Financial Officer.

At September 30, 2023, all of the Town's deposits were adequately covered by a combination of federal depository insurance and the statutory provisions of the Act.

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets during the year:

A. Governmental Activities

	Balances 9/30/2022	Additions	Deletions	Balances 9/30/2023
Capital assets not being depreciated:				
Land	\$ 21,307	\$ -	\$ -	\$ 21,307
Total capital assets not being depreciated	<u>21,307</u>	<u>-</u>	<u>-</u>	<u>21,307</u>
Capital assets being depreciated:				
Improvements other than buildings	<u>42,295</u>	<u>-</u>	<u>-</u>	<u>42,295</u>
Total capital assets being depreciated	<u>42,295</u>	<u>-</u>	<u>-</u>	<u>42,295</u>
Less accumulated depreciation for:				
Improvements other than buildings	<u>(31,223)</u>	<u>(2,115)</u>	<u>-</u>	<u>(33,338)</u>
Total accumulated depreciation	<u>(31,223)</u>	<u>(2,115)</u>	<u>-</u>	<u>(33,338)</u>
Total capital assets being depreciated, net	<u>11,072</u>	<u>(2,115)</u>	<u>-</u>	<u>8,957</u>
Total capital assets, net	<u>\$ 32,379</u>	<u>\$ (2,115)</u>	<u>\$ -</u>	<u>\$ 30,264</u>
Depreciation				
Culture/recreation				<u>\$ 2,115</u>
Total depreciation expense - governmental activities				<u>\$ 2,115</u>

NOTE 7 - LEGAL MATTERS

The Town is from time to time engaged in routine litigation incidental to the conduct of its municipal affairs. As of September 30, 2023 there are no lawsuits against the Town.

NOTE 8 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

TOWN OF BELLEAIR SHORE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Grants. Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Law Enforcement Services. On August 18, 2020, the Town renewed its Interlocal Agreement with the Sheriff of Pinellas County, Florida, whereby the Sheriff's Office will continue to provide municipal law enforcement services and equipment to the Town in lieu of the Town using its own personnel and equipment. Under the renewal Agreement, the Town committed to pay \$32,304 the fiscal year ending September 30, 2023. The Town renewed its Interlocal Agreement with Pinellas County, Florida under similar terms for the ending September 30, 2024. The Town is committed to pay \$34,872 during the fiscal year ending September 30, 2024.

NOTE 10 - SUBSEQUENT EVENTS

Evaluation of Events and Transactions. In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through February 5, 2024, the date the financial statements were available to be issued.

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 *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor
and Members of the Town Commission
Town of Belleair Shore, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, , the major fund, and the budgetary comparisons for the general fund of the Town of Belleair Shore, Florida , as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Belleair Shore, Florida’s basic financial statements and have issued our report thereon dated February 5, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Belleair Shore, 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 Town of Belleair Shore, Florida’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Belleair Shore, Florida’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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.

The Honorable Mayor
and Members of the Town Commission
Town of Belleair Shore, Florida
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

BMC CPAs

February 5, 2024



MANAGEMENT LETTER

The Honorable Mayor
and Members of the Town Commission
Town of Belleair Shore, Florida

Report on Financial Statements

We have audited the financial statements of Town of Belleair Shore, Florida, (the “Town”) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 5, 2024.

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida 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 Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 5, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and 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.

The Honorable Mayor
and Members of the Town Commission
Town of Belleair Shore, Florida
Page 2

Financial Condition

Section 10.554(1)(i)4 and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Town 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 Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town'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. The financial condition assessment was done as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2023, 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, 2023. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

Purpose of this Letter

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



February 5, 2024



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor
and Members of the Town Commission
Town of Belleair Shore, Florida

We have examined the Town of Belleair Shore, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the period October 1, 2022 to September 30, 2023. Management is responsible for the Town of Belleair Shore, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Belleair Shore, Florida's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town of Belleair Shore, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Belleair Shore, Florida complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town of Belleair Shore, Florida's compliance with specified requirements.

In our opinion, the Town of Belleair Shore, Florida complied, in all material respects, with the aforementioned requirements during the period October 1, 2022 to September 30, 2023.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

February 5, 2024