

REGULAR MEETING OF THE FLAGLER BEACH CITY COMMISSION THURSDAY, JUNE 11, 2015 AT 5:30 P.M. AND TO BE CONTINUED UNTIL ITEMS ARE COMPLETE. CITY HALL, 105 S. SECOND STREET, FLAGLER BEACH, FL

AGENDA

1. Call the meeting to order.
2. Pledge of Allegiance followed by a moment of silence to honor our Veterans, Members of the Armed Forces and First Responders.
3. Proclamations and awards.
4. Deletions and Changes to the Agenda.
5. Comments regarding items not on the agenda. Citizens are encouraged to speak. However, comments should be limited to three minutes.

CONSENT AGENDA

(All items are to be approved by one motion, unless pulled from the Consent Agenda.)

6. Approve the minutes of the Regular Meetings of May 28, 2015.
7. Approve re-appointments to terms on the Personnel Advisory Review Board.

GENERAL BUSINESS

8. Consider awarding bid for the City Hall Soffit repair – Bob Smith, Public Works Director.
9. Consider approving a Development Agreement for Seaside Landings LLC for water and sanitary sewer service – Bob Smith, Public Works Director.
10. Presentation of the 2013/2014 Audit – Dufresne & Associates, CPA, PA.
11. Consider entering into an Interlocal Agreement to have the City of Flagler Beach perform Permitting and Inspection Services for the Town of Beverly Beach – Beverly Beach Mayor Steve Emmett.

COMMISSION COMMENTS

12. Commission comments, including reports from meetings attended.

PUBLIC HEARINGS

13. Ordinance 2015-05 - an ordinance of the City Commission of the City of Flagler Beach, Florida, amending Appendix "A", Land Development Regulations, Article II, Zoning; Section 2.02.00, Definitions, deleting the definition combined use buildings; amending Section 2.04.02.8 Zoning Schedule One, Land Use Controls, to permit mixed use buildings in the General Commercial District and Tourist Commercial District as a principal permitted use, establish existing buildings in the Tourist Commercial District and General Commercial District as a special exception use, and replace the term combined use building with mixed-use building where referenced, amending Section 2.04.02.9, Zoning Schedule Two, Lot, Yard & Bulk Regulations, replacing the term combined use building with mixed-use building, providing descriptive notes in the Medium Density Residential District, General Commercial District and Tourist Commercial District, amending the title of Section 2.04.02.12 Combined Use Building Regulations to read Mixed Use Building Regulations, amending sub-section A. Purpose and Intent, amending sub-section B. General Requirements, amending sub-section C. Permitted Uses, amending sub-section D. Prohibited Uses, amending the title of sub-section E. Minimum Lot Size to read Development Standards, amending sub-section number F. Supplemental Site Improvement Regulations to read section G., amending sub-section number G. Parking Requirements to read section H., deleting the former sub-section H. Parking Provisions, amending sub-section number H., Landscaping to read section I. and relocating and amending sub-section J. Existing Buildings to the former sub-section F. as noted herein; providing for inclusion in the Code of Ordinances; providing for conflict; providing an effective date hereof – second reading.

STAFF REPORTS

14. Staff Reports.
15. Adjournment.

RECORD REQUIRED TO APPEAL: In accordance with Florida Statute 286.0105 if you should decide to appeal any decision the Commission makes about any matter at this meeting, you will need a record of the proceedings. You are responsible for providing this record. You may hire a court reporter to make a verbatim transcript, or you may buy a CD of the meeting for \$3.00 at the City Clerk's office. Copies of CDs are only made upon request. The City is not responsible for any mechanical failure of the recording equipment. In accordance with the Americans with Disabilities Act, persons needing assistance to participate in any of these proceedings should contact the City Clerk at (386) 517-2000 ext 233 at least 72 hours prior to the meeting. The City Commission reserves the right to request that all written material be on file with the City Clerk when the agenda item is submitted.

#6

AGENDA

PRESENT: Mayor Linda Provencher, Chairman Marshall Shupe, Vice-Chair Jane Mealy, Commissioners Kim M. Carney, Joy McGrew and Steve Settle, City Attorney D. Andrew Smith, III, City Manager Bruce C. Campbell, Planner Larry Torino and City Clerk Penny Overstreet.

1. CALL THE MEETING TO ORDER: Chairman Shupe called the meeting to order at 5:30 p.m.
2. PLEDGE OF ALLEGIANCE FOLLOWED BY A MOMENT OF SILENCE TO HONOR OUR VETERANS, MEMBERS OF THE ARMED FORCES AND FIRST RESPONDERS: Mayor Provencher led the pledge to the flag, followed by a moment of silence.
3. PROCLAMATIONS AND AWARDS:
 - a) PROCLAMATION DECLARING MAY 2015 AS "MELANOMA AWARENESS MONTH": Mayor Provencher read the proclamation into the record. Mayor Provencher reported a group is raising money to purchase sun shades for the Wickline Park playground.
4. DELETIONS AND CHANGES TO THE AGENDA: None.
5. COMMENTS REGARDING ITEMS NOT ON THE AGENDA. CITIZENS ARE ENCOURAGED TO SPEAK. HOWEVER, COMMENTS SHOULD BE LIMITED TO THREE MINUTES: Vern Shank, Flagler Beach Surf Radio, spoke of the Public Service Announcements that Captain Doughney and Captain Pace have been providing to him to run on the station. Mr. Shank read a thank you note sent to him from Captain Doughney praising the stations efforts to air safety announcements for the City.

CONSENT AGENDA

(All items are to be approved by one motion, unless pulled from the Consent Agenda.)

6. APPROVE THE MINUTES OF THE REGULAR MEETINGS OF MAY 14, 2015: Motion by Commissioner Mealy, seconded by Commissioner Settle, to approve the consent agenda. The motion carried unanimously after a roll call vote.

GENERAL BUSINESS

7. CONSIDER OFFER TO PURCHASE PARCEL NO 12-12-31-4500-00020-0080, EAST 20' OF LOT 8, BLOCK 2, MOODY SUBDIVISION, N. 6TH STREET – JOE KOVACH & JEANNE MOMMAERTS: Mr. Kovach reviewed his request. Discussion ensued regarding the value of the property. Chairman Shupe opened to the public. Paul Eik suggested the Commission keep in mind a

private owner would maintain the lot. Chairman Shupe closed the public hearing. The Commission recommended the property owner obtain a professional appraisal.

8. CONSIDER APPOINTMENT TO THE PLANNING & ARCHITECTURAL REVIEW BOARD – CITY CLERK: The Elected Officials interviewed the applicants who were present. Tim O’Neil reviewed his background. Rick Belhumeur reviewed his background and his previous service to the Planning Board. Mr. Belhumeur reported he enjoys the serving on the board. Commissioner Settle asked both applicants if they had any conflicts of interest that would inhibit the board position. The Elected Officials completed the scoring sheets and turned them in to the City Clerk for tabulation. After tabulation, the City Clerk reported Mr. Belhumeur would retain his seat on the Planning Board.

9. CONSIDER APPOINTMENT TO THE ECONOMIC DEVELOPMENT TASK FORCE – CITY CLERK: City Clerk Overstreet explained currently, the office has no applications that meet the seat requirements. City Clerk Overstreet suggested the Commission move member Johnny Lulgjuraj from the Citizen at Large Seat to the Business outside the CRA Seat. Then at the next meeting, she would present applications for the Citizen at Large Seat, including the Alternates. Chairman Shupe opened public comment. No comments were offered. Chairman Shupe closed public comment. Motion by Commissioner Mealy, seconded by Commissioner Carney, to appoint Johnny Lulgjuraj to vacant seat, Business outside the CRA. The motion carried unanimously

10. RESOLUTION 2015-15, APPROVING A HIGHWAY LIGHTING MAINTENANCE AND COMPENSATION AGREEMENT WITH THE FLORIDA DEPARTMENT OF TRANSPORTATION, PROVIDING FOR CONFLICT AND AN EFFECTIVE DATE: Attorney Smith read the title of the resolution into the record. City Manager Campbell reviewed the item. Chairman Shupe opened public comment. No comments were offered. Chairman Shupe closed public comment. Motion by Commissioner Carney, seconded by Commissioner Mealy, to approve Resolution 2015-15. The motion carried unanimously, after a roll call vote.

11. RESOLUTION 2015-16, DECLARING CERTAIN PROPERTY TO BE SURPLUS PROVIDING AN EFFECTIVE DATE: Attorney Smith read the title of the resolution into the record. Captain Pace reviewed the maintenance issues with the equipment. Chairman Shupe opened public comment. No comments were offered. Chairman Shupe closed public comment. Motion by Commissioner Mealy, seconded by Commissioner Carney, to approve Resolution 2015-16. The motion carried unanimously, after a roll call vote.

COMMISSION COMMENTS

12. COMMISSION COMMENTS, INCLUDING REPORTS FROM MEETINGS ATTENDED: The Elected Officials reported meetings, events and gathering they have attended since the last regular meeting.

PUBLIC HEARINGS

13. ORDINANCE 2015-05 - AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA, AMENDING APPENDIX "A", LAND DEVELOPMENT REGULATIONS, ARTICLE II, ZONING; SECTION 2.02.00, DEFINITIONS, DELETING THE DEFINITION COMBINED USE

BUILDINGS; AMENDING SECTION 2.04.02.8 ZONING SCHEDULE ONE, LAND USE CONTROLS, TO PERMIT MIXED USE BUILDINGS IN THE GENERAL COMMERCIAL DISTRICT AND TOURIST COMMERCIAL DISTRICT AS A PRINCIPAL PERMITTED USE, ESTABLISH EXISTING BUILDINGS IN THE TOURIST COMMERCIAL DISTRICT AND GENERAL COMMERCIAL DISTRICT AS A SPECIAL EXCEPTION USE, AND REPLACE THE TERM COMBINED USE BUILDING WITH MIXED-USE BUILDING WHERE REFERENCED, AMENDING SECTION 2.04.02.9, ZONING SCHEDULE TWO, LOT, YARD & BULK REGULATIONS, REPLACING THE TERM COMBINED USE BUILDING WITH MIXED-USE BUILDING, PROVIDING DESCRIPTIVE NOTES IN THE MEDIUM DENSITY RESIDENTIAL DISTRICT, GENERAL COMMERCIAL DISTRICT AND TOURIST COMMERCIAL DISTRICT, AMENDING THE TITLE OF SECTION 2.04.02.12 COMBINED USE BUILDING REGULATIONS TO READ MIXED USE BUILDING REGULATIONS, AMENDING SUB-SECTION A. PURPOSE AND INTENT, AMENDING SUB-SECTION B. GENERAL REQUIREMENTS, AMENDING SUB-SECTION C. PERMITTED USES, AMENDING SUB-SECTION D. PROHIBITED USES, AMENDING THE TITLE OF SUB-SECTION E. MINIMUM LOT SIZE TO READ DEVELOPMENT STANDARDS, AMENDING SUB-SECTION NUMBER F. SUPPLEMENTAL SITE IMPROVEMENT REGULATIONS TO READ SECTION G., AMENDING SUB-SECTION NUMBER G. PARKING REQUIREMENTS TO READ SECTION H., DELETING THE FORMER SUB-SECTION H. PARKING PROVISIONS, AMENDING SUB-SECTION NUMBER H., LANDSCAPING TO READ SECTION I. AND RELOCATING AND AMENDING SUB-SECTION J. EXISTING BUILDINGS TO THE FORMER SUB-SECTION F. AS NOTED HEREIN; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING FOR CONFLICT; PROVIDING AN EFFECTIVE DATE HEREOF – FIRST READING: Attorney Smith read the title of the ordinance into the record. Planner Tornio reviewed the process to date. Mr. Torino felt it important to address and recognize the combined use ordinance was adopted in 2005. One year later, the downtown design guidelines were adopted. The combined use ordinance should have been updated at that time. Mr. Torino reported this amendment would make the document more user friendly. Mr. Torino reviewed the amendments as follows: restructuring, removed ambiguity, made rules more distinct, reclassified mixed-use buildings outside of the downtown mixed-use district boundary, from a special exception use to a primary permitted use. The Elected Officials reported two scrivener errors on Line 73; change “duplicity” to “duplication”. On Line 81, insert a “space” between the words “Florida” and “that”. Commissioner Settle inquired if there were any substantive issues raised at the PARB. Commissioner Settle commented that Lines 175,176,177 have no specific criteria. Planner Torino stated he would include language that would not exempt an applicant from site improvement regulations, unless deemed otherwise by the City, based upon site considerations such as on-site parking availability and other factors. The Commission reached a consensus to have Mr. Torino incorporate the language and present it at second reading. Chairman Shupe opened public comment. No comments were offered. Chairman Shupe closed public comment. Motion by Commissioner Settle, seconded by Commissioner Mealy, that we pass on first reading Ordinance 2015-05, with the specified changes. The motion carried unanimously, after a roll call vote.

STAFF REPORTS

14. STAFF REPORTS: City Manager Campbell referred to the Planning Board agenda, reporting the inclusion of a presentation/discussion item on the topic of Micro Hotels. Mr. Campbell reported if directed to move forward the Land Development Regulations would need to be amended, and that zoning would permit resort dwelling businesses. The Commission reached a consensus to have the PARB review this. City Attorney Smith inquired of the

Commission if there is a presentation like this in the future, (not an ordinance review) do you wish to review/hear it before the Planning Board. The Commission advised they were comfortable hearing of this issue in this fashion as a report from the Planner or City Manager.

Mr. Campbell reported the City has received a reasonable quote to repair the soffit.

15. ADJOURNMENT: Motion by Commissioner Carney, seconded by Commissioner Mealy, to adjourn the meeting at 7:08 p.m. The motion carried unanimously.

Attest:

Penny Overstreet, City Clerk

Marshall Shupe, Chairman



City of Flagler Beach **AGENDA ITEM # 7**

Item Summary and Recommendation

SUBJECT: Approve re-appointments to terms on the Personnel Advisory Review Board.

BACKGROUND: The Personnel Advisory Review Board rarely meets, however it is necessary to maintain membership, in the event that it is necessary to hear an employee appeal. Three terms have expired as of May 9, 2015. At the submission of this summary, I had only obtained confirmation of willingness to serve another term from Ms. Powell. I will continue to attempt contact with the other two expired members. I hope to have an update to you before the meeting on the 11th. In the event I am not able to contact them, or if they advise, they do not wish to continue service to the Board, I recommend you re-appoint Ms. Powell, so the Board would be able to obtain a quorum if needed. If necessary, I will advertise the two seats and represent to you later.

ATTACHMENTS: Member Roster, Ms. Powell's application.

SUBMITTED BY: Penny Overstreet, City Clerk

Appoint June 2006

CITY OF FLAGLER BEACH
ADVISORY BOARD AND COMMITTEE APPLICATION FORM

(Please fill out form completely)

Name: Pat Powell Date: 5/22/06

Physical address: 719 W. Central Ave FB

Mailing address: _____

Home phone: 5170590 Daytime phone: Same

Fax: Same E-Mail: powell.pat@gmail.com

Occupation: RN HOVF

Number of years of City residence: 6.5 Own: Rent: _____

Are you registered to vote in Flagler County? Yes No _____

Identify the board(s) or committee(s) to which you request appointment:
Personnel Review

Please describe your professional and/or volunteer experience or background which best qualifies you for selection to the board(s) or committee(s):
Just an interested citizen wanting to do my part

How many City Commission/board meetings have you attended in the last 2 years? 10

Have you ever served on a City advisory board or committee in the past? Yes No _____

If yes, please describe: _____

Pat Powell
Signature

Please return this application to the City Clerk, P.O. Box 70, 105 S. 2nd Street, Flagler Beach, Florida 32136

PERSONNEL ADVISORY REVIEW BOARD

Eric Gagnon
1955 N. Central Avenue
P.O. Box 387
Flagler Beach, FL 32136
386-437-0934 Cell: 404-593-4193
ERIC@wesellrestaurants.com

May 10, 2012 May 09, 2015 ✕

Ralph Campanozzi
3580 S. Oceanshore Blvd. #503
Flagler Beach, FL 32136
(386) 439-5279

May 10, 2013 - May 09, 2016

Peter Sepe
235 Ocean Palm Drive
Flagler Beach, FL 32136
(386) 693-4141
235opfla@gmail.com

May 10, 2013 - May 09, 2016

Patti Powell
719 N. Central Avenue
Flagler Beach, FL 32136
386-517-0590
powell.patti@gmail.com

May 10, 2012 - May 9, 2015 ✕

Jean (Andrea) Stowell
800 N. Central Avenue
Flagler Beach, FL 32136
386-439-8356
jeanstowell1@aol.com

May 10, 2012 - May 09, 2015 ✕

This board meets on an as needed basis. Term of office is three years. A quorum is four members. Term of office of chairperson is one year and election is held at the first meeting of the year. Ordinance 94-1 and 2001-22 cover this board.



City of Flagler Beach **AGENDA ITEM # 8** **Item Summary and Recommendation**

SUBJECT: Award Contract for City Hall Repairs and a new roof to Dacom Home Accents LLC in the amount of \$84,345 per their quote and allow for an additional contingency of 10%.

BACKGROUND: The City advertised for sealed bids for an FRQ for the repair work for City Hall and received no bids. Contacting individual contractors to quote this work has resulted in two quotes. Dacom has quoted the work from the original RFQ scope of work plus a quote for a new roof, which is needed due to the deteriorating condition of the existing roof. We also received a quote from Certified Construction and Consulting for the original scope and new roof for \$209,191.56. The large discrepancy in the quotes is due to the differences in approach to installation of the new roof, materials and method of preparing the bid.

RECOMMENDATIONS: Approve

ATTACHMENTS: Quotes dated May 19 & February 17, 2015

SUBMITTED BY: Robert Smith **DATE:** June 5, 2015

Staff Comments:

Finance Director: The budget will need to be amended for the cost of the new roof. The cost will need to be funded with unrestricted general funds.

City Manager: Recommend that the contract from Dacom Home Accents, LLC be awarded for our City Hall soffit repair and roof replacement.

Dacom Home Accents LLC
 19 Eastwood DR
 Palm Coast, FL 32164
 Certified General Contractor
 Lic # CGC1523038

Proposal/Contract

Date	Estimate #
5/19/2015	00283

Name / Address
Flagler Beach City Hall 105 South 2nd Street Flagler Beach, Fla. 32136

Description	
<p>Plans and Permits</p> <p>Dumpster/Haul Away Debris from site & general clean up of sodded & parking lot areas.</p> <p>Demolition consisting of: Metal framing, dens-shield board covered with stucco on mansard style overhang on perimeter of building. Excluding 2nd street City Hall entry, South Central Ave. Commission Room Entry and Museum entry.</p> <p>Electrical Contractor: Remove electrical conduit exposed or damaged by said project. Relocate conduit & fixture junction boxes as necessary. Supply & install new lighting fixtures where removed</p> <p>Framing: Supply & install framing for nailers & blocking to meet proper roof thickness Supply & install framing support to tie in mansard sections to remain, at the entryways. Areas to frame are on each side of Commission Room Entry, City Hall Entry & Museum Entry.</p> <p>*Existing roof type modified over insulated concrete decking*</p> <p>Roofing Services: Remove all debris & clean surface Supply & install 2" Insulated Hunter Panels over existing roof with olybond 500 Supply & install wood 2x4pt around entire affected area Supply & install 6" white aluminum eave drip on entire perimeter Supply & install new white modified roll roofing 2 ply system with dry-in felt. 5 year workmanship, 12 year material warranty</p>	
Total	

Client Signature _____

Phone #
386-586-2540

E-mail	Web Site
Dacomhomes@aol.com	www.Dacomhomes.com

Dacom Home Accents LLC

19 Eastwood DR
Palm Coast, FL 32164
Certified General Contractor
Lic # CGC1523038

Proposal/Contract

Date	Estimate #
5/19/2015	00283

Name / Address
Flagler Beach City Hall 105 South 2nd Street Flagler Beach, Fla. 32136

Description	
<p>Stucco Contractor: Supply & install Stucco finish to areas(walls & eve) affected by said project.</p> <p>Note** Dacom Homes shall furnish and install materials in accordance with descriptions provided by Client. Dacom Homes does not warrant or guarantee that new products or materials selected by Client will match the existing products or materials on the building. Client acknowledges that industry standards allow for a degree of variation in finish, color, texture and other characteristics of the building products and materials, and that exact duplication of existing conditions and the exact matching of textures, colors and planes is not guaranteed.</p> <p>7" Gutters & Down System Approximately 200 Linear Feet consisting of: West side of building along sidewalk on S. Central Ave. (approximate. 50') to flow southward direction. North East side of building from side entry to 2nd St. to flow northward direction to down spout northeast corner traveling approximately. 80'</p> <p>Note** 200 linear foot covers; gutter & down spout linear foot total</p> <p>Masonry: Any concrete chipping, cracks or other defects on overhang to be repaired throughout said project.</p> <p>Painting: Prime/seal new stucco finish & paint areas affected by said project Temporary fence system to be erected only around areas under current construction</p>	
Total	
\$84,345.00	

Client Signature _____

Phone #
386-586-2540

E-mail	Web Site
Dacomhomes@aol.com	www.Dacomhomes.com

Certified Construction and Consulting,
 3504 Evergreen Avenue
 Bunnell, Florida 32110

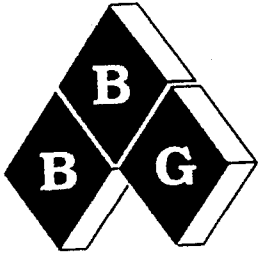
Estimate

386-931-2592

Date	Estimate #
2/17/2015	388

Name / Address
FLAGLER BEACH CITY HALL

			Project
Description	Qty	Rate	Total
Demolition and removal of all metal framing and stucco mansard.		24,000.00	24,000.00
dumpsters		4,800.00	4,800.00
Relocating conduit and lighting after demo		5,500.00	5,500.00
Stucco all exposed to match instead of patching.		6,500.00	6,500.00
paint to match		6,250.00	6,250.00
roof replacement, see attached		131,746.56	131,746.56
contractors overhead and profit		30,395.00	30,395.00
		Total	\$209,191.56



B·B·G CONTRACTING GROUP, INC.

10562 New Kings Road ♦ Jacksonville, Florida 32219
 Telephone: (904) 766-5800 ♦ General Fax: (904) 766-1010 ♦ Estimating Dept. Fax (904) 766-8747

PROPOSAL SUBMITTED TO: Brian Wester	DATE 2/10/2015	
COMPANY Certified Construction and Consulting	JOB NAME Flagler Bch City Hall	
STREET	STREET 105 2 nd Street S	
CITY	CITY Flagler Beach	STATE FL
STATE/ZIP	PHONE/FAX	

We hereby submit specifications and estimate for:
 Reroof of Flagler Beach City Hall building-

1. Demo and remove existing modified bitumen roof system, taper insulation and original BUR w/gravel from structural concrete deck. All flashings, edge details to be demo'd along with roofing. (*Perimeter parapet/knee wall demo'd by others*)
2. Install new temp roof to concrete deck.
3. Install new wood blocking/nailers as needed for Lwt. Concrete pour.
4. Install new Lightweight Concrete to establish roof slope 1/8" per foot.
5. Install 60 mil TPO fleeceback membrane in low rise foam adhesive.
6. Fabricate and install new Aluminum edge detail as needed per termination.
7. Flash penetrations and wall details in accordance with roofing manufacturer's specs.
8. Provide 2yr workmanship and 20yr Full Labor and Material warranty.
9. Permits to be in accordance with Flagler Beach, FL

Base Bid Price = \$131,746.56

Alternates-

1. New Lwt. Concrete with an average R-20 value. Add **\$7,200.00** to Base Bid price.
2. Using Tapered Rigid insulation in lieu of Lwt. concrete to establish slope. Add **\$11,000.00** to Base Bid price.

Exclusions from above scope of work-

1. Removal or replacement of concrete decking.
2. Removal or replacement of rooftop equipment, curbs and penetrations.

We hereby propose to furnish labor and materials, complete in accordance with the above specifications, for the sum of **\$ 131,746.56** with payments to be made as follows:

In full upon completion and receipt of invoice. No retainage to be withheld.

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accident or delays beyond our control. This proposal subject to acceptance within 30 days and it is void thereafter at the option of the undersigned.

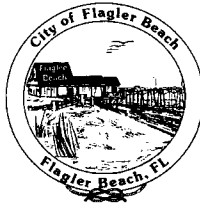
Authorized Signature Blake McCrea
 Blake McCrea, Director of Maint. & Repairs Div.

ACCEPTANCE OF PROPOSAL

The above prices, specifications and conditions are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

ACCEPTED:

Signature _____ DATE _____



City of Flagler Beach **AGENDA ITEM # 9** **Item Summary and Recommendation**

SUBJECT: Consider a Developer Service Agreement with Seaside Landings LLC for water and sanitary sewer service to the City's Utility Service Area along the John Anderson Corridor. The City will provide utilities for 99 residential lots in the development.

BACKGROUND: The developer has approached the City to supply water and sanitary service to their development which is approximately 2.5 miles south of the closest City infrastructure. The City has the capability to service their water needs of 31,150 GPD and peak projection including irrigation of 163,150 GPD and 26,700 GPD for wastewater.

RECOMMENDATIONS: Approval with conditions.

ATTACHMENTS: Developer Service Agreement

SUBMITTED BY: Robert Smith **DATE:** June 2, 2015

Reviewed by:

City Manager: Staff believes the City's interests are met with subject service agreement. There may be other issues we choose to pursue outside of the agreement in the near future. Those issue(s) have been initially discussed with the Developer. The other issue that our City needs to decide is, "should we pay the difference between the developers specified diameter water pipe opposed to larger sized pipe to accommodate additional development along John Anderson, in the future"? It is Staff's opinion that the time to upsize would be when the pipe is laid for Sea Side Landings.

The Engineering cost estimate of this "upsizing" is approximately \$350,000. This estimate would include:

- Upsizing to a 10" diameter water line from SR 100 to the city limits on John Anderson. This distance is approximately 3,170 feet of larger 10" pipe - opposed to the present 8" pipe.
- Larger size water pipe from the city limits to Seaside Landings. (Developer will pay the 6" diameter pipe costs; City will pay the upsizing of the additional 4" diameter.)
- All associated fittings, T's and valves.

Staff recommends approval of the agreement, with the specified conditions.

CITY OF FLAGLER BEACH WATER AND WASTEWATER SYSTEM DEVELOPER'S SERVICE AGREEMENT

THIS AGREEMENT made and entered into this ____ day of _____, 2015 by and between Seaside Landings, LLC. (hereafter "DEVELOPER"), and CITY OF FLAGLER BEACH ("COFB").

RECITALS

WHEREAS, the DEVELOPER owns or controls lands situated in Flagler County, Florida, as described in Exhibit "A", attached hereto and hereinafter referred to as the "Property"; and

WHEREAS, the DEVELOPER has or is about to develop the Property by creating thereon ninety-nine (99) single family residential building lots; and

WHEREAS, the Property lies within the City of Flagler Beach water and wastewater service district area; and

WHEREAS, the DEVELOPER is therefore required to execute a "Water and Wastewater System Developer's Service Agreement" setting forth such reasonable provisions governing the DEVELOPER's and the CITY OF FLAGLER BEACH responsibility pertaining to the installation of water and wastewater service facilities; and

WHEREAS, the DEVELOPER willingly agrees to set forth such reasonable provisions within the Water and Wastewater System Developer's Service Agreement governing the DEVELOPER'S and the CITY OF FLAGLER BEACH responsibility pertaining to the installation of water and wastewater service facilities; the connection of consumer installations with the facilities of the CITY; the manner and method of payment of Impact Fees; standards of construction or specifications; engineering errors and omissions; rules, adherence to regulations and procedures of the CITY of Flagler Beach and other reasonable regulations; and

WHEREAS, as the result of the Developer's commitments as provided for in the Water and Wastewater System Developer's Service Agreement, the CITY OF FLAGLER BEACH shall provide, in accordance with the provisions hereinafter set out, central water and wastewater facilities service and maintenance to the Developer property. as described in Exhibit "A" attached hereto;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

SECTION 1. RECITALS. The foregoing "Whereas" clauses are hereby ratified and confirmed as true and correct, are incorporated herein as if set forth in full.

SECTION 2. DEFINITIONS. The following definitions and references are given for the purpose of interpreting the terms as used in this Agreement and apply unless the context indicates a different meaning:

- (1) "Service" - the readiness and ability on the part of COFB to furnish water and/or wastewater service to each lot on the Property.
- (2) "Customer" – a purchaser of a building lot for the construction of a home.
- (3) "Point of Delivery or Distribution" - the point where the pipes of utility are connected with

the pipes of the Customer. Unless otherwise indicated, the point of delivery shall be at a point on the Customer's lot line.

(4) "Construction" – It is represented the water distribution and wastewater collection system will be constructed by DEVELOPER, which DEVELOPER covenants and agrees to pay to induce COFB to continuously provide water and wastewater service to the Property.

SECTION 3. EASEMENT AND RIGHT OF ACCESS. DEVELOPER hereby grants and gives COFB the exclusive right or privilege to construct, own, maintain., and operate the water and wastewater facilities in, under, over and across the present and future streets, roads, easements, reserved utility sites and public places on the Property as provided and dedicated to public use in the record plats, or as provided for in agreements, dedications or grants made otherwise and independent of said record plats. DEVELOPER hereby further agrees that the foregoing grants include the necessary right of ingress and egress to any part of the Property; that the foregoing grants shall be perpetual; that in the event COFB is required or desires to install any additional water and wastewater facilities in lands within the Property lying outside the streets and easement areas described above, then DEVELOPER shall grant to COFB, without cost or expense to COFB, the necessary easement or easements for such "private property" installation; provided, all such "private property" installation by COFB shall be made in such a manner as not to interfere with the then primary use of such "private property." COFB covenants that it will use due diligence in ascertaining all easement locations; however, should COFB install any of its facilities outside a dedicated easement area, DEVELOPER, the successors and assigns of DEVELOPER, covenant and agree that COFB will not be required to move or relocate any facilities lying outside a dedicated easement area so long as the facilities do not interfere with the then or proposed use of the area in which the facilities have been installed. COFB hereby agrees that all easement grants will be utilized in accordance with the established and generally accepted practices of the water and wastewater industry with respect to the installation of all its water and wastewater facilities in any of the easement areas; and the DEVELOPER in granting easement herein, or pursuant to the terms of this instrument, shall have the right to grant exclusive or non-exclusive rights, privileges and easement to other entities to provide to the Property any utility services other than water and wastewater service.

SECTION 4. PROVISION OF SERVICE; PAYMENT OF RATES.

4.1. Upon the continued accomplishment of all the prerequisites contained in this Agreement to be performed by the DEVELOPER, COFB covenants and agrees that it will allow the connection of the water distribution and wastewater collection facilities installed by DEVELOPER to the central water and wastewater facilities of COFB in accordance with the terms and intent of this Agreement. Such connection shall be in accordance with rules and regulations of the Department of Health and Rehabilitative Services and the Florida Department of Environmental Protection. COFB agrees that once it provides water and wastewater service to the Property and DEVELOPER, or others have connected customer installations to its system, that thereafter, COFB will continuously provide, in accordance with the other provisions of this Agreement, and of applicable laws, including rules and regulations and rate schedules, water and wastewater service to the Property in a manner to conform with all requirements of all governmental agencies having jurisdiction over the water and wastewater system of COFB. The DEVELOPER, its successors and assigns agree to timely and fully pay all applicable monthly rates, fees, and charges to COFB and otherwise fully comply with COFB's rules, regulations, and ordinances applicable to the provision of water and wastewater service.

4.2. The DEVELOPER, its successors and assigns agrees to pay to COFB for monthly service within thirty (30) days after statement is rendered by COFB all sums due and payable as set forth in such statement. Upon failure or refusal to pay the amounts due on statements as rendered, COFB may, in its sole discretion, terminate service. Upon the sale of lots to Customer's, only the service of a non-paying Customer shall be terminated in the event of non-payment. Service shall not be interrupted to paying Customers.

4.3. Impact fees and connection fees shall be paid in accordance with COFB's current rules, regulations, policies and ordinances.

SECTION 5. DESIGN, REVIEW, CONSTRUCTION, INSPECTION, AND CONVEYANCE OF FACILITIES.

5.1. To induce COFB to provide water and wastewater service, and to continuously provide customers located on the Property with water and wastewater services, DEVELOPER hereby covenants and agrees to pay for the construction and to transfer ownership and control to COFB, the on-site and/or off-site water distribution and wastewater collection facilities referred to herein. All design and construction shall be in accordance with COFB rules, regulations, policies, resolutions, ordinances and utility standards.

5.2. DEVELOPER shall allow COFB to review engineering plans and specifications of the type and in the form as prescribed by COFB, showing the on-site and/or off-site water distribution and wastewater collection facilities proposed to be installed to provide service to the subject Property. COFB will advise DEVELOPER's engineer of any sizing requirements as mandated by COFB's system extension policy and utility standards for the preparation of plans and specifications for facilities within the Property. If applicable, such detailed plans may be limited to a phase of the Property, and subsequent phases may be furnished from time to time. However, each such phase, if applicable, shall conform to a master plan for the development of the Property and such master plan shall be submitted to COFB concurrent with or prior to submission of plans for the first phase. All such plans and specifications shall be submitted to COFB and no construction shall commence until COFB has approved such plans and specifications in writing. After approval, DEVELOPER shall cause to be constructed, at DEVELOPER's expense, the water distribution and wastewater collection facilities as shown on all plans and specifications.

5.3. During the construction of the on-site and/or off-site water distribution and wastewater collection facilities by DEVELOPER, COFB shall have the right to inspect such installation to determine compliance with the plans and specifications, adequacy of the quality of the installation, and further, shall be entitled to perform standard tests for pressure, filtration, line and grade, and all other normal engineering tests required by specifications and/or good engineering practices.

5.4. In the event that COFB requires that a larger capacity pipe is required, greater than that needed by DEVELOPER for DEVELOPER'S project, COFB shall pay the increased cost of the larger capacity pipe.

5.5. By these presents, upon completion and approval by COFB, the DEVELOPER shall transfer to COFB, all right, title, and interest, free and clear of any encumbrances whatsoever, to the on-site and/or off-site water distribution and wastewater collection facilities installed by DEVELOPER's contractor, pursuant to the provisions of this Agreement. Such conveyance is to take effect without further action upon the acceptance by COFB of the said installation. As further evidence of said transfer to title, and upon the completion of the installation and prior to the rendering of service by COFB, DEVELOPER shall convey to COFB, by bill of sale, or other appropriate documents, in form satisfactory to COFB's counsel, the complete on-site and/or off-site water distribution and wastewater collection facilities as constructed by DEVELOPER and approved by COFB. DEVELOPER shall further cause to be conveyed to COFB, all easements and/or rights-of-way covering areas in which on-site and/or off-site water distribution and wastewater collection facilities are installed by recordable document in form satisfactory to COFB's counsel. All conveyance of easements and/or rights-of-way shall be accompanied by a title policy or other evidence of title, satisfactory to COFB, establishing DEVELOPER's rights to convey such continuous enjoyment of such easements or rights-of-way for those purposes set forth in this Agreement to the exclusion of any other person in interest. The use of easements granted by DEVELOPER shall include the use by other utilities so long as such uses by electric, telephone, or gas utilities, or cable television do not interfere with use by COFB. COFB agrees that the acceptance of the on-site and/or off-site water distribution and wastewater collection facilities installed by DEVELOPER, for service, or by acceptance of the bill of sale, shall constitute that assumption of responsibility by COFB for the continuous operation and maintenance of such system from that date forward.

5.6. Mortgagee(s), if any, holding prior liens on such properties shall be required to release such liens, subordinate their position and join in the grant or dedication of the easements or rights-of-way. The water distribution and wastewater collection facilities shall be covered by easements if not located within platted or dedicated rights-of-way.

SECTION 6. EVIDENCE OF TITLE. At least thirty (30) days prior to COFB's acceptance of the water distribution and wastewater collection facilities, at the expense of the DEVELOPER, DEVELOPER agrees to either deliver to COFB an Abstract of Title, brought up to date, which abstract shall be retained by COFB, and remain the property of COFB, or to furnish COFB an opinion of title from a qualified attorney at law or a qualified title insurance company with respect to the Property, which opinion shall include a current report on the status of the title, setting out the name of the legal title holders, the outstanding mortgages, taxes, liens, and covenants. The provisions of this Section are for the exclusive rights of service contained in this Agreement. Any mortgage or lien holder having an interest in the Property shall be required to join in the grant of exclusive service rights set forth in this Agreement. Title standards shall be the same as those applicable to real estate generally adopted by the Florida Bar and in accordance with Florida law.

SECTION 7. OWNERSHIP OF FACILITIES. DEVELOPER agrees with COFB that the on-site and/or off-site water distribution and wastewater collection facilities conveyed to COFB for use in connection with providing water and wastewater services to the Property, shall at all times remain in the complete and exclusive ownership of COFB, and any entity owning any part of the Property or any residence or building constructed or located thereon, shall not have the right, title, claim or interest in and to such facilities, or any part of them, for any purpose, including the furnishing of water and wastewater services to other persons or entities located within or beyond the limits of the property.

SECTION 8. APPLICATION OF RULES, REGULATIONS, AND RATES. Notwithstanding any provision in this Agreement, COFB may establish, revise, modify and enforce rules, regulations and rates covering the provision of water and wastewater service to the Property. Such rules, regulations and rates are subject to the approval of COFB's Board of Supervisors. Such rules and regulations shall at all times be reasonable and subject to regulation as may be provided by law or under contract. Rates charged to DEVELOPER or customers located upon the Property shall be identical to rates charged for the same classification of service that rates to a developer or customers located within COFB's system service area of the COFB pay. Regulated in accordance with ordinances and authorized pursuant to Section 180.191, Florida Statutes. All rules, regulations and rates in effect, or placed into effect in accordance with the preceding, shall be binding upon DEVELOPER, upon any other entity holding by, through or under DEVELOPER; and upon any customer of the water and wastewater service provided to the Property by COFB.

SECTION 9. PERMISSION TO CONNECT REQUIRED. DEVELOPER, or any owner of any parcel of the Property, or any occupant of any residences or buildings located thereon, shall not have the right to and shall not connect to any customer installation to the water and wastewater facilities of COFB until approval for such connection has been granted by COFB.

SECTION 10. BINDING AGREEMENT; ASSIGNMENTS BY DEVELOPER. This Agreement shall be binding upon and shall inure to the benefit of DEVELOPER, COFB and their respective assigns and successors by merger, consolidation or conveyance. This Agreement shall not be sold, conveyed, assigned or otherwise disposed of by DEVELOPER without the written consent of COFB first having been obtained. COFB agrees not to unreasonably withhold such consent.

SECTION 11. NOTICES PROPER FORM. Until further written notice by either party to the other, all notices provided for herein shall be in writing and transmitted by messenger, or by mail to:

COFB: Public Works Director
Flagler Beach FL

DEVELOPER: Seaside Landings, LLC.

Attn: Pete Scerbo
183 Water Street
Williamstown MA 01267

SECTION 12. SURVIVAL OF COVENANTS. The rights, privileges; obligations and covenants of DEVELOPER and COFB shall survive the completion of the work of DEVELOPER with respect to completing the water and wastewater facilities and services to any phase area and to the Property as a whole.

SECTION 13. ENTIRE AGREEMENT; AMENDMENTS; APPLICABLE LAW; ATTORNEY'S FEES.

This Agreement supersedes all previous agreements or representations, either verbal or written, heretofore in effect between DEVELOPER and COFB, made with respect to the matters herein contained, and when duly executed, constitutes the agreement between DEVELOPER and COFB. No additions,, alterations or variations of the terms of this Agreement shall be valid, nor can provisions of the Agreement be waived by either party, unless such additions, alterations, variations or waivers are expressed in writing and duly signed. This Agreement shall be governed by the laws of the State of Florida, as well as all applicable local ordinances of COFB and it shall be and become effective immediately upon execution by both parties hereto. In the event that COFB or DEVELOPER is required to enforce this Agreement by court proceedings or otherwise, by instituting suit or otherwise, then COFB or DEVELOPER shall be entitled to recover all costs incurred, including reasonable attorney's fees.

SECTION 14. DISCLAIMERS; LIMITATIONS ON LIABILITY.

14.1. STATUS. The parties deem each other to be independent contractors, and not agents of the other.

14.2. INDEMNIFICATION. Developer will indemnify, save and hold harmless COFB against all liability, losses, damage or other expenses, including reasonable attorney's fees which may be imposed upon, incurred by or asserted against COFB by reason of any negligence on the part of the developer or its employees, agents, contractors, licensees or invitees; any personal injury or property damage occurring on or about the property or any part thereof; or any failure on the part of the developer to perform or comply with any covenant required to be performed or complied with against COFB by reason of any such occurrences, developer will, at developer's expense, resist or defend any such action or proceeding. Provided further, however, developer shall have no obligation with respect to claims arising out of the intentional or negligent conduct of COFB or its employees, agents, contractors, licensees or invitees or of third parties not included in the definitions above. The liability and immunity of COFB is governed by the provisions of Section 768.28, Florida Statutes (1995), and nothing in this agreement is intended to extend the liability of COFB or to waive any immunity enjoyed by COFB under that statute. Any provisions of this agreement determined to be contrary to Section 768.28 or to create any liability or waive any immunity except as specifically provided in Section 768.28 shall be considered void.

14.3. FORCE MAJEURE. COFB shall not be liable or responsible to the developer by reason of the failure or inability of COFB to take any action it is required to take or to comply with the requirements imposed hereby or (or any injury to the developer or by those claiming by or through the developer, which failure, inability or injury is caused directly or indirectly by force majeure as hereinafter set forth). The term "force majeure" as employed herein shall mean acts of god, strikes, lock-outs, or other industrial disturbance; acts of public enemies, war, blockades, riots, acts of armed forces, militia, or public authority, epidemics; breakdown of or damage to machinery, pumps, or pipe lines; landslides, earthquakes, fires, storms, floods, or washouts; arrests, title disputes, or other litigation; governmental restraints of any nature whether federal, state, city, municipal or otherwise. civil

or military; civil disturbances; explosions, failure or inability to obtain necessary materials, supplies, labor or permits or governmental approvals whether resulting from or pursuant to existing or future rules, regulations, orders, laws or proclamations whether federal, state, city, municipal or otherwise, civil or military; or by any other causes, whether or not of the same kind as enumerated herein, not within the sole control of TWA and which by exercise of due diligence COFB is unable to overcome.

14.4. DISCLAIMER OF THIRD PARTY BENEFICIARIES. This agreement is solely for the benefit of and shall be binding upon the formal parties hereto and their respective authorized successors and assigns, and no right or cause of action shall accrue upon or by reason hereof, to or for the benefit of any third party not a party to this agreement or an authorized successor or assignee thereof.

14.5. DISCLAIMER OF SECURITY. Notwithstanding any other provision of this agreement, the developer expressly acknowledges (1) that it has no pledge of or lien upon any real property (including, specifically, COFB's system), any personal property, or any existing or future revenue source of COFB (including, specifically, any revenues or rates, fees, or charges collected by COFB in connection with COFB's system) as security for any amounts of money payable by COFB under this agreement; and (2) that its rights to any payments or credits under this agreement are subordinate to the rights of all holders of any stocks, bonds, or notes of COFB, whether currently outstanding or hereafter issued.

SECTION 15. COVENANT NOT TO ENGAGE IN UTILITY BUSINESS.

The DEVELOPER, as a further consideration for this Agreement, agrees that it shall not (the words "shall not" being used in a mandatory definition) engage in the business of providing water and wastewater service to the Property during the period of time COFB, its successors and assigns, provide water service to the Property, it being the intention of the parties hereto that the foregoing provision shall be a covenant running with the land and under said provision and also under other provisions of this Agreement COFB shall have the sole and exclusive right and privilege to provide water and wastewater service to the Property and to the occupants of each residence, building or unit constructed thereon.

SECTION 16. RECORDATION. The parties hereto agree that an executed copy of this Agreement and Exhibits attached hereto shall be recorded in the Public Records of Flagler County, Florida.

SECTION 17. SEVERABILITY. If any part of this Agreement is found invalid or unenforceable by any court, such invalidity or unenforceability shall not affect the other parts of this Agreement if the rights and obligations of the parties contained therein are not materially prejudiced, and if the intentions of the parties can continue to be effected. To that end, this Agreement is declared severable.

SECTION 18. AUTHORITY TO EXECUTE AGREEMENT. The signature by any person to this Agreement shall be deemed a personal warranty by that person that he has the full power and authority to bind any corporation, partnership, or any other business entity for which he purports to act hereunder.

SECTION 19. CAPACITY. Any specific reservations of capacity must be detailed within the body of this Agreement, under the heading "Special Conditions," and such capacity shall be so reserved, for a definite period of time, negotiated between the parties, by the DEVELOPER to COFB.

SECTION 20. ARMS LENGTH TRANSACTION. Both parties have contributed to the preparation, drafting and negotiation of this document and neither has had undue influence or control thereof. Both parties agree that in construing this Agreement, it shall not be construed in favor of either party by virtue of the preparation, drafting, or negotiation of this Agreement.

SECTION 21. SPECIAL CONDITION. The following Special Condition is mutually agreed between DEVELOPER and COFB: Developer shall have the right to capacity for not less than 99 Single Family Residence building lots and no other user shall have the right to connect if such connection would reduce this capacity.

IN WITNESS WHEREOF, DEVELOPER and COFB have executed or have caused this Agreement, with the named Exhibits attached, if any, to be duly executed in several counterparts, each of which counterpart shall be considered an original executed copy of this Agreement.

ATTEST:

CITY OF FLAGLER BEACH

By: _____
City Clerk of the City of Flagler Beach

By: _____
Mayor Linda Provencher

ATTEST:

SEASIDE LANDING, LLC

By: _____

STATE OF FLORIDA
COUNTY OF FLAGLER

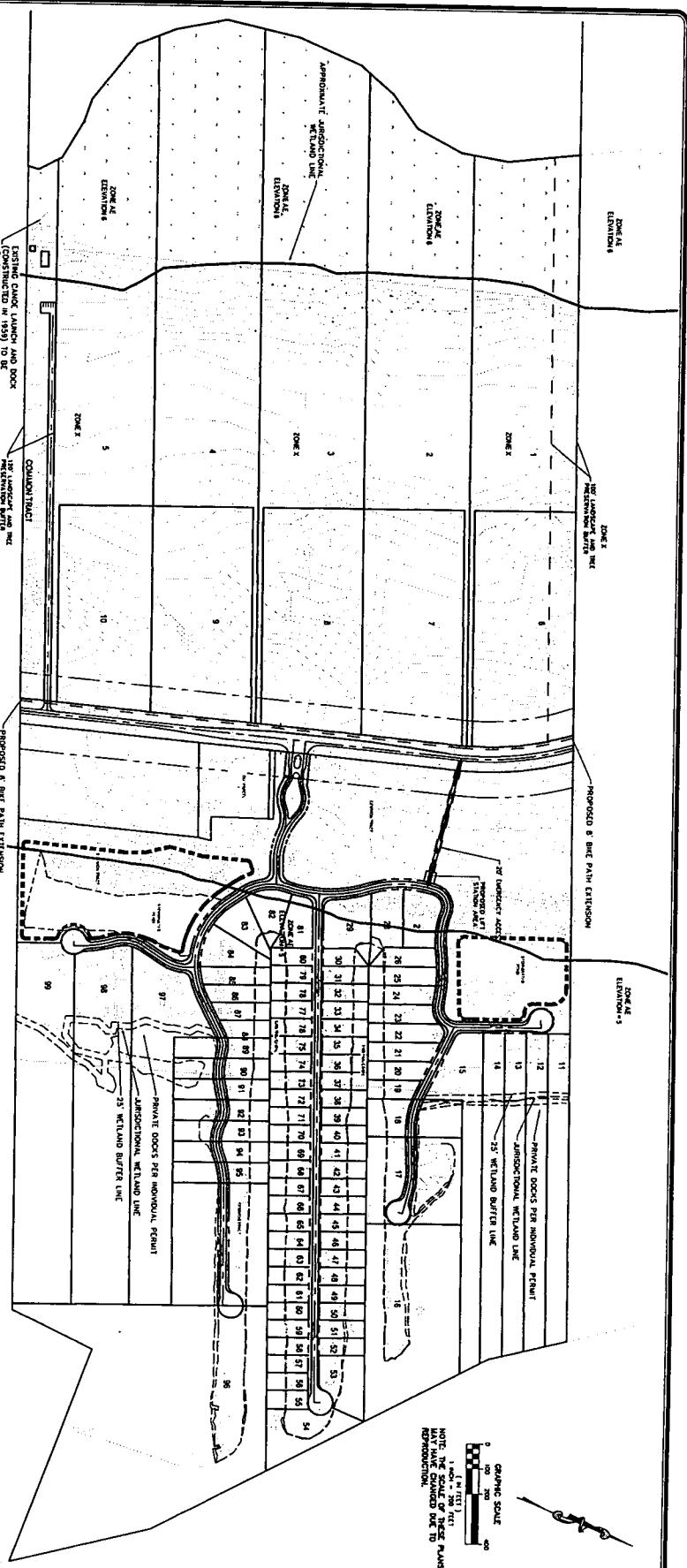
The foregoing instrument was acknowledged before me on the _____ day of June by _____ as _____ of SEASIDE LANDING, LLC, who is personally known to me or has produced the following identification _____.

Signature: _____

Notary Printed Name

Seal:

EXHIBIT A
Property Description and Location Map



Development Restrictions:
The Seaside Landings (FL) Formery the Blower Preserve NHC-PUD) shall be subject to the terms of the Development Agreement and associated Plans.

Proposed Land Use:
Residential land use with ancillary recreational uses

Minimum Lot Size: **Revisibly Approved:** 1.0 Acres **Proposed:** 6,000 square feet
East of John Anderson Highway 1.0 Acres 5.0 Acres
West of John Anderson Highway 1.0 Acres 5.0 Acres

Maximum Building Height:
Main structure: 40 feet or 3 stories
Chimney, porch towers, or casework constructed as an integral part of the main structure may extend up to 50 feet in height.

Minimum Building Setbacks:
Rear yard: 20 feet
Side yard (interior lot): 10 feet
Avaluing any street: 20 feet

Rear yard canal (East of John Anderson Highway): 5 feet from the normal high water line.
Canal that will be allowed to cantilever structures westward of the rear setback line.

Maximum Impervious Surface:
35%; however, individual lots may be subject to a more restricted coverage.

Tree and Residential Utilities:
Single Family

Number of Proposed Lots:
99 Proposed

Anticipated Price Range:
\$400,000 to \$1,000,000+

Access to John Anderson Highway:
Access to John Anderson Highway on the east side shall be limited to the one primary access point as shown on the site plan. Emergency vehicle access also shall be provided as designated as "20' Emergency Access Easement" on the plan. The two lots will be accessed from the primary street that terminates at the easternmost landing area on Blower Creek.

Average Density:
1 unit per 5.7 acres proposed (based on 250 acres less the 44,375 acres designated for preservation (but which be density if tractable) plus the 359 acres devoted to the Internal Improvement Trust) and for which the density was approved for transfer

Proposed FAR of Non-Residential Uses:
35%

Wetlands:
Floodplain cross-overs are allowed, subject to Flagler County permits and requirements.

Private Storage:
Situations where the Applicant shall acquire a Subdivision right(s) at the endowment to the subdivision on the east side of John Anderson Highway. The right(s) will have a maximum of forty-eight (48) square feet of copy area and may be

Proposed FAR of Non-Residential Uses:
35%

Wetlands:
Floodplain cross-overs are allowed, subject to Flagler County permits and requirements.

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Situations where the Applicant shall acquire a Subdivision right(s) at the endowment to the subdivision on the east side of John Anderson Highway. The right(s) will have a maximum of forty-eight (48) square feet of copy area and may be

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MASTER SITE PLAN

SEASIDE LANDINGS
FLAGLER COUNTY, FLORIDA
FOR: SEASIDE LANDINGS, LLC.

Miller Legg
Central Florida Office: 831 S. Orange Avenue, Suite 300
Orlando, Florida 32814
407-429-9800 Fax: 407-429-7863
www.millerlegg.com

REVISIONS

14-00187
14-00187-1
14-00187-1

#10

**City of Flagler Beach, Florida
Financial Statements
For the Year Ended
September 30, 2014**

**Dufresne & Associates, CPA, PA
385 Stiles Avenue
Post Office Box 1179
Orange Park, Florida 32073
(904) 278-8980 Phone
(904) 278-4665 Fax
www.dufresnepas.com**

**City of Flagler Beach, Florida
Financial Statements
September 30, 2014**

TABLE OF CONTENTS

INTRODUCTORY SECTION	
List of Principal Officials	1
FINANCIAL SECTION	
Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Enterprise Funds	20
Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Funds	21
Statement of Cash Flows - Enterprise Funds	22
Statement of Fiduciary Net Position - Pension Trust Funds	23
Statement of Changes in Fiduciary Net Position - Pension Trust Funds	24
Notes to the Financial Statements	25
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	51
Budgetary Comparison Schedule - Community Redevelopment Fund	52
Note to the Budgetary Comparison Schedules	53
Schedule of Funded Status and Funding Progress for Other Postemployment Benefits Other Than Pensions	54
Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Police Officers' Pension Trust Fund Plan	55
Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Firefighters' Pension Trust Fund Plan	56
Schedule of Contributions - Municipal Police Officers' Pension Trust Fund Plan	57
Schedule of Contributions - Municipal Firefighters' Pension Trust Fund Plan	58
Schedule of Investment Returns - Municipal Police Officers' and Firefighters' Pension Trust Fund Plans	59
Other Supplementary Information:	
Community Redevelopment Agency - Balance Sheet (As Required and Defined by <i>Florida Statutes</i> 163.387(8))	60
Community Redevelopment Agency - Statement of Revenues, Expenditures, and Changes in Fund Balance (As Required and Defined by <i>Florida Statutes</i> 163.387(8))	61
Reconciliation of Actuarial Net Position to the Fiduciary Net Position for the Municipal Police Officers' and Firefighters' Pension Trust Fund Plans	62

**City of Flagler Beach, Florida
Financial Statements
September 30, 2014**

TABLE OF CONTENTS

OTHER REPORTS

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>	63
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	65
Schedule of Expenditures of Federal Awards	67
Note to the Schedule of Expenditures of Federal Awards.....	67
Schedule of Findings and Questioned Costs.....	68
Summary Schedule of Prior Audit Findings	69
Management Letter of Independent Auditors Required by Chapter 10.550, Rules of the Auditor General	70
Report of Independent Accountant on Compliance with Local Government Investment Policies.....	72

INTRODUCTORY SECTION

**City of Flagler Beach, Florida
List of Principal Officials
September 30, 2014**

MAYOR

HONORABLE
LINDA PROVENCHER

CHAIRPERSON

KIM CARNEY

VICE-CHAIRPERSON

MARSHALL SHUPE

CITY COMMISSIONERS

JANE MEALY

STEVE SETTLE

JOY MCGREW

CITY MANAGER

BRUCE CAMPBELL

FINANCE DIRECTOR

KATHLEEN DOYLE

CITY ATTORNEY

DREW SMITH

INDEPENDENT AUDITORS

DUFRESNE & ASSOCIATES, CPA, PA

FINANCIAL SECTION

DATE

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, City Commissioners, and City Manager of the City of Flagler Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Flagler Beach, Florida (City) as of and for the year ended September 30, 2014, 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

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As described in Note I-E to the financial statements, in 2014, the City adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities; GASB Statement No. 66, Technical Corrections -2013; and GASB Statement No. 67, Financial Reporting for Pension Plans. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 5 - 13 and 51 - 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying Community Redevelopment Agency Balance Sheet (As Required and Defined by *Florida Statutes 163.387(8)*) and the Community Redevelopment Agency Statement of Revenues, Expenditures and Changes in Fund Balance (As Required and Defined by *Florida Statutes 163.387(8)*) (collectively referred to as CRA Financial Statements) included in the section entitled Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the financial statements. The CRA Financial Statements 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. The information has been subjected to the auditing procedures applied in the audit of the 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 or the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the CRA Financial Statements are fairly stated in all material respects in relation to the financial statements as a whole.

The Reconciliation of Actuarial Net Position to the Fiduciary Net Position for the Municipal Police Officers' and Firefighters' Pension Trust Fund Plans (Reconciliation) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Reconciliation has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, on our consideration of the City'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 City's internal control over financial reporting and compliance.

Dufresne & Associates, CPA, PA

Management's Discussion and Analysis (Unaudited)

As management of the City of Flagler Beach, Florida (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$41,165,150.
- The City's total net position increased by \$3,110,093 due largely to the completion of Pier Hardening Project, the Ocean Promenade and equipment purchases.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,402,557, an increase of \$545,384 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,690,741 or 72.42% of total General Fund expenditures. Revenues exceeded expenditures in the General Fund by \$338,247, before internal transfers and other funding sources of \$228,390 are included in the \$566,637 increase in fund balance.
- The City's total long-term liabilities decreased by \$428,969. The liabilities consist of compensated absences, capital leases for police motorcycles and two police vehicles, State Revolving Fund Loan for the water treatment plant, the Revenue Bond Note for CRA District improvements and the Revenue Bond Note for Stormwater Improvements throughout the City and the Other Postemployment Benefits (OPEB).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's 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'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 City'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 utility taxes or earned but unsecured vacation leave, etc.).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental 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 City include general government, public safety, roads and streets, physical environment, and culture/recreation. The business-type activities of the City include water and sewer, sanitation, and stormwater. The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 the City's near-term financing requirements; 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 which can be found on pages 17 and 19.

The City maintains two individual governmental funds; General and Community Redevelopment Funds. Information is presented separately in the governmental fund Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds. The basic governmental fund financial statements can be found in this report on pages 16 and 18.

The City adopts an annual appropriated budget for its General Fund and Community Redevelopment Fund. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget and can be found on pages 51 and 52.

Proprietary funds. The City maintains one type of proprietary fund, which is an enterprise fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, sanitation, and stormwater activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Sanitation, and Stormwater Funds, all of which are considered major funds. The basic proprietary fund financial statements can be found in this report on pages 20 through 22.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found within this report on pages 23 and 24.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found within this report on pages 25 through 50.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for the Municipal Police Officers' Pension Trust Fund and the Municipal Firefighters' Pension Trust Fund and the budget versus actual schedule for the General Fund and Community Redevelopment Fund.

Government-wide Financial Analysis

As noted earlier, net position might serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceed liabilities by \$41,165,150 at the close of the most recent fiscal year.

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, land improvements, buildings, 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 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.

City of Flagler Beach's Net Position

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 7,358,171	\$ 6,446,183	\$ 7,654,218	\$ 7,215,010	\$ 15,012,389	\$ 13,661,193
Capital assets	11,709,904	10,321,760	23,325,465	23,029,125	35,035,369	33,350,885
Total assets	19,068,075	16,767,943	30,979,683	30,244,135	50,047,758	47,012,078
Long-term liabilities outstanding	1,203,582	1,248,052	6,689,538	7,065,918	7,893,120	8,313,970
Other liabilities	784,441	373,599	205,047	236,580	989,488	610,179
Total liabilities	1,988,023	1,621,651	6,894,585	7,302,498	8,882,608	8,924,149
Net position:						
Net investment in capital assets	10,785,635	9,352,255	16,989,403	16,305,186	27,775,038	25,657,441
Restricted	1,528,187	1,588,504	2,651,323	2,450,068	4,179,510	4,038,572
Unrestricted	4,766,230	4,205,533	4,444,372	4,186,383	9,210,602	8,391,916
Total net position	\$ 17,080,052	\$ 15,146,292	\$ 24,085,098	\$ 22,941,637	\$ 41,165,150	\$ 38,087,929

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

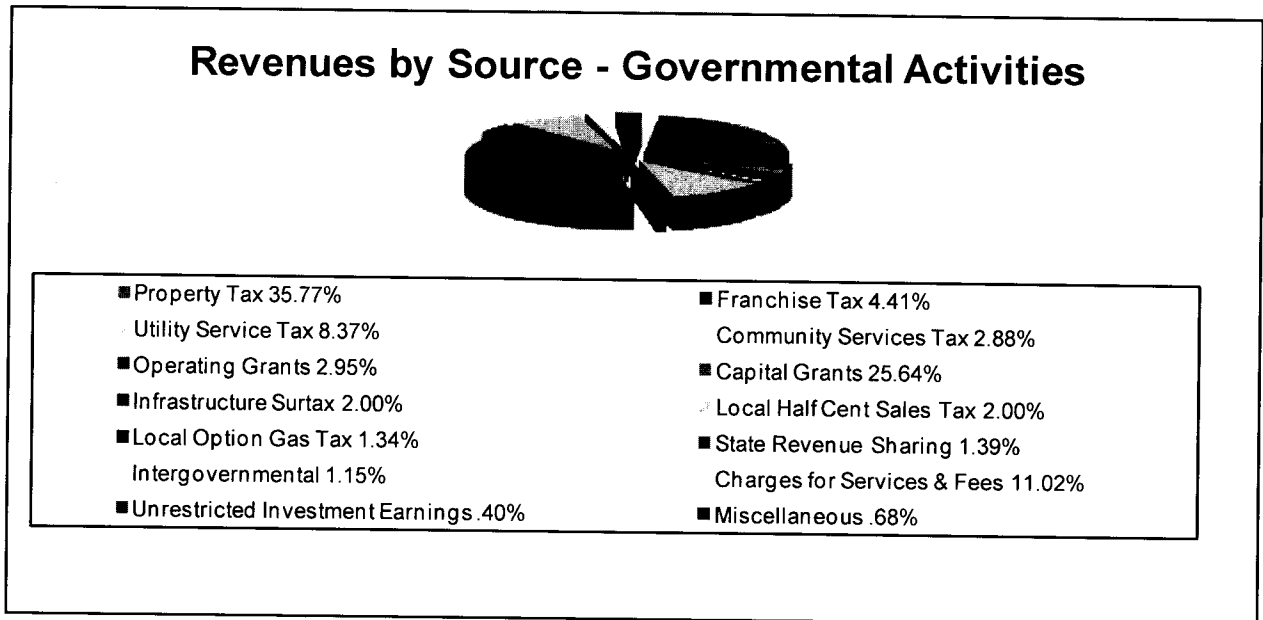
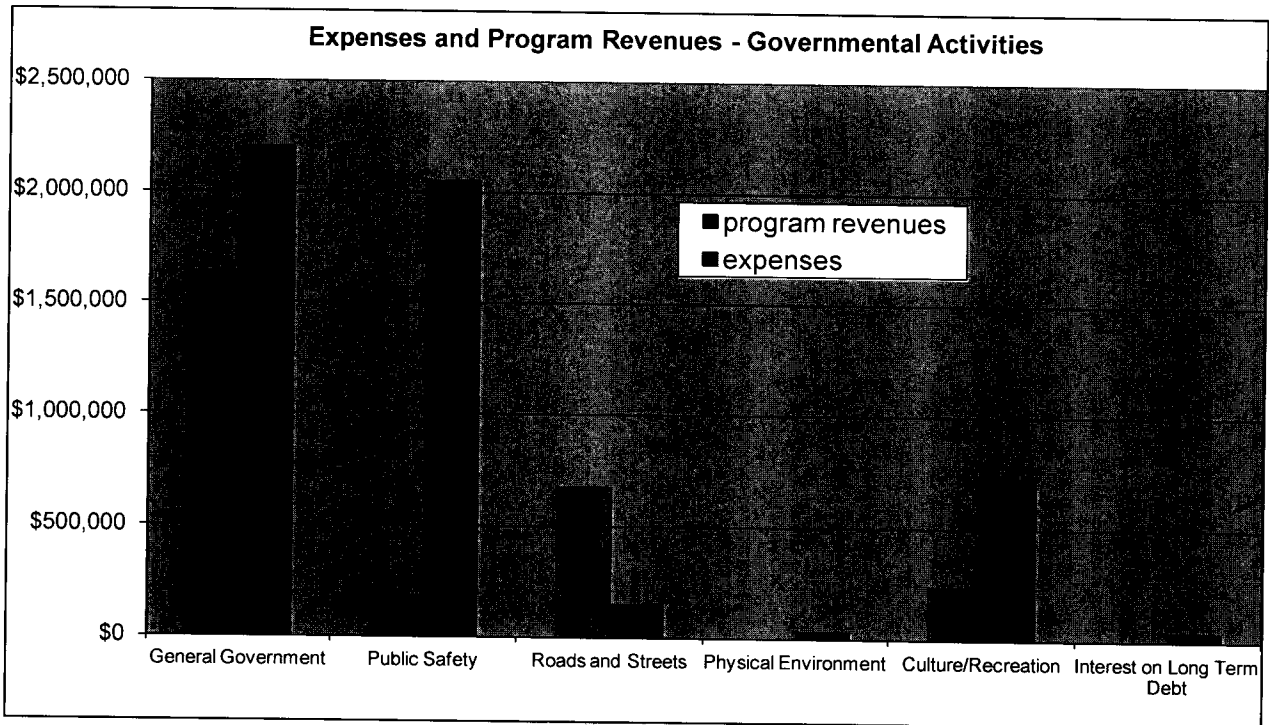
At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the City's net position by \$1,950,233 thereby accounting for 62.71% of the total increase in the net position of the City; this represents an increase over last year due to the completion of Pier Hardening Project and the Ocean Promenade.

Overall, revenues in Governmental activities increased by \$815,880 or 13.39%; expenses increased by \$357,534 or 6.64% when compared to last year's balances. The increase in revenues was generated by the receipt of grant monies for the Pier Hardening and Ocean Promenade Projects. Increases in expenses were in the Public Safety and General Government areas of the governmental funds.

City of Flagler Beach's Change in Net Position

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 761,288	\$ 771,230	\$ 3,963,733	\$ 3,932,543	\$ 4,725,021	\$ 4,703,773
Operating grants and contributions	203,687	189,227	-	-	203,687	189,227
Capital grants and contributions	1,771,721	1,226,986	859,033	201,494	2,630,754	1,428,480
General revenues:						
Property taxes	2,471,194	2,350,771	-	-	2,471,194	2,350,771
Sales taxes	368,993	366,850	-	-	368,993	366,850
Franchise and utility taxes	1,081,870	1,039,639	-	-	1,081,870	1,039,639
Intergovernmental revenue	175,205	100,850	-	-	175,205	100,850
Unrestricted Investment earnings	27,871	1,351	68,303	15,108	96,174	16,459
Other miscellaneous	47,118	46,163	-	-	47,118	46,163
Total revenues	6,908,947	6,093,067	4,891,069	4,149,145	11,800,016	10,242,212
Expenses:						
General government	2,200,136	2,018,861	-	-	2,200,136	2,018,861
Public safety	2,052,162	1,876,333	-	-	2,052,162	1,876,333
Roads and streets	152,831	142,000	-	-	152,831	142,000
Physical environment	35,955	59,166	-	-	35,955	59,166
Culture/recreation	709,991	697,615	-	-	709,991	697,615
Interest on long-term debt	37,924	37,490	-	-	37,924	37,490
Water and sewer	-	-	2,430,839	2,259,668	2,430,839	2,259,668
Sanitation	-	-	884,586	846,150	884,586	846,150
Stormwater	-	-	185,499	179,692	185,499	179,692
Total expenses	5,188,999	4,831,465	3,500,924	3,285,510	8,689,923	8,116,975
Increase in net position before transfers	1,719,948	1,261,602	1,390,145	863,635	3,110,093	2,125,237
Transfers	230,285	321,779	(230,285)	(321,779)	-	-
Increase in net position	1,950,233	1,583,381	1,159,860	541,856	3,110,093	2,125,237
Net position-beginning of year, as previously reported	15,146,292	13,562,911	22,941,637	22,399,781	38,087,929	35,962,692
Prior period adjustment	(16,473)	-	(16,399)	-	(32,872)	-
Net position- beginning of year, as restated	15,129,819	13,562,911	22,925,238	22,399,781	38,055,057	35,962,692
Net position - end of year	\$ 17,080,052	\$ 15,146,292	\$ 24,085,098	\$ 22,941,637	\$ 41,165,150	\$ 38,087,929



Business-type activities. Business-type activities increased the City's net position by \$1,159,860 accounting for 32.79% of the total increase in the City's net position when compared to last fiscal year.

Overall the revenues in business-type activities increased by \$741,924 or 17.88%, due largely to grant revenue for the Stormwater Projects. The expenses increased \$215,414 or 6.55%.

Financial Analysis of the City's Funds

As noted earlier, the City used fund accounting to ensure and demonstrate compliance with finance related legal requirements.

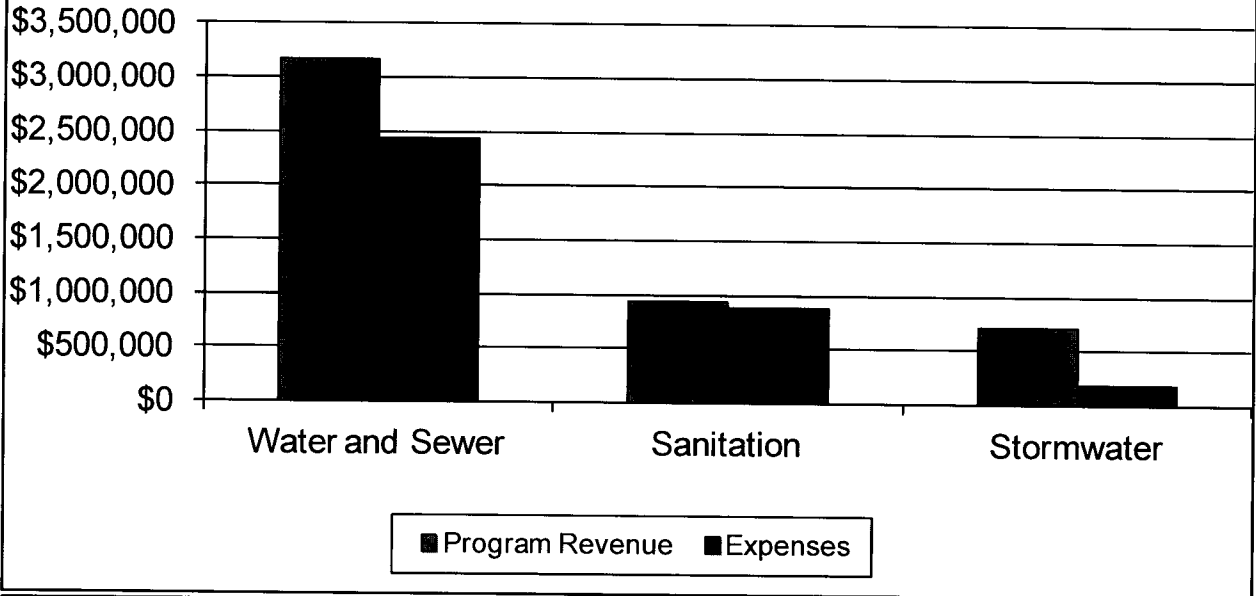
Governmental funds. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,402,557, an increase of \$545,384 in comparison with prior year. 72.89% of the total amount, or \$4,666,593, constitutes *unassigned fund balance* in the General Fund, which is available for spending at the government's discretion. The Community Redevelopment Fund has an *unassigned fund balance* of \$(24,148). A combination of reduced property values over the past seven years, and the cost to the city for CRA Phase II C were the cause of this deficit. The CRA receives TIFF (Tax Incremental Funding) from the City of Flagler Beach and Flagler County annually and with an increase to the property values the fund should have a positive balance by year end 2015. The remainder of the fund balance in the General Fund is not available for new spending because it has already been designated *Nonspendable* – Prepaid amounts of \$76,426; *Restricted* for Infrastructure and Capital Assets \$1,296,294, *Restricted* for Law Enforcement and Training \$25,085, *Restricted* for Land Purchases \$18,490 and *Restricted* for the Education of Building Inspectors \$17,145; *Committed* for Encumbrances \$152,524 including \$126,482 for paving, \$18,562 for construction, \$7,480 for Firefighter Education, \$5,351 for Promenade Parking and \$10,000 for the city's portion of a landscaping grant; *Assigned* as an encumbrance was the amount of \$150,000 for a Fire truck purchase.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,690,741 while the total fund balance reached \$6,426,705. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 72.42% of the total General Fund expenditures, while total fund balance represents 99.22% of General Fund expenditures.

Proprietary funds. The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer, Sanitation, and Stormwater Funds at the end of the year amounted to \$2,690,418, \$1,376,677, and \$377,277, respectively. The total increase (decrease) in unrestricted net position was \$352,208, \$92,951, \$(187,170), respectively.

Base Rate increases for the Utility and Stormwater Funds will be necessary to fund future projects and general maintenance of aging infrastructure.

Expenses and Program Revenues Business-Type Activities



Revenues by Source - Business-Type Activities



General Fund Budgetary Highlights

The Budgetary Comparison Schedule for the General Fund found on page 51 of the Required Supplementary Information shows the differences between the original budget, the final amended budget and actual amounts.

Revenues were \$241,065 more than the final budget. The City was able to keep expenditures under budget by \$619,849 when compared to the amended budget. The net result was an increase of \$566,637 to the fund balance for General Fund.

Capital assets. The City's investment in capital assets for its governmental and business-type assets as of September 30, 2014, amounts to \$35,035,369. This investment in capital assets includes land and land improvements, buildings, improvements other than buildings, equipment, construction in progress, and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 5.05%.

Major capital asset events during the current fiscal year included the following:

- Completion of the Oceanwalk Promenade along A1A extended our older boardwalk and improved our beach access. The project was paid with grant and city funds.
- The Pier Hardening Project which improved the stability of the pilings was completed during 2013-14. This project was funded with FEMA Mitigation Funds, as well as funding from the Flagler County, Tourist Development Council, the City of Bunnell and our local portion.
- Emergency Repairs to the Palm Avenue Culvert were completed at a cost of \$55,000; this can be paid from our restricted street paving funds.
- Emergency repairs led to the rebuilding of the South 12th Street Lift Station. The total cost was \$129,353 and was paid with Restricted Sewer Impact Fees.
- Stormwater Projects for Palma Vista and South Flagler neighborhoods are underway during current fiscal year and were completed in 2014-15. They were funded with Federal Grant and Stormwater Reserves.
- A Fire line was installed for Ocean Palm Villa's South. The total cost was \$51,954; Ocean Palm Villa HOA paid for one-third of the cost.

City of Flagler Beach's Capital Assets

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land and land improvements	\$ 2,170,133	\$ 2,170,133	\$ 1,648,235	\$ 1,648,235	\$ 3,818,368	\$ 3,818,368
Buildings	3,559,928	3,559,928	11,304,824	11,304,824	14,864,752	14,864,752
Improvements other than buildings	3,706,416	1,682,294	15,561,819	15,362,681	19,268,235	17,044,975
Equipment	2,669,754	2,528,374	2,764,518	2,415,288	5,434,272	4,943,662
Construction in progress	8,516	178,290	859,421	275,381	867,937	453,671
Infrastructure	5,860,655	5,860,655	2,321,619	2,321,619	8,182,274	8,182,274
Less accumulated depreciation	(6,265,498)	(5,657,914)	(11,134,971)	(10,298,903)	(17,400,469)	(15,956,817)
Total	\$11,709,904	\$10,321,760	\$ 23,325,465	\$ 23,029,125	\$ 35,035,369	\$ 33,350,885

Additional information on the City's capital assets can be found within this report.

Long-term liabilities. At the end of the fiscal year, the City had total long-term liabilities in the amount of \$7,667,894, of which \$471,788 is due within one year.

The governmental activities' long-term liabilities amount to \$1,200,797 and consist of the Community Redevelopment Revenue Note, capital leases for vehicles, compensated absences and OPEB.

The business-type activities' long-term liabilities amount to \$6,467,097 and include the State Revolving Fund Loan for the water treatment plant, Stormwater Revenue Note, compensated absences and OPEB.

Economic Factors and Next Year's Budgets and Rates

- Property values continue to improve; early estimates from Flagler and Volusia County indicate a 5% increase.
- New homes starts have increased
- At the end of the fiscal year, the City settled litigation with two former employees. While the settlement was paid by our insurance company, it could impact the cost of insuring the City in the future.
- Continued decline in investment earning opportunities will affect both governmental and business-type activities.
- Base rate increases are still needed for the Utility Fund to fund the 5 year capital plan, which calls for \$3.9 million in Water & Sewer Projects. For 2014-15, both sewer and water base fees were increase by 7%.
- The Stormwater Fees have not been increased since the City established this Enterprise Fund in 2004-05 Fiscal Year. The current fee structure covers the debt service and operations. In 2013-14 we are completing the South Flagler and Palma Vista Projects with FEMA Mitigation and City Funding; this cost will deplete our reserves. In order to build reserves for future projects, a fee increase or other revenue source will be required. In 2014-15 fees were increased by \$.72 per month. The increased cost to a residential customer is \$8.64 annually.

All of these factors were considered when the City prepared the budget for fiscal year 2014-15. The state of our local economy and the condition of unrestricted reserves in the Utility and Stormwater Funds will be considered in preparing the City's budget for fiscal year 2015-16.

At the end of 2013-14 the fund balance in the General Fund increased to \$6,426,705. All appropriations lapse at year end. The City of Flagler Beach has appropriated \$302,504 to be available for the 2014-15 fiscal year budget. The use of current revenues and available reserved fund balance for ongoing projects allowed the City to adjust the millage rate to 5.05753 (the rollback rate) for the 2014-15 fiscal year budget. Management continues to enforce reduction of spending and restructuring of staff positions, services and other expenditures in the General and Enterprise Funds to balance the budget in the future.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Flagler Beach, Finance Department Director, 105 South Second Street, Flagler Beach, FL 32136.

City of Flagler Beach, Florida
Statement of Net Position
September 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,426,830	\$ 1,500,185	\$ 4,927,015
Investments	2,724,391	2,713,984	5,438,375
Accounts receivable, net of allowance	118,945	541,414	660,359
Due from other governments	890,938	157,623	1,048,561
Internal balances	(50,532)	50,532	-
Prepays and other assets	76,426	-	76,426
Restricted cash and cash equivalents	-	39,157	39,157
Restricted investments	-	2,651,323	2,651,323
Net pension asset	171,173	-	171,173
Capital assets:			
Land and land improvements	2,170,133	1,648,235	3,818,368
Construction in progress	8,516	859,421	867,937
Buildings	3,559,928	11,304,824	14,864,752
Improvements other than buildings	3,706,416	15,561,819	19,268,235
Equipment	2,669,754	2,764,518	5,434,272
Infrastructure	5,860,655	2,321,619	8,182,274
Accumulated depreciation	(6,265,498)	(11,134,971)	(17,400,469)
Total assets	<u>19,068,075</u>	<u>30,979,683</u>	<u>50,047,758</u>
LIABILITIES			
Accounts payable and accrued liabilities	750,325	188,914	939,239
Unearned revenues	34,116	16,133	50,249
Customer deposits	-	194,823	194,823
Accrued interest payable	2,785	27,618	30,403
Non-current liabilities:			
Due within one year	114,425	357,363	471,788
Due in more than one year	1,086,372	6,109,734	7,196,106
Total liabilities	<u>1,988,023</u>	<u>6,894,585</u>	<u>8,882,608</u>
NET POSITION			
Net investment in capital assets	10,785,635	16,989,403	27,775,038
Restricted for:			
Infrastructure and capital assets	1,331,929	2,651,323	3,983,252
Law enforcement	25,085	-	25,085
Pensions	171,173	-	171,173
Unrestricted	4,766,230	4,444,372	9,210,602
Total net position	<u>\$ 17,080,052</u>	<u>\$ 24,085,098</u>	<u>\$ 41,165,150</u>

The notes to the financial statements are an integral part of this statement.
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City of Flagler Beach, Florida
Statement of Activities
For the Year Ended September 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 2,200,136	\$ 647,293	\$ -	\$ 987,333	\$ (565,510)	\$ -	\$ (565,510)
Public safety	2,052,162	55,413	131,854	-	(1,864,895)	-	(1,864,895)
Roads and streets	152,831	-	67,929	607,888	522,986	-	522,986
Physical environment	35,955	-	-	-	(35,955)	-	(35,955)
Culture/recreation	709,991	58,582	3,904	176,500	(471,005)	-	(471,005)
Interest	37,924	-	-	-	(37,924)	-	(37,924)
Total governmental activities	5,188,999	761,288	203,687	1,771,721	(2,452,303)	-	(2,452,303)
Business-type activities:							
Water and sewer	2,430,839	2,820,817	-	349,697	-	739,675	739,675
Sanitation	884,586	933,371	-	-	-	48,785	48,785
Stormwater	185,499	209,545	-	509,336	-	533,382	533,382
Total business-type activities	3,500,924	3,963,733	-	859,033	-	1,321,842	1,321,842
Total primary government	\$ 8,689,923	\$ 4,725,021	\$ 203,687	\$ 2,630,754	(2,452,303)	1,321,842	(1,130,461)
General Revenues:							
Property taxes					2,471,194	-	2,471,194
Franchise fees					304,516	-	304,516
Utility service taxes					578,490	-	578,490
Communication services tax					198,864	-	198,864
Infrastructure surtax					138,353	-	138,353
Local half-cent sales tax					138,255	-	138,255
Local option gas tax					92,385	-	92,385
State revenue sharing proceeds					95,986	-	95,986
Intergovernmental					79,219	-	79,219
Unrestricted investment earnings					27,871	68,303	96,174
Miscellaneous					47,118	-	47,118
Transfers					230,285	(230,285)	-
Total general revenues and transfers					4,402,536	(161,982)	4,240,554
Change in net position					1,950,233	1,159,860	3,110,093
Net position - beginning of year, previously reported					15,146,292	22,941,637	38,087,929
Prior period adjustment					(16,473)	(16,399)	(32,872)
Net position - beginning of year, as restated					15,129,819	22,925,238	38,055,057
Net position - end of year					\$ 17,080,052	\$ 24,085,098	\$ 41,165,150

The notes to the financial statements are an integral part of this statement.

City of Flagler Beach, Florida
Balance Sheet
Governmental Funds
September 30, 2014

	<u>General</u>	<u>Community Redevelopment</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 3,298,533	\$ 128,297	\$ 3,426,830
Investments	2,724,391	-	2,724,391
Accounts receivable, net of allowance	118,945	-	118,945
Due from other funds	101,913	-	101,913
Due from other governments	890,938	-	890,938
Prepays	76,426	-	76,426
Total assets	<u>\$ 7,211,146</u>	<u>\$ 128,297</u>	<u>\$ 7,339,443</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 570,125	\$ -	\$ 570,125
Accrued personal services	180,200	-	180,200
Deferred revenue	34,116	-	34,116
Due to other funds	-	152,445	152,445
Total liabilities	<u>784,441</u>	<u>152,445</u>	<u>936,886</u>
Fund balances:			
Nonspendable:			
Prepays	76,426	-	76,426
Restricted:			
Police training	3,025	-	3,025
Law enforcement automation	22,060	-	22,060
A1A land purchases	18,490	-	18,490
Infrastructure and capital assets	1,296,294	-	1,296,294
Building inspector education	17,145	-	17,145
Committed:			
Remodeling	3,211	-	3,211
Firefighter education	7,480	-	7,480
Promenade parking	5,351	-	5,351
City portion of landscaping grant	10,000	-	10,000
Roads and streets	126,482	-	126,482
Assigned:			
Fire truck	150,000	-	150,000
Unassigned	4,690,741	(24,148)	4,666,593
Total fund balances	<u>6,426,705</u>	<u>(24,148)</u>	<u>6,402,557</u>
Total liabilities and fund balances	<u>\$ 7,211,146</u>	<u>\$ 128,297</u>	<u>\$ 7,339,443</u>

The notes to the financial statements are an integral part of this statement.
6/4/2015 5:03:46 PM

City of Flagler Beach, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2014

Fund balances - governmental funds		\$ 6,402,557
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	17,975,402	
Accumulated depreciation	<u>(6,265,498)</u>	11,709,904
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds Balance Sheet.		
		(2,785)
The cumulative effect of overfunding/underfunding the actuarially required contributions to a pension fund or OPEB fund does not represent a financial asset/liability in the governmental funds. In the Statement of Net Position, which is presented on the accrual basis, an asset or liability is reported since the adjustment to expense is fully recognized in the Statement of Activities.		
Net pension asset	171,173	
Other postemployment benefits liability	<u>(163,047)</u>	8,126
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as governmental fund liabilities.		
Notes payable	(896,000)	
Capital leases payable	(28,269)	
Compensated absences	<u>(113,481)</u>	<u>(1,037,750)</u>
Net position of governmental activities		<u>\$ 17,080,052</u>

City of Flagler Beach, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2014

	<u>General</u>	<u>Community Redevelopment</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 3,295,736	\$ 91,165	\$ 3,386,901
Franchise fees	304,516	-	304,516
Licenses and permits	321,575	-	321,575
Intergovernmental	2,204,753	-	2,204,753
Charges for services	380,990	-	380,990
Fines and forfeitures	58,723	-	58,723
Grants and donations	176,500	-	176,500
Investment earnings	27,843	28	27,871
Miscellaneous	44,551	2,567	47,118
Total revenues	<u>6,815,187</u>	<u>93,760</u>	<u>6,908,947</u>
EXPENDITURES			
Current:			
General government	1,848,552	-	1,848,552
Public safety	1,864,951	-	1,864,951
Roads and streets	130,152	-	130,152
Physical environment	-	38,694	38,694
Culture/recreation	597,918	-	597,918
Debt service:			
Principal	17,706	44,000	61,706
Interest	1,108	34,214	35,322
Capital outlay	2,016,553	-	2,016,553
Total expenditures	<u>6,476,940</u>	<u>116,908</u>	<u>6,593,848</u>
Surplus (Deficiency) of revenues under expenditures	<u>338,247</u>	<u>(23,148)</u>	<u>315,099</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	228,390	1,895	230,285
Total other financing sources (uses)	<u>228,390</u>	<u>1,895</u>	<u>230,285</u>
Net changes in fund balances	566,637	(21,253)	545,384
Fund balances - beginning of year	5,860,068	(2,895)	5,857,173
Fund balances - end of year	<u>\$ 6,426,705</u>	<u>\$ (24,148)</u>	<u>\$ 6,402,557</u>

The notes to the financial statements are an integral part of this statement.
6/4/2015 5:03:46 PM

City of Flagler Beach, Florida
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2014

Net changes in fund balances - total governmental funds \$ 545,384

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 these assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	1,995,728	
Current year depreciation	(607,584)	1,388,144

Some revenues and expenses reported in the Statement of Activities did not require the use of or provide current financial resources and therefore are not reported in the governmental funds.

Change in:

Compensated absences payable	7,195	
Interest payable	137	
Net pension asset	(27,765)	
Other postemployment benefits liability	(24,571)	(45,004)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Promissory note principal payments	44,000	
Capital leases principal payments	17,709	61,709

Change in net position of governmental activities \$ 1,950,233

City of Flagler Beach, Florida
Statement of Net Position
Enterprise Funds
September 30, 2014

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 420,121	\$ 832,393	\$ 247,671	\$ 1,500,185
Restricted cash and cash equivalents:				
Debt service	39,157	-	-	39,157
Investments	2,218,640	495,344	-	2,713,984
Receivables (net of allowance for uncollectible accounts):				
Accounts receivable	295,484	104,377	22,536	422,397
Unbilled accounts	119,017	-	-	119,017
Due from other governments	-	-	157,623	157,623
Due from other funds	11,978	31,571	6,983	50,532
Total current assets	<u>3,104,397</u>	<u>1,463,685</u>	<u>434,813</u>	<u>5,002,895</u>
Non-current assets:				
Restricted investments:				
Water impact fees	1,468,413	-	-	1,468,413
Sewer impact fees	1,182,910	-	-	1,182,910
Total restricted investments	<u>2,651,323</u>	<u>-</u>	<u>-</u>	<u>2,651,323</u>
Unrestricted:				
Land	75,562	-	1,572,673	1,648,235
Construction in progress	17,705	-	841,716	859,421
Buildings	11,234,803	70,021	-	11,304,824
Improvements other than buildings	15,561,819	-	-	15,561,819
Equipment	1,412,625	1,313,172	38,721	2,764,518
Infrastructure	-	-	2,321,619	2,321,619
Less accumulated depreciation	(9,950,581)	(928,946)	(255,444)	(11,134,971)
Total non-current unrestricted assets	<u>18,351,933</u>	<u>454,247</u>	<u>4,519,285</u>	<u>23,325,465</u>
Total non-current assets	<u>21,003,256</u>	<u>454,247</u>	<u>4,519,285</u>	<u>25,976,788</u>
Total assets	<u>24,107,653</u>	<u>1,917,932</u>	<u>4,954,098</u>	<u>30,979,683</u>
LIABILITIES				
Current liabilities:				
Accounts payable	45,653	41,119	48,693	135,465
Accrued personal services liabilities	38,067	12,364	3,018	53,449
Accrued interest payable	27,618	-	-	27,618
Unearned revenues	16,133	-	-	16,133
Current portion of long-term debt	337,057	-	-	337,057
Compensated absences payable	13,972	5,933	401	20,306
Customer deposits payable	194,823	-	-	194,823
Total current liabilities	<u>673,323</u>	<u>59,416</u>	<u>52,112</u>	<u>784,851</u>
Non-current liabilities				
Loans payable	4,589,005	-	1,410,000	5,999,005
Compensated absences payable	10,411	6,760	216	17,387
Other postemployment benefits	67,302	20,832	5,208	93,342
Total non-current liabilities	<u>4,666,718</u>	<u>27,592</u>	<u>1,415,424</u>	<u>6,109,734</u>
Total liabilities	<u>5,340,041</u>	<u>87,008</u>	<u>1,467,536</u>	<u>6,894,585</u>
NET POSITION				
Net investment in capital assets	13,425,871	454,247	3,109,285	16,989,403
Restricted for:				
Water construction	1,468,413	-	-	1,468,413
Sewer construction	1,182,910	-	-	1,182,910
Unrestricted	2,690,418	1,376,677	377,277	4,444,372
Total net position	<u>\$ 18,767,612</u>	<u>\$ 1,830,924</u>	<u>\$ 3,486,562</u>	<u>\$ 24,085,098</u>

The notes to the financial statements are an integral part of this statement.
6/4/2015 5:03:46 PM

City of Flagler Beach, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Enterprise Funds
For the Year Ended September 30, 2014

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Operating revenues:				
Charges for services				
Water	\$ 1,596,423	\$ -	\$ -	\$ 1,596,423
Sewer	1,179,720	-	-	1,179,720
Sanitation	-	921,729	-	921,729
Stormwater	-	-	207,297	207,297
Other operating revenues	44,674	11,642	2,248	58,564
Total operating revenues	<u>2,820,817</u>	<u>933,371</u>	<u>209,545</u>	<u>3,963,733</u>
Operating expenses:				
Personal services	867,306	276,931	62,262	1,206,499
Materials, supplies, services and other operating expenses	770,100	491,901	5,303	1,267,304
Depreciation	657,799	115,754	62,514	836,067
Total operating expenses	<u>2,295,205</u>	<u>884,586</u>	<u>130,079</u>	<u>3,309,870</u>
Operating income	<u>525,612</u>	<u>48,785</u>	<u>79,466</u>	<u>653,863</u>
Nonoperating revenues (expenses):				
Impact fees	332,379	-	-	332,379
Investment earnings	60,031	7,632	640	68,303
Interest expense	(135,634)	-	(55,420)	(191,054)
Total nonoperating revenues (expenses)	<u>256,776</u>	<u>7,632</u>	<u>(54,780)</u>	<u>209,628</u>
Income before capital contributions and transfers	782,388	56,417	24,686	863,491
Capital contributions	17,318	-	509,336	526,654
Transfers out	(191,654)	(35,496)	(3,135)	(230,285)
Changes in net position	<u>608,052</u>	<u>20,921</u>	<u>530,887</u>	<u>1,159,860</u>
Total net position - beginning, as previously reported	18,159,560	1,810,003	2,972,074	22,941,637
Prior period adjustment	-	-	(16,399)	(16,399)
Total net position - beginning, as restated	<u>18,159,560</u>	<u>1,810,003</u>	<u>2,955,675</u>	<u>22,925,238</u>
Total net position - ending	<u>\$ 18,767,612</u>	<u>\$ 1,830,924</u>	<u>\$ 3,486,562</u>	<u>\$ 24,085,098</u>

The notes to the financial statements are an integral part of this statement.
6/4/2015 5:03:46 PM

City of Flagler Beach, Florida
Statement of Cash Flows
Enterprise Funds
For the Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Stormwater	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,879,071	\$ 936,030	\$ 209,961	\$ 4,025,062
Payments to suppliers	(878,465)	(479,301)	43,043	(1,314,723)
Payments to employees	(842,128)	(275,503)	(58,789)	(1,176,420)
Other operating cash transfers	(229,066)	176,915	(1,667)	(53,818)
Net cash provided by operating activities	<u>929,412</u>	<u>358,141</u>	<u>192,548</u>	<u>1,480,101</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(191,654)	(35,496)	(3,135)	(230,285)
Net cash used in noncapital financing activities	<u>(191,654)</u>	<u>(35,496)</u>	<u>(3,135)</u>	<u>(230,285)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants and contributions	349,697	-	351,713	701,410
Acquisition and construction of capital assets	(384,113)	(43,724)	(704,571)	(1,132,408)
Principal paid on capital debt	(328,276)	-	(76,000)	(404,276)
Interest paid on capital debt	(137,474)	-	(55,420)	(192,894)
Net cash used in capital and related financing activities	<u>(500,166)</u>	<u>(43,724)</u>	<u>(484,278)</u>	<u>(1,028,168)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(147,847)	(5,020)	-	(152,867)
Proceeds from sales and maturities of investments	37,205	2,059	2,306	41,570
Interest and other income	60,031	7,632	640	68,303
Net cash provided (used in) by investing activities	<u>(50,611)</u>	<u>4,671</u>	<u>2,946</u>	<u>(42,994)</u>
Net increase (decrease) in cash and cash equivalents	186,981	283,592	(291,919)	178,654
Cash and cash equivalents, beginning of year	272,297	548,801	539,590	1,360,688
Cash and cash equivalents, end of year	<u>\$ 459,278</u>	<u>\$ 832,393</u>	<u>\$ 247,671</u>	<u>\$ 1,539,342</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position				
Cash and cash equivalents in current assets:				
Cash and cash equivalents	\$ 420,121	\$ 832,393	\$ 247,671	\$ 1,500,185
Restricted cash and cash equivalents	39,157	-	-	39,157
Total cash and equivalents	<u>\$ 459,278</u>	<u>\$ 832,393</u>	<u>\$ 247,671</u>	<u>\$ 1,539,342</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 525,612	\$ 48,785	\$ 79,466	\$ 653,863
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	657,799	115,754	62,514	836,067
Decrease in certain assets:				
Accounts receivable	42,710	2,659	416	45,785
Increase (decrease) in certain liabilities:				
Accounts payable and accrued liabilities	(108,365)	12,600	48,346	(47,419)
Accrued personal services liabilities	25,178	1,428	3,473	30,079
Customer deposits	2,708	-	-	2,708
Unearned revenues	12,836	-	-	12,836
Due to other funds	(229,066)	176,915	(1,667)	(53,818)
Total adjustments	<u>403,800</u>	<u>309,356</u>	<u>113,082</u>	<u>826,238</u>
Net cash provided by operating activities	<u>\$ 929,412</u>	<u>\$ 358,141</u>	<u>\$ 192,548</u>	<u>\$ 1,480,101</u>

The notes to the financial statements are an integral part of this statement.
6/4/2015 5:03:46 PM

City of Flagler Beach, Florida
Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2014

	Municipal Police Officers' Pension Trust Fund	Municipal Firefighters' Pension Trust Fund	Total
ASSETS			
Cash equivalents	\$ 39,378	\$ 19,283	\$ 58,661
Receivables:			
State contributions	38,340	18,616	56,956
Employer contributions	42,582	651	43,233
Employee contributions	2,499	501	3,000
Accrued income	1,655	818	2,473
Investments:			
Fixed income mutual funds	792,919	400,777	1,193,696
Equity mutual funds	1,808,514	863,350	2,671,864
Total assets	<u>2,725,887</u>	<u>1,303,996</u>	<u>4,029,883</u>
LIABILITIES			
Accounts payable	12,363	625	12,988
Total liabilities	<u>12,363</u>	<u>625</u>	<u>12,988</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 2,713,524</u>	<u>\$ 1,303,371</u>	<u>\$ 4,016,895</u>

The notes to the financial statements are an integral part of this statement.
6/4/2015 5:03:46 PM

City of Flagler Beach, Florida
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2014

	Municipal Police Officers' Pension Trust Fund	Municipal Firefighters' Pension Trust Fund	Total
ADDITIONS			
Contributions:			
Employees	\$ 72,158	\$ 13,827	\$ 85,985
Employer	97,743	17,976	115,719
State insurance	38,340	52,277	90,617
Total contributions	<u>208,241</u>	<u>84,080</u>	<u>292,321</u>
Investment income:			
Net increase in fair value of investments	203,135	97,544	300,679
Interest and dividends	58,651	30,701	89,352
Less investment expense	(19,415)	(554)	(19,969)
Net investment income	<u>242,371</u>	<u>127,691</u>	<u>370,062</u>
Total additions	<u>450,612</u>	<u>211,771</u>	<u>662,383</u>
DEDUCTIONS			
Professional services	28,055	24,425	52,480
Employee withdrawals	57,750	51,394	109,144
Total deductions	<u>85,805</u>	<u>75,819</u>	<u>161,624</u>
Change in net position	<u>364,807</u>	<u>135,952</u>	<u>500,759</u>
Net position - beginning	<u>2,348,717</u>	<u>1,167,419</u>	<u>3,516,136</u>
Net position - ending	<u>\$ 2,713,524</u>	<u>\$ 1,303,371</u>	<u>\$ 4,016,895</u>

The notes to the financial statements are an integral part of this statement.
6/4/2015 5:03:46 PM

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

I. Summary of significant accounting policies

A. Reporting entity

The City of Flagler Beach (City), Florida, Flagler County (County), a political subdivision incorporated in 1946, under the authority of Chapter 165 *Florida Statutes*, was established by Chapter 11.481 Laws of Florida Acts of 1925. The City operates under a Commission-Manager form of government and provides the following services, as authorized by the City Charter: public safety (police, fire, and building departments), highways and streets, culture/recreation, public improvements, planning and zoning, and general government services. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so, data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City. The City has no discretely presented component units to report.

Blended component unit. The Flagler Beach Community Redevelopment Agency (CRA) is a blended component unit of the City as both entities are governed by the City Commission. The CRA was created and established by City Ordinances 95-24 and 97-21, for the purpose of rehabilitation, conservation and redevelopment of specific downtown areas of the City.

B. 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include 1) charges and fees from 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.

Separate financial statements are provided for governmental funds, enterprise funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

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, as are the enterprise fund and fiduciary fund financial statements. 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 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. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. 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.

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 revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

- The General Fund – the City's primary operating fund. It accounts for all financial resources of the general government, except those required or permitted and chosen by management to be accounted for in another fund.
- The Community Redevelopment Fund – The City's special revenue fund. It accounts for revenue sources that are legally restricted to expenditures for the CRA.

The City reports the following major enterprise funds:

- The Water and Sewer Fund – accounts for the operations and activities of the City's water and sewer department.
- The Sanitation Fund – accounts for the operations and activities of the City's sanitation department.
- The Stormwater Fund – accounts for the City's stormwater operations and activities.

Additionally, the City reports the following fiduciary funds:

- The Pension Trust Funds – account for the assets of the Municipal Police Officers' Pension Trust Fund and the Municipal Firefighters' Pension Trust Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges and fees from customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Assets, liabilities, and equity

1. Cash and cash equivalents

The City'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. Not all investments that qualify are required to be treated as cash equivalents. Before 2013, the City treated amounts invested with the State Board of Administration (SBA) Florida PRIME investment as investments. Beginning in the fiscal year 2013, the City has determined that when not restricted, it will treat these short-term, highly liquid investments as cash equivalents.

Cash and cash equivalents presented on the Statement of Cash Flows - Enterprise Funds are composed of restricted and unrestricted cash.

2. Receivables and payables

All outstanding balances between funds are reported on the fund financial statements as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

**City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014**

Enterprise fund receivables are balances due from commercial and residential customers within the City. The City's policy for collections is limited to applying security deposits to past due amounts, the right to discontinue service and to place liens on property. Enterprise receivables are shown net of an allowance for uncollectible accounts.

All real and tangible personal property taxes are assessed as of the first of January. Assessments are levied and payable on the first of November of each year or as soon thereafter as the assessment roll is certified by the Flagler County Property Appraiser. The County mails to each property owner on the assessment roll a notice of the taxes due and the County also collects the taxes for the City.

City property tax revenues are recognized when levied to the extent that they result in current receivables. Procedures for the collection of delinquent taxes by the County are provided for in the *Florida Statutes*.

The property tax calendar is as follows:

Valuation Date January 1, 2013

Property Appraiser prepares the assessment roll with values as of January 1, 2013, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations. July 1, 2013

City Commission holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year. September 4, 2013
and
September 18, 2013

Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (Levy Date). November 1, 2013

A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November 2013 through March 2014, with the following applicable discounts:

<u>Month Paid</u>	<u>Discount (%)</u>	
November	4	
December	3	November 1, 2013
January	2	through
February	1	March 31, 2014
March	0	

All unpaid taxes on real and tangible personal property become delinquent. April 1, 2014

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised. April and May 2014

Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien Date). June 1, 2014

A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes. June 1, 2014

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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/expenses when consumed rather than purchased.

4. Restricted assets

Certain proceeds of the City's enterprise Stormwater fund's revenue notes are classified as restricted assets on the Balance Sheet and Statement of Net Position because their use is limited by applicable bond covenants.

Restricted assets required to be set aside for the payment of enterprise fund contingencies, and other specific enterprise fund assets set aside for restricted purposes which cannot be used for routine operations are classified as restricted assets since their exclusive use is limited by applicable legal indentures.

5. Capital assets

Capital assets, which include: property, plant and equipment and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Interest capitalization ceases when the construction project is substantially complete. Interest is not capitalized for construction projects of governmental funds.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	15-50
Improvements other than buildings	10-50
Equipment	5-15

Pursuant to GASB Statement No. 34, the City is exempt from being required to record and depreciate infrastructure assets acquired before the implementation date becomes effective. As a result, the governmental activities column in the government-wide financial statements does not reflect those infrastructure assets completed prior to October 1, 2003.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick-pay benefits. No liability is reported for unpaid accumulated sick leave, except for police officers. Vacation pay is accrued when incurred in enterprise funds and reported as a fund liability. Vacation and sick-pay that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. No expenditure is reported for these amounts in the current year in the governmental funds. Amounts not expected to be liquidated with expendable available financial resources are reported as long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. Also, for governmental activities, compensated absences are generally liquidated by the General Fund.

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position.

8. Fund equity

The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are not in spendable form (such as prepaid expenses and advances due from other funds) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commission or as delegated to the City Manager.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

City Commission establishes and modifies or rescinds fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balances are established by the City Commission through adoption or amendment of the budget and through delegation to the City Manager.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

When both restricted and unrestricted fund (committed, assigned or unassigned) balances are available, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

The City does not have an established policy regarding its use of unrestricted fund balance amounts but chooses to follow GASB Statement No. 54, para 18 and considers that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

E. Recently issued accounting standards

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement, effective for fiscal years beginning after December 15, 2012, resulted from the GASB's review of assets and liabilities to determine which ones are appropriately reported in the financial statement elements, deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. This standard has been implemented with the new requirements for the fiscal year 2013-14 financial statements. Implementation of this new statement resulted in a restatement of the City's government-wide and proprietary fund financial statements (See Note IV.A).

In June 2012, GASB issued Statement No. 67 Financial Reporting for Pension Plans and No. 68 Accounting and Financial Reporting for Pensions. The new pension accounting and financial reporting standards represent the most significant fundamental changes in reporting requirements for pension plans and plan sponsors in over a decade. The standards require plan sponsors to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The standards also enhance accountability and transparency through revised and new note disclosures and required supplementary information. For plans, the standards build upon the existing framework for financial reports, enhance the note disclosures and required supplementary information, and require the presentation of new information about annual money-weighted rates of return in the notes to the financial statements. GASB Statement No. 67 provisions for plans are effective for financial statements for periods beginning after June 15, 2013, and GASB Statement No. 68 for plan sponsors, are effective for fiscal years beginning after June 15, 2014. The City implemented the new requirements of GASB Statement No. 67 for the fiscal year 2013-14 financial statements and will implement GASB Statement No. 68 for the fiscal year 2014-15 financial statements.

In March 2013, the GASB issued Statement No. 66, Technical Corrections—2013. The objective of this Statement is to improve accounting and financial reporting for government reporting by resolving conflicting guidance that resulted from the issuance of GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions and GASB Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This standard, implemented for the fiscal year 2013-14 did not have any material impact on the financial statements.

II. 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.

Following the governmental fund Balance Sheet is a reconciliation between *fund balances* — *governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. The details of the differences are explained in the reconciliation.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

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.

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 *change in net position of governmental activities* as reported in the government-wide Statement of Activities. The details of the differences are explained in the reconciliation.

III. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are legally adopted for the General and Special Revenue Fund. All annual appropriations lapse at fiscal year end.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

As of September 30, 2014, the City has encumbered amounts in the General Fund that they intend to honor in the subsequent year. The amount encumbered in the General Fund at September 30, 2014 is \$302,524. Of this amount, \$152,524 is reported as committed and \$150,000 as assigned for general government expenditures at the fund level.

The City follows these procedures in establishing the Budgetary Comparison Schedule data reflected in the financial statements:

- The City Manager annually prepares and submits to the City Commission a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- The general summary of the budget and notice of public hearing is published in the local newspaper.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted for the General Fund through passage of a resolution.
- Expenditures may not exceed the annual appropriations without budget revisions and all appropriations lapse at the end of the fiscal year.
- The City Commission must approve any budget revisions that change the total expenditures of any department. The City Manager is authorized to approve line item budget transfers within a department without approval of the City Commission up to \$10,000. The level of classified account detail at which expenditures may not legally exceed appropriations is within a department by fund.
- Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Fund.
- All budgets are adopted on a basis consistent with GAAP.

B. Deficit fund equity

At September 30, 2014, the Community Redevelopment Fund, a major fund, has a deficit fund balance of \$24,148. The reason for the deficit is an interfund loan from the General Fund to the CRA in the amount of \$139,707 for the City portion of the Phase II C Project. This loan is to accrue 2% interest annually, with repayment to the General Fund due to begin in fiscal year 2015-2016.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

IV. Detailed notes on all funds

A. Restatements

As mentioned in Note I.E to the financial statements, the City implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. The provisions of this statement require that note issuance costs be expensed in the year they are incurred. Previously, note issuance costs had been treated as an asset and amortized over the life of the related debt. In order to implement GASB Statement No. 65, note issuance costs previously reported as assets had to be removed from the financial statements. This resulted in a restatement of beginning net position as follows:

	Governmental Activities	Business-type Activities
Total net position-beginning, as previously reported	\$ 15,146,292	\$ 22,941,637
Prior period adjustment	(16,473)	(16,399)
Total net position-beginning, as restated	\$ 15,129,819	\$ 22,925,238

B. Deposits and investments

At September 30, 2014, the carrying amount of the City's deposits was \$2,786,322 and the bank balances were \$2,644,151. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. Any balance in excess of FDIC insurance is covered by collateral held by the City's custodial banks, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, *Florida Statutes*.

The Florida Security for Public Deposits Act (Act) established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

On June 27, 2002, the City adopted a comprehensive investment policy pursuant to Section 218.415, *Florida Statutes*, which limits the types of investments that a government can invest in unless specifically authorized in an investment policy. The City's investment policy allows for the following investments:

- i. SBA Investment Pool.
- ii. Bonds, notes, or other obligations of the United States guaranteed by the United States or for which the credit of the United States is pledged for the payment of principal and interest or dividends.
- iii. Interest bearing savings accounts in state-certified qualified public depositories.
- iv. Certificates of Deposit in state-certified qualified public depositories.
- v. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- vi. Federal Agencies and Instrumentalities, which are non-full faith and credit agencies.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

- vii. Repurchase Agreements comprised of only those investments as authorized in Sections (ii) and (vi). All repurchase agreement transactions and institutions and dealers transacting repurchase agreements will be required to perform as stated in the Master Repurchase Agreement.
- viii. Commercial Paper rated at the time of purchase, "Prime-1" by Moody's Investors Service and "A-1" by Standard & Poor's Corporation.
- ix. Inventory-based Banker's Acceptances issued by a domestic bank, which has a rating of at least "Prime-1" by Moody's Investors Service and "A-1" and "A" by Standard & Poor's Corporation and ranked in the top fifty (50) United States Banks in terms of total assets by The American Banker's yearly report.
- x. The Florida Municipal Investment Trust.

The City's investments include investments with Florida PRIME and the Local Government Investment Pool (LGIP) Fund B, both administered by the SBA. The SBA administers the Florida PRIME and LGIP Fund B investments pursuant to Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME and LGIP Fund B.

The Florida PRIME (investment policies can be found at www.sbafla.com/prime), is operated as a 2a-7-like pool, carried at amortized cost. A 2a-7-like pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which regulates money market funds. Therefore, Florida PRIME operates essentially as a money market fund and the City's position in Florida PRIME is considered to be equivalent to its fair value.

On November 29, 2007, the trustees of the SBA suspended deposits and withdrawals from our LGIP. This action was taken to stop withdrawals that caused the LGIP's assets to fall from about \$27 billion down to \$14 billion in a month's time. On December 4, 2007, the SBA split the Investment Pool into two funds: 86% was allocated to the LGIP designated to hold high-quality money-market appropriate securities and 14% was allocated to the Fund B Surplus Funds Trust Fund (Fund B) (investment policies can be found at www.sbafla.com/prime), a fluctuating net asset value (NAV) pool, designated to hold higher-risk securities such as those in default, having payment extensions or having significant changes in credit risk.

In addition, the LGIP's entire November interest and loan loss reserve was placed in Fund B to offset some of the lost value. During the fiscal year 2009, the name of the LGIP was changed to Florida PRIME.

The City has investments in Florida Municipal Investment Trust (FMIT). The FMIT is an external pool established in 1993 and administered by the Florida League of Cities, Inc. pursuant to the laws of the State of Florida. The FMIT is exempt from registration under the Securities Act of 1933, the Investment Company Act of 1940 and the Florida Securities and Investors Protection Act. Participants in the FMIT are limited to governmental entities in the State of Florida. The FMIT has adopted GASB Statement No. 31 and the fair value of the City's position in the FMIT is the same as the fair value of the FMIT shares. The investment in the pool is not evidenced by securities that exist in physical or book entry form.

The City reports two pension trust fund plans in the accompanying financial statements. Each of the plans has a separate governing board of trustees, a separate investment policy, and differing investment restriction/risks.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

At September 30, 2014, the cash deposits and investments controlled by the City included the following:

Investments:

Florida PRIME	\$	3,071,206
FMIT		7,198,342
Total investments		10,269,548

Cash:

Cash deposits		2,786,322
Total cash and investments	\$	13,055,870

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them. Interest rate risk, credit risk, concentration of credit risk, and custodial credit risk are discussed in the following paragraphs.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy requires diversifying investments to control the risk of loss resulting from over-concentrations of assets in a specific maturity. The investment plans for the Municipal Police Officers' and Firefighters' Pension Trust Funds (collectively, Pension Trust Fund Plans) purchase investments with various durations of maturities as a means of limiting their exposure to fair value losses arising from interest rate fluctuations.

Information about the sensitivity of the fair values of the City's investments (including investments held by the pension trustees) to market interest rate fluctuations is provided by the following table that shows the City's investments and the distribution by maturity for those that have scheduled maturity dates.

	Fair Value	Investment Maturities (in years)	
		Less Than 1	1 - 5
Investments controlled by the City:			
Florida PRIME	\$ 3,071,206	\$ 3,071,206	\$ -
FMIT:			
0-2 Year High Quality Bond Fund	2,387,563	2,387,563	-
1-3 Year High Quality Bond Fund	3,370,335	-	3,370,335
Intermediate High Quality Bond Fund	1,440,444	-	1,440,444
Total investments controlled by the City	10,269,548	5,458,769	4,810,779
Pension Trust Funds investments:			
Money Market Funds	58,661	58,661	-
Mutual Funds - Fixed Income	1,193,696	1,193,696	-
Mutual Funds - Equity	2,671,864	2,671,864	-
Total Pension Trust Funds investments	3,924,221	3,924,221	-
Total investments	\$ 14,193,769	\$ 9,382,990	\$ 4,810,779

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

Credit risk

A credit rating is a measure of credit risk, the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy and the Pension Trust Fund Plans utilize portfolio diversification in order to control this risk. The City's rated debt instruments as of September 30, 2014, were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below.

Instrument type	Fair Value	Quality Ratings				
		AAAm (S&P)	AAA/V1 (Fitch)	AAA/V2 (Fitch)	AAA/V3 (Fitch)	Unrated
Controlled by the City:						
Florida PRIME	\$ 3,071,206	\$ 3,071,206	\$ -	\$ -	\$ -	\$ -
FMIT:						
0-2 Year High Quality Bond Fund	2,387,563	-	2,387,563	-	-	-
1-3 Year High Quality Bond Fund	3,370,335	-	-	3,370,335	-	-
Intermediate High Quality Bond Fund	1,440,444	-	-	-	1,440,444	-
Total controlled by the City	10,269,548	3,071,206	2,387,563	3,370,335	1,440,444	-
Pension Trust Funds:						
Money Market Funds	58,661	-	-	-	-	58,661
Mutual Funds - Fixed Income	1,193,696	-	-	-	-	1,193,696
Mutual Funds - Equity	2,671,864	-	-	-	-	2,671,864
Total Pension Trust Funds	3,924,221	-	-	-	-	3,924,221
Total investments	\$ 14,193,769	\$ 3,071,206	\$ 2,387,563	\$ 3,370,335	\$ 1,440,444	\$ 3,924,221

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Investments issued or explicitly guaranteed by the United States government and investments in external investment pools are excluded from this disclosure requirement. As of September 30, 2014, the City's investments subject to this disclosure requirement did not exceed 5% of total investments in any single issuer.

Custodial credit risk

Custodial credit risk for investments is the risk that, in the event of failure of a counterparty, the City will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. Consistent with the City's investment policy, as of September 30, 2014, all investments were held with an appropriate custodian or trustee and are held in accounts in the name of and belonging to the City.

C. Receivables

Receivables consist of the following at September 30, 2014:

	General	Community Redevelopment	Water and Sewer	Sanitation	Stormwater	Total
Receivables:						
Taxes, franchise fees	\$ 108,047	\$ -	\$ 26,877	\$ -	\$ -	\$ 134,924
Accounts	-	-	282,045	104,377	22,536	408,958
Unbilled accounts	-	-	119,017	-	-	119,017
Intergovernmental	890,938	-	-	-	-	890,938
Other	10,898	-	19,562	-	-	30,460
Gross receivables	1,009,883	-	447,501	104,377	22,536	1,584,297
Less: Allowance for uncollectible accounts	-	-	(33,000)	-	-	(33,000)
Receivables, net	\$ 1,009,883	\$ -	\$ 414,501	\$ 104,377	\$ 22,536	\$ 1,551,297

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

D. Interfund accounts

Interfund receivables and payables at September 30, 2014, are as follows:

	Due To Other Funds	Due From Other Funds
Governmental funds:		
General Fund	\$ (202,644)	\$ 304,557
Community Redevelopment Fund	(296,319)	143,874
Total governmental funds	<u>(498,963)</u>	<u>448,431</u>
Enterprise funds:		
Water and Sewer Fund	(44,476)	56,454
Sanitation Fund	-	31,571
Stormwater Fund	-	6,983
Total enterprise funds	<u>(44,476)</u>	<u>95,008</u>
Total Due To/Due From	<u>\$ (543,439)</u>	<u>\$ 543,439</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) an interfund loan from the General Fund to the CRA in the amount of \$139,707 for the city portion of the Phase II C Project. The loan will accrue 2% interest annually; repayment will begin in fiscal year 2015-2016.

E. Interfund transfers

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and as transfers in (out) in the enterprise funds.

	Transfer in		Total Transfers
	General Fund	Community Redevelopment	
Transfer out:			
Governmental funds:			
General Fund	\$ -	\$ 1,895	\$ 1,895
Total governmental funds	<u>-</u>	<u>1,895</u>	<u>1,895</u>
Enterprise funds:			
Water & Sewer Funds	191,654	-	191,654
Sanitation Fund	35,496	-	35,496
Stormwater Fund	3,135	-	3,135
Total enterprise funds	<u>230,285</u>	<u>-</u>	<u>230,285</u>
Total transfers	<u>\$ 230,285</u>	<u>\$ 1,895</u>	<u>\$ 232,180</u>

In fiscal year 2014, the General Fund transferred \$1,895 to the Community Redevelopment Fund for reimbursable expenditures.

The Water & Sewer Fund, Sanitation Fund and Stormwater Fund transferred \$191,654, \$35,496 and \$3,135, respectively to the General Fund for utility billing services (administration, customer service, billing and related overhead), paid directly from the General Fund.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

F. Capital assets

A summary of changes in the City's capital assets for the year ended September 30, 2014, is as follows:

	Balance 10-1-2013	Additions and Transfers	Disposals and Transfers	Balance 9-30-14
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 2,170,133	\$ -	\$ -	\$ 2,170,133
Construction in progress	178,290	8,517	(178,291)	8,516
Total capital assets, not being depreciated	<u>2,348,423</u>	<u>8,517</u>	<u>(178,291)</u>	<u>2,178,649</u>
Capital assets, being depreciated:				
Buildings	3,559,928	-	-	3,559,928
Improvements other than buildings	1,682,294	2,024,122	-	3,706,416
Equipment	2,528,374	165,380	(24,000)	2,669,754
Infrastructure	5,860,655	-	-	5,860,655
Total capital assets, being depreciated	<u>13,631,251</u>	<u>2,189,502</u>	<u>(24,000)</u>	<u>15,796,753</u>
Accumulated depreciation for:				
Buildings	(1,423,956)	(125,140)	-	(1,549,096)
Improvements other than buildings	(1,300,720)	(77,133)	-	(1,377,853)
Equipment	(2,121,147)	(115,477)	24,000	(2,212,624)
Infrastructure	(812,091)	(313,834)	-	(1,125,925)
Total accumulated depreciation	<u>(5,657,914)</u>	<u>(631,584)</u>	<u>24,000</u>	<u>(6,265,498)</u>
Total capital assets, being depreciated, net	<u>7,973,337</u>	<u>1,557,918</u>	<u>-</u>	<u>9,531,255</u>
Governmental activities capital assets, net	<u>\$ 10,321,760</u>	<u>\$ 1,566,435</u>	<u>\$ (178,291)</u>	<u>\$ 11,709,904</u>
	Balance 10-1-2013	Additions and Transfers	Disposals and Transfers	Balance 9-30-14
Business-type activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 1,648,235	\$ -	\$ -	\$ 1,648,235
Construction in progress	275,381	701,696	(117,656)	859,421
Total capital assets, not being depreciated	<u>1,923,616</u>	<u>701,696</u>	<u>(117,656)</u>	<u>2,507,656</u>
Capital assets, being depreciated:				
Buildings	11,304,824	-	-	11,304,824
Improvements other than buildings	15,362,681	199,138	-	15,561,819
Equipment	2,415,288	349,230	-	2,764,518
Infrastructure	2,321,619	-	-	2,321,619
Total capital assets, being depreciated	<u>31,404,412</u>	<u>548,368</u>	<u>-</u>	<u>31,952,780</u>
Accumulated depreciation for:				
Buildings	(1,896,196)	(238,281)	-	(2,134,477)
Improvements other than buildings	(6,643,851)	(328,126)	-	(6,971,977)
Equipment	(1,578,095)	(211,620)	-	(1,789,715)
Infrastructure	(180,761)	(58,040)	-	(238,801)
Total accumulated depreciation	<u>(10,298,903)</u>	<u>(836,067)</u>	<u>-</u>	<u>(11,134,970)</u>
Total capital assets, being depreciated, net	<u>21,105,509</u>	<u>(287,699)</u>	<u>-</u>	<u>20,817,810</u>
Business-type activities capital assets, net	<u>\$ 23,029,125</u>	<u>\$ 413,997</u>	<u>\$ (117,656)</u>	<u>\$ 23,325,466</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 341,863
Public safety	155,195
Transportation	21,732
Culture/recreation	112,794
Total depreciation expense - governmental activities	<u>\$ 631,584</u>
Business-type activities:	
Water and sewer	\$ 657,799
Sanitation	115,754
Stormwater	62,514
Total depreciation expense - business-type activities	<u>\$ 836,067</u>

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

G. Leases

Operating Leases

On October 30, 2007, the City renewed a submerged land lease agreement with the Florida Department of Environmental Protection for its Pier. The lease expires on October 30, 2017. The annual lease payment is based on the amount of revenue generated by the Pier for fishing and walking. The lease payment paid was \$8,891 for the year ended September 30, 2014, based on revenues of \$147,768.

The City leases office equipment under noncancelable operating leases. The total costs of such leases were \$9,319 for the year ended September 30, 2014. The minimum lease payments for these leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2015	\$ 6,030
2016	4,920
Total	<u>\$ 10,950</u>

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of certain vehicles for its police department. The related assets acquired through this capital lease is as follows:

	<u>Governmental Activities</u>
Asset:	
2 Chevy Tahoes	\$ 30,558
Total assets	<u>30,558</u>
Less: Accumulated depreciation	<u>(29,030)</u>
	<u>\$ 1,528</u>

Details of the lease agreement are as follows:

On February 22, 2012, the City entered into a lease agreement in the amount of \$55,000 with RBC Bank to finance two 2012 Chevrolet Tahoe Police Vehicles. Payments of \$5,846 are due semi-annually beginning August 15, 2012 through February 15, 2017 and have an interest of 2.25%. The balance of this obligation at September 30, 2014 is \$28,269.

Prior to entering into all of the above agreements, the City executed a Certificate with Respect to Tax-Exempt Interest and Qualified Tax-Exempt Obligations (Certificate) for the purpose of establishing (i) that the interest component of each of the lease payments for the agreements are not included in gross income of the lessors' for purposes of federal income taxations, and (ii) that the lease agreements qualify as qualified tax-exempt obligations of the City for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 (Code).

The above lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014, are as follows:

Year Ending September 30,	Amount
2015	\$ 11,692
2016	11,692
2017	5,846
Total minimum lease payments	29,230
Less: Amount representing interest	(961)
Present value of minimum lease payments	\$ 28,269

H. Long-term liabilities

The following is a summary of long-term liability activity for the year ended September 30, 2014:

	Balance 10/1/2013	Additions	(Reductions)	Balance 9/30/2014	Due Within One Year
Governmental activities:					
Notes payable	\$ 940,000	\$ -	\$ (44,000)	\$ 896,000	\$ 46,000
Capital leases	45,978	-	(17,709)	28,269	11,118
Compensated absences payable	120,676	108,568	(115,763)	113,481	57,307
Other postemployment benefits	138,476	24,571	-	163,047	-
Governmental activities long-term liabilities	\$ 1,245,130	\$ 133,139	\$ (177,472)	\$ 1,200,797	\$ 114,425
Business-type activities:					
Revolving loan payable	\$ 5,254,338	\$ -	\$ (328,276)	\$ 4,926,062	\$ 337,057
Notes payable	1,486,000	-	(76,000)	1,410,000	-
Compensated absences payable	35,179	46,533	(44,019)	37,693	20,306
Other postemployment benefits	76,216	17,126	-	93,342	-
Business-type activities long-term liabilities	\$ 6,851,733	\$ 63,659	\$ (448,295)	\$ 6,467,097	\$ 357,363

Governmental Activities

Revenue Note

\$1,100,000 Community Redevelopment Revenue Note, Series 2009 - Principal payments due in annual installments commencing March 1, 2010 of \$38,000 to \$703,000 through March 1, 2019. Interest on the Note at 3.73 % is due semiannually commencing September 1, 2009. The Redevelopment Note is payable from and secured solely by a lien on the Pledged Revenues which consist of tax increment revenues deposited to the credit of the Community Redevelopment Trust Fund established pursuant to Ordinance No. 2002-12 of the City and in the event and to the extent that Pledged Revenues are insufficient, from Non-Ad Valorem Revenues budgeted and appropriated by the City. As additional security for the Redevelopment Note, the City has entered into an Interlocal Agreement to provide non-ad valorem revenues, which consist of legally available non-ad valorem revenues of the City budgeted, appropriated and deposited in accordance with the provisions of the Redevelopment Note Legislation, the Interlocal Agreement and the Loan Agreement. The Redevelopment Note was issued to finance the acquisition and construction of certain capital improvements included in the City's Community Redevelopment Plan which includes utility, sidewalk, Americans with Disabilities Act accessibility, streetscape, stormwater, irrigation and lighting improvements.

In 2014, annual principal and interest payments on the Loan were 100% of pledged revenues. As of September 30, 2014, the amount of total principal and accrued interest outstanding was \$898,785. Pledged Revenues for the year ended September 30, 2014 was \$78,214. Principal and interest for the current year was \$44,000 and \$34,214, respectively.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

The following is a schedule of the future payments on the outstanding Community Redevelopment Revenue Note as of September 30, 2014:

Fiscal Year Ending September 30,	Note Payable		
	Principal	Interest	Total
2015	\$ 46,000	\$ 32,563	\$ 78,563
2016	47,000	30,829	77,829
2017	49,000	29,038	78,038
2018	51,000	27,173	78,173
2019	703,000	13,111	716,111
	<u>\$ 896,000</u>	<u>\$ 132,714</u>	<u>\$ 1,028,714</u>

Business-type Activities

State Revolving Fund Construction Loans

On January 18, 2005, the City was approved for a Drinking Water State Revolving Fund Construction Loan (Loan) from the Florida Department of Environmental Protection (FDEP) for the Water Treatment Plant Expansion Project. The amount of the original Loan was \$3,375,000 with an interest rate of 2.67%. In June 2006, the Loan was amended to include an additional \$3,158,750 with an interest rate of 2.65%. In July 2007, the Loan was amended to include an additional \$3,280,134 with an interest rate of 2.64%. As of the year ended September 30, 2014, \$7,705,748 had been drawn by the City on the Loan and \$2,585,519 has been repaid. Revenues of the water and sewer systems will repay this obligation.

The City has pledged the future net revenues (generally, customer revenues) of the water and sewer utility fund to repay the outstanding Loan issued in 2005 to finance the Water Treatment Plan Expansion Project. The Loan is payable solely from the utility net revenues and is payable through 2027. In 2014, annual principal and interest payments on the Loan were 40% of pledged revenues. As of September 30, 2014, the amount of total principal and accrued interest outstanding was \$4,953,681. Principal and interest paid for the current year and pledged revenues were \$465,750 and \$1,138,737, respectively.

The following is a schedule of the future payments on the outstanding the Loan as of September 30, 2014:

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	\$ 337,058	\$ 128,692	\$ 465,750
2016	346,075	119,675	465,750
2017	355,333	110,416	465,749
2018	364,840	100,909	465,749
2019	374,600	91,149	465,749
2020 - 2024	2,028,797	299,952	2,328,749
2025 - 2027	1,119,359	45,015	1,164,374
	<u>\$ 4,926,062</u>	<u>\$ 895,808</u>	<u>\$ 5,821,870</u>

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

Revenue Note

\$1,800,000 Stormwater Revenue Note, Series 2009 - Principal payments due in annual installments commencing October 1, 2009 of \$38,000 to \$1,077,000 through October 1, 2020. Interest on the Note at 3.73 % is due semiannually commencing April 1, 2009. The Stormwater Note is payable from the Pledged Revenues, which consist of net revenues of the City's stormwater system, in the manner and to the extent provided in the Stormwater Note Legislation and the Loan Agreement. The Stormwater Note was issued to finance the acquisition and construction of certain capital improvements to the City's stormwater system.

In 2014, annual principal and interest payments on the Loan were 93% of pledged revenues. As of September 30, 2014, the amount of total principal outstanding was \$1,410,000. Pledged revenues for the year ended September 30, 2014 were \$144,983. Principal and interest paid for the current year were \$76,000 and \$55,428, respectively.

The following is a schedule of the future payments on the outstanding Stormwater Revenue Note as of September 30, 2014:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 26,297	\$ 26,297
2016	79,000	51,120	130,120
2017	81,000	48,136	129,136
2018	85,000	45,040	130,040
2019	88,000	41,813	129,813
2020	1,077,000	20,086	1,097,086
	<u>\$ 1,410,000</u>	<u>\$ 232,492</u>	<u>\$ 1,642,492</u>

V. Other information

A. 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; workers' compensation and natural disasters. The City carries commercial insurance for all of these risks of loss except workers' compensation.

The City is a member of the Preferred Government Insurance Trust (PGI Trust). The PGI Trust was created to allow members to pool their liabilities pursuant to provisions in Florida Workers' Compensation Law. The City pays an annual premium to the PGI Trust for its workers' compensation coverage. The PGI Trust's underwriting and rate setting policies were established after consulting with an independent actuary. The PGI Trust is non-assessable and, therefore, the City has no liability for future deficits of the PGI Trust, if any.

There have been no significant reductions in insurance coverage from the prior year. Also, there have been no settlements which exceeded insurance coverage for each of the past three fiscal years.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

B. Commitments and contingencies

The City has active construction projects as of September 30, 2014. At year end the City's commitments were \$703,420 as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Spent - to - Date</u>	<u>Remaining Commitment</u>
Ocean Promenade:			
Q L Hampton	\$ 20,980	\$ 15,629	\$ 5,351
Portable Water Well #12:			
Q L Hampton	29,820	11,622	18,198
Stormwater:			
Q L Hampton	95,390	93,218	2,172
4C's Trucking and Excavation	1,043,818	611,919	431,899
Public Works Building:			
Sabounqi	250,000	4,200	245,800
Total	<u>\$ 1,440,008</u>	<u>\$ 736,588</u>	<u>\$ 703,420</u>

C. Grant programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

D. Legal matters

The City is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of Counsel, no legal proceedings are pending against it, not covered by insurance, which would inhibit its ability to perform its operations or materially affect its financial condition.

E. Defined contribution plan

The City of Flagler Beach, Florida 401(a) Money Purchase Plan is a defined contribution plan established by the City to provide benefits at retirement for general employees. The City is required to contribute on behalf of each participant 6.5% of earnings for the plan year. Participants are not permitted to make contributions. City contributions fully vest in the year they are contributed. Plan provisions and contribution requirements are established and may be amended by the City Commission.

The plan assets are administered by ICMA Retirement Corp. The City does not exercise any control over the plan assets. Contributions were approximately \$123,518 for the year ended September 30, 2014.

F. Defined benefit pension plans

1. Plan Description

The City has provided separate single-employer pension plans for all eligible police officers and firefighters, which are accounted for in the Pension Trust Fund Plans, respectively. The City Commission is the authority under which obligations to contribute to the plans are established or may be amended. The Pension Trust Fund Plans do not issue a stand-alone financial report.

The Plans are each administered by a Board of Trustees (Board) comprised of two Commission/Council appointees, two members of the Department elected by the Membership and a member elected by the other four members and approved by the Commission/Council.

**City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014**

All full-time certified police officers and firefighters are eligible to participate in the respective Pension Trust Fund Plans. Benefits vest with eligible employees after ten years of participation. Employees who retire at age 52 with 25 years of active service or at age 55 or later with at least ten years of active service are entitled to an earned benefit, payable monthly for life, in an amount equal to 3.19% (Police Officers) and 3% (Firefighters) of the average monthly pay (for the best five years of the latest ten years of average monthly pay determined on October 1 of each year) times the number of benefit years served. Employees are eligible for early retirement with 10 years of service at age 50 with benefits reduced 3% for each year commencement occurs prior to age 55. The Pension Trust Fund Plans also provide death and disability benefits. In the event the employee dies after retirement but before receiving retirement benefits for a period of ten years, the same monthly benefit will be paid to their beneficiary for the balance of such ten-year period.

The disability benefit is the greater of 42% (25% if not incurred in the line of duty) of the average monthly pay or the earned benefit for as long as there is a total disability. In addition to other benefits described, a monthly supplement of \$40 for each year of credited service is also payable to all full-time and volunteer firefighters.

Participants in the Pension Trust Fund Plans are required to contribute 10% and 5% of their annual salary to the Pension Trust Fund Plans, respectively. The City is required to contribute 6.5% of annual salaries for the Police Officers' Plan and, beginning June 2010, to the Firefighter Plan and the remaining amounts necessary to fund both Pension Trust Fund Plans, based upon actuarial valuations as required by State statutes (particularly Chapter 175 and Chapter 185, *Florida Statutes*) and City ordinances.

Current membership in the Pension Trust Fund Plans as of September 30, 2014, is comprised of the following:

	Municipal Police Officers' Pension Trust Fund Plan	Municipal Firefighters' Pension Trust Fund Plan
Inactive Plan members or beneficiaries currently receiving benefits	3	5
Inactive Plan members entitled to but not yet receiving benefits	9	3
Active Plan members	15	20

2. Employer funding policy

Statewide pension funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The valuation method used for funding both Pension Trust Fund Plans is the aggregate actuarial cost method. The aggregate actuarial cost method is a method under which the excess of the actuarial present value of projected benefits of the group included in an actuarial valuation over the actuarial value of assets is allocated on a level basis over the earnings of the group between the valuation date and assumed exit. The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities. Currently the employee contributions, investment earnings, and insurance tax from the State cover the obligation of the Pension Trust Fund Plans.

The Florida Constitution requires local governments to make the actuarially determined contribution to their defined benefit plans. The Florida Division of Retirement reviews and approves each local government's actuarial report to ensure its appropriateness for use for funding purposes. Additionally, the State collects two locally authorized insurance premium surcharges (one for the Police Officers' Pension Trust Fund Plan on casualty insurance policies and one for the Firefighters' Pension Trust Fund Plan on certain real and personal property insurance policies within the corporate limits) which can only be distributed after the State has ascertained that the local government has met their actuarial funding requirement for the then most recently completed fiscal year.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

3. Investments

Investment Policy

The following was the Board's adopted asset allocation policy as of September 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	15%
Broad Market Fixed Income	35%
Total	<u>100%</u>

Concentrations

The Plans did not hold investments in any one organization that represent 5 percent or more of the Pension Plans' fiduciary net position.

Rate of Return

For the year ended September 30, 2014 the annual money-weighted rates of return on the Police Pension Plan and the Firefighters Pension Plan investments, net of pension plan investment expense, were 10.4% and 9.98%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. Annual pension cost, net pension obligation, and reserves

Current Year Annual Pension Cost and Net Pension Asset

Current year annual pension costs (APC) for the Pension Trust Fund Plans are shown in the trend information provided on the following page. Annual required contributions (ARC) were made by the Pension Trust Fund Plans. GASB No. 27 (Statement) requires the computation of a net pension obligation (NPO) or asset (NPA) which would result if the City's contributions to the pension funds did not equal the annual pension cost as computed by the Pension Trust Fund Plans' actuaries. There was no NPO or NPA for the cumulative 10-year period prior to implementation or at the transition date for adopting this Statement for any of the City's Pension Trust Fund Plans.

All of the NPA is attributable to governmental funds and therefore is not reflected in the fund financial statements in accordance with the modified accrual basis of accounting for governmental funds. The NPA has been reported in the government-wide financial statements in accordance with the full accrual method of accounting. The development of the NPA as of September 30, 2014, is shown below.

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. There are no long-term contracts for contributions.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

The estimated annual pension cost and net pension asset of the Municipal Police Officers' and Municipal Firefighters' Pension Trust Fund Plans, as of October 1, 2012, actuarial valuations are as follows:

Three-Year Trend Information

Fiscal Year Ending September 30,	Municipal Police Officers' Pension Trust Fund Plan			Municipal Firefighters' Pension Trust Fund Plan		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2014	\$ 126,875	99%	\$ 35,340	\$ 73,653	102%	\$ 135,833
2013	158,452	99%	36,421	56,476	103%	134,246
2012	164,001	99%	37,897	86,707	101%	132,494

The City's actuarially determined contribution for the year ended September 30, 2014, for the Municipal Police Officers' and Municipal Firefighters' Pension Trust Fund Plans was approximately \$125,177 and \$75,240, respectively. This was based on the October 1, 2012 actuarial valuation using 17.5% and 27.31% of covered payroll, respectively. The City's actual contributions to the Plans were \$125,794 and \$75,240, respectively.

	Municipal Police Officers' Pension Trust Fund Plan	Municipal Firefighters' Pension Trust Fund Plan
Actuarially determined contribution (A)	\$ (125,177)	\$ (75,240)
Interest on NPA	2,841	10,740
Actuarial adjustment to A	(4,539)	(9,153)
Annual pension cost (APC)	(126,875)	(73,653)
Contributions made	125,794	75,240
Increase (decrease) in NPA	(1,081)	1,587
NPA, beginning of year	(17,928)	216,866
Adjustment to NPA	54,349	(82,620)
NPA, beginning of year as adjusted	36,421	134,246
NPA, end of year	\$ 35,340	\$ 135,833

Actuarial Methods and Significant Assumptions

	Municipal Police Officers' Pension Trust Fund Plan	Municipal Firefighters' Pension Trust Fund Plan
Valuation date	October 1, 2012	October 1, 2012
Actuarial cost method	Aggregate	Aggregate
Amortization method	N/A	N/A
Actuarial asset valuation method	Fair Market Value	Fair Market Value
Actuarial assumptions:		
Investment rate of return	7.8%	8.0%
Projected salary increases (includes inflation at 3.0%)	4.5% - 12.0%	7.5%
Post Retirement COLA	0.0%	0.0%

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

The following table summarizes assumptions used in actuarial computations for the Pension Trust Fund Plans for the October 1, 2012 valuations:

Mortality	RP-2000 Combined Healthy Mortality Table
Interest	8.0% per year
Retirement age	Earlier of age 52 and 25 years of service or 55 and 10 years of service; any member who has reached normal retirement is assumed to continue employment for one additional year.
Early retirement	It is assumed that members who are eligible for early retirement (age 50) will retire at a rate of 5% per year.
Salary increases	7.5% per year until the assumed retirement age; see table below
Payroll growth	N/A

Age	% Becoming Disabled During the Year	% Terminating During the Year	Current Salary as % of Salary at Age 55
20	0.03%	6.0%	8.0%
30	0.04%	5.0%	16.4%
40	0.07%	2.6%	33.8%
50	0.18%	0.8%	69.7%

5. Net Pension Liability

The components of the net pension liability for the Municipal Officers' and Municipal Firefighters' Pension Trust Plans on September 30, 2014 were as follows:

	Municipal Police Officers' Pension Trust Fund Plan	Municipal Firefighters' Pension Trust Fund Plan
Total Pension Liability	\$ 2,764,159	\$ 880,097
Plan Fiduciary Net Position	(2,725,887)	(1,274,681)
Net Pension Liability	<u>\$ 38,272</u>	<u>\$ (394,584)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	98.62%	144.83%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods:

	Municipal Police Officers' Pension Trust Fund Plan	Municipal Firefighters' Pension Trust Fund Plan
Inflation	3.00%	3.00%
Salary Increases	4.5% - 12%	7.50%
Investment Rate of Return	7.60%	7.50%
Mortality*	RP-2000 Table (Combined Healthy - Sex Distinct)	RP-2000 Table (with no projection)

* Mortality tables are based on a study of over 650 public safety funds and reflects a 10% margin for future mortality improvements (disabled lives set forward 5 years).

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocations of September 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
International Equity	8.5%
Broad Market Fixed Income	2.5%

The discount rates used to measure the total pension liability for the Municipal Officers' and Municipal Firefighters' Pension Trust Plans were 7.60% and 7.50%, respectively.

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following represents the effect of changes in the discount rate on the net pension liability:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipal Police Officers' Pension Trust Fund Plan Net Pension Liability	380,489	38,272	(248,547)
Municipal Firefighters' Pension Trust Fund Plan Net Pension Liability	(278,593)	(394,584)	(490,453)

6. Other Postemployment Benefits

The City implemented GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions* (OPEB) for certain postemployment health care benefits.

The City provides optional postemployment healthcare and dental insurance coverage to eligible individuals pursuant to its single employer Other Postemployment Benefits Program (Plan). The Plan does not issue a stand-alone financial report. Authority to amend the Plan resides with the City Commission.

Eligible individuals include all regular, full-time employees of the City who retire from active service and are eligible for retirement or disability benefits under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals for healthcare coverage also include spouses and dependent children.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

Retirees who choose to participate must pay a monthly premium as determined by the insurance carrier. The premium varies depending on whether the retiree elects single, couple, single plus children or family coverage and also varies depending on which medical plan is selected by the retiree. The City offers three different medical plan choices, which include a low-cost plan (a basic HMO with a high deductible), a medium-cost plan (an HMO with non-network coverage available at a higher deductible) and a high-cost plan (a traditional HMO with a low deductible). The following chart presents the premium contributions required to be paid by retirees for coverage as of September 30, 2014.

	<u>Single</u>	<u>Couple</u>	<u>Single plus Dependents</u>	<u>Family</u>
Balance HMO L60	\$ 542	\$ 1,052	\$ 1,052	\$ 1,296
POS Balance L62	597	1,158	1,158	1,426
Balance HMO L66	570	1,106	1,106	1,362

The postretirement medical and dental benefits are currently funded on a pay-as-you go basis (i.e., City funds on a cash basis as benefits are paid). No assets have been segregated and restricted to provide postretirement benefits.

The City's annual OPEB cost for the fiscal year ended 2014 and the related information for each plan are as follows:

Actuarially required contribution (ARC)	\$ 68,997
Interest on net OPEB obligation	8,588
Adjustment to annual required contribution	<u>(15,128)</u>
Annual OPEB cost	62,457
Estimated contributions made	<u>(20,760)</u>
Increase in net OPEB obligation	41,697
Net OPEB obligation, beginning of year	<u>214,692</u>
Net OPEB obligation, end of year	<u>\$ 256,389</u>

The numbers shown above do not reflect a decision to fund the Plan. Therefore, the contributions made to the Plan are assumed to be the future benefits paid to retirees and administrative expenses.

The City's annual OPEB cost (the percentage of annual OPEB cost contributed to the plan) and the net OPEB obligation for the fiscal year ended 2014 were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 62,457	33.20%	\$ 256,389
2013	60,641	27.70%	214,692
2012	60,067	22.00%	170,845

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions by the City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

City of Flagler Beach, Florida
Notes to the Financial Statements
September 30, 2014

Actuarial methods and assumptions

Projections of benefits are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following summarizes other significant methods and assumptions used in valuing the AAL and benefits under the plan.

Actuarial valuation date	October 1, 2011
Actuarial value of assets	Market value
Actuarial cost method	Entry age normal (level % of pay)
Amortization method	Level percentage of payroll (closed amortization over 30 years)
Investment return	4% per annum
Payroll growth/Inflation	0.00%
Healthcare cost trend rates:	
Pre-Medicare	7.5% in fiscal 2014; then trending to 4.5% in 2017
Post-Medicare	7.5% in fiscal 2014; then trending to 4.5% in 2017

This actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to constant revision as actual experience is compared with past expectations and new estimates are made about the future.

The Schedule of Funded Status and Funding Progress for Other Postemployment Benefits Other Than Pensions, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

VI. Evaluation of subsequent events

City management has evaluated subsequent events through _____, the date which the financial statements are available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Flagler Beach, Florida
Budgetary Comparison Schedule
General Fund
September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,131,499	\$ 3,131,499	\$ 3,295,736	\$ 164,237
Franchise fees	253,000	253,000	304,516	51,516
Licenses and permits	284,608	284,608	321,575	36,967
Intergovernmental	519,054	2,139,925	2,204,753	64,828
Charges for services	425,461	425,461	380,990	(44,471)
Fines and forfeitures	38,550	38,550	58,723	20,173
Grants and donations	15,000	175,000	176,500	1,500
Investment earnings	28,000	28,000	27,843	(157)
Miscellaneous	25,700	98,079	44,551	(53,528)
Total revenues	4,720,872	6,574,122	6,815,187	241,065
EXPENDITURES				
Current:				
Commission	61,783	61,783	55,370	6,413
Executive	150,518	164,745	164,727	18
City clerk	130,175	130,175	126,670	3,505
Finance	266,294	266,294	260,475	5,819
Legal counsel	169,500	169,500	162,640	6,860
Building maintenance	224,805	224,805	200,929	23,876
General government	863,556	3,017,832	2,691,265	326,567
Police	1,238,263	1,240,594	1,235,033	5,561
VOCA	60,215	61,682	61,234	448
Fire	508,040	514,593	482,034	32,559
Building and zoning	125,882	125,882	108,318	17,564
Roads and streets	230,865	323,186	196,773	126,413
Library	79,679	81,172	79,774	1,398
Museum	6,862	6,862	3,727	3,135
Beach	163,656	175,866	173,904	1,962
Dune crossover	7,360	7,360	5,994	1,366
Fishing pier	351,361	351,361	294,241	57,120
Recreation	69,718	69,718	66,534	3,184
Building code inspections	98,836	103,379	98,215	5,164
Capital projects	-	-	9,083	(9,083)
Total expenditures	4,807,368	7,096,789	6,476,940	619,849
Excess (deficiency) of revenues over (under) expenditures	(86,496)	(522,667)	338,247	860,914
OTHER FINANCING SOURCES				
Transfers in	328,740	328,740	228,390	(100,350)
Total other financing sources	328,740	328,740	228,390	(100,350)
Net change in fund balances	\$ 242,244	\$ (193,927)	\$ 566,637	\$ 760,564

The Note to the Budgetary Comparison Schedules is an integral part of these schedules.
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**City of Flagler Beach, Florida
Budgetary Comparison Schedule
Community Redevelopment Fund
September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes - property	\$ 84,882	\$ 84,882	\$ 53,646	\$ (31,236)
Interest income	100	100	28	(72)
Other income	7,200	7,200	2,567	(4,633)
Total revenues	92,182	92,182	92,058	(124)
EXPENDITURES				
Current:				
Professional services	29,180	28,685	12,074	16,611
Operational costs	23,900	24,395	19,765	4,630
Debt service:				
Interest	36,586	38,586	34,214	4,372
Principal	72,577	70,577	44,000	26,577
Total expenditures	162,243	162,243	116,908	45,335
Excess (deficiency) of revenues over (under) expenditures	(70,061)	(70,061)	(24,850)	45,211
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,151	2,151
Transfers out	(388)	(388)	(256)	132
Total other financing sources (uses)	(388)	(388)	1,895	2,283
Net change in fund balances	\$ (70,449)	\$ (70,449)	\$ (22,955)	\$ 47,494

The Note to the Budgetary Comparison Schedules is an integral part of these schedules.
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City of Flagler Beach, Florida
Note to the Budgetary Comparison Schedules
For the Year Ended September 30, 2014

A. Budgetary Information

The budget is prepared on a basis consistent with GAAP. The City maintains the legal level of budgetary control at the department level in the General Fund and at the fund level for all other funds. Total expenditures for each fund may not exceed appropriations without Commission approval.

City of Flagler Beach, Florida
Schedule of Funded Status and Funding Progress for
Other Postemployment Benefits Other Than Pensions
September 30, 2014

The schedule below shows the balance of the actuarial accrued liability (AAL), all of which was unfunded as of September 30, 2014.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2013	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2012	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2011	\$0	\$235,321	\$235,321	0.0%	\$ 2,376,554	9.9%
10/1/2010	0	318,000	318,000	0.0%	2,482,000	12.8%

This information is intended to help users assess the City's OPEB Plan's status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.

City of Flagler Beach, Florida
Schedule of Changes in Net Pension Liability and Related Ratios
Municipal Police Officers' Pension Trust Fund Plan
(Last 10 Fiscal Years)*
September 30, 2014

TOTAL PENSION LIABILITY	
Service cost	\$ 148,987
Interest	197,282
Benefit payments, including refunds of employee contributions	<u>(57,881)</u>
Net change in total pension liability	288,388
Total pension liability - beginning	<u>2,475,771</u>
Total pension liability - ending (a)	<u><u>\$ 2,764,159</u></u>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 87,454
Contributions - state	38,340
Contributions - employee	71,530
Net investment income	246,854
Benefit payments, including refunds of employee contributions	(57,881)
Administrative expense	<u>(19,992)</u>
Net change in plan fiduciary net position	366,305
Plan fiduciary net position - beginning	<u>2,359,582</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,725,887</u></u> (1)
Net pension liability - ending (a) - (b)	<u><u>\$ 38,272</u></u>
Plan fiduciary net position as a percentage of the total pension liability	98.62%
Covered employee payroll	\$ 715,298
Net pension liability as a percentage of covered employee payroll	5.35%

(1) See Reconciliation of Actuarial Net Position to the Fiduciary Net Position for the Municipal Police Officers' and Firefighters' Pension Trust Fund Plans

* Only one year is presented because GASB Statement No. 67 was implemented in 2014.

City of Flagler Beach, Florida
Schedule of Changes in Net Pension Liability and Related Ratios
Municipal Firefighters' Pension Trust Fund Plan
(Last 10 Fiscal Years)*
September 30, 2014

TOTAL PENSION LIABILITY	
Service cost	\$ 63,454
Interest	63,195
Benefit payments, including refunds of employee contributions	<u>(51,394)</u>
Net change in total pension liability	75,255
Total pension liability - beginning	<u>804,842</u>
Total pension liability - ending (a)	<u><u>\$ 880,097</u></u>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 24,723
Contributions - state	50,517
Contributions - employee	13,776
Net investment income	115,088
Benefit payments, including refunds of employee contributions	(51,394)
Administrative expense	<u>(12,148)</u>
Net change in plan fiduciary net position	140,562
Plan fiduciary net position - beginning	<u>1,134,119</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,274,681</u></u> (1)
Net pension liability - ending (a) - (b)	<u><u>\$ (394,584)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	144.83%
Covered employee payroll	\$ 275,505
Net pension liability as a percentage of covered employee payroll	-143.22%

(1) See Reconciliation of Actuarial Net Position to the Fiduciary Net Position for the Municipal Police Officers' and Firefighters' Pension Trust Fund Plans

* Only one year is presented because GASB Statement No. 67 was implemented in 2014.

City of Flagler Beach, Florida
Schedule of Contributions
Municipal Police Officers' Pension Trust Fund Plan
(Last 10 Fiscal Years)*
September 30, 2014

Actuarially determined contribution	\$ 125,177
Contributions in relation to the actuarially determined contributions	<u>125,794</u>
Contribution excess	<u>\$ (617)</u>
Covered employee payroll	\$ 715,298
Contributions as a percentage of covered employee payroll	17.59%

Notes to Schedule

Valuation date: 10/1/2012
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates:

Funding Method: Aggregate Actuarial Cost Method. The following load is utilized for determination of the total required contribution:
 Interest - A half-year, based on the current 7.8% assumption.

Actuarial Asset Method: The actuarial value of assets is equal to the market value of assets.

Inflation: 3.0% per year.

Salary increases: Service based annual amount to assumed retirement age; 12% at 0 years of service, 5% from 1 - 10 years of service and 4.5% for 11 years of service and greater. Projected salary at retirement is increased 10% to account for non-regular payments for those hired prior to 10/1/2010.

Interest rate: 7.8% per year, compounded annually, net of investment related expenses.

Retirement age: Earlier of:
 1) age 55 and 10 years of service, or
 2) age 52 and 25 years of service.
 Also, any member who has reached normal retirement age is assumed to continue employment for one additional year.

Early retirement: It is assumed that members who are eligible for early retirement (age 50) will retire at the rate of 5% per year.

Termination rates: Service based table, assuming 10% of participants with service from 0-5 years will terminate each year, and 0% thereafter.

Disability rates: See table below. It is assumed that 75% of disabilities that occur are service related.

Mortality: RP 2000 Combined Healthy - Sex District. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Other information: Termination and Disability Rate Table.

Age	% Becoming Disabled During the Year
20	0.03%
30	0.04%
40	0.07%
50	0.18%

* Only one year is presented because GASB Statement No. 67 was implemented in 2014.

City of Flagler Beach, Florida
Schedule of Contributions
Municipal Firefighters' Pension Trust Fund Plan
(Last 10 Fiscal Years)*
September 30, 2014

Actuarially determined contribution	\$ 75,240
Contributions in relation to the actuarially determined contributions	<u>75,240</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 275,505
Contributions as a percentage of covered employee payroll	27.31%

Notes to Schedule

Valuation date: 10/1/2012
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates:

Funding Method:	Aggregate Actuarial Cost Method.
Asset Method:	Fair Market Value, net of investment-related expenses.
Inflation:	3.0% per year.
Salary increases:	7.5% per year until the assumed retirement age.
Interest rate:	8% per year, compounded annually, net of investment related expenses.
Payroll growth:	N/A
Retirement age:	Earlier of age 55 with 10 years of credited service or age 52 with 25 years of credited service. Also any member who has reached normal retirement age is assumed to continue employment for one additional year.
Early retirement:	Commencing with the earliest retirement age (age 50 with 10 years of credited service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Termination rates:	See table below.
Disability rates:	See table below. It is assumed that 75% of disabilities and active member deaths are service related.
Mortality:	RP-2000 Table with no projection - Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years.)
Other information:	Termination and Disability Rate Table.

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.0%	0.03%
30	5.0%	0.04%
40	2.6%	0.07%
50	0.8%	0.18%

* Only one year is presented because GASB Statement No. 67 was implemented in 2014.

City of Flagler Beach, Florida
Schedule of Investment Returns
Municipal Police Officers' and Firefighters' Pension Trust Fund Plans
(Last 10 Fiscal Years)*
September 30, 2014

Police Officers' Pension Trust Fund Plan	
Annual Money-Weighted Rate of Return Net of Investment Expense	10.40%
Firefighters' Pension Trust Fund Plan	
Annual Money-Weighted Rate of Return Net of Investment Expense	9.98%

* Only one year is presented because GASB Statement No. 67 was implemented in 2014.

OTHER SUPPLEMENTARY INFORMATION

**City of Flagler Beach, Florida
Community Redevelopment Agency
Balance Sheet
(As Required and Defined by *Florida Statutes 163.387(8)*)
September 30, 2014**

ASSETS

Cash (Operating)	\$	128,297
Due from the General Fund		143,874
Total assets		\$ 272,171

LIABILITIES AND FUND BALANCES

Liabilities:

Due to the General Fund	\$	295,513
Due to the Utility Fund		432
Due to the Sanitation Fund		216
Due to the Stormwater Fund		108
Due to the Agency Fund		50
Total liabilities		296,319

Fund balances:

Reserved, designated for:		
Unassigned		(24,148)
Total fund balances		(24,148)

Total liabilities and fund balances	\$	272,171
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City of Flagler Beach, Florida
Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balance
(As Required and Defined by *Florida Statutes 163.387(8)*)
For the Fiscal Year Ended September 30, 2014

REVENUES	
Ad Valorem taxes	\$ 35,817
CRA-AD Valorem taxes (County)	53,646
CRA-AD Valorem taxes (EFMCD)	1,702
Interest income	28
Wayfinder signs	2,567
Total revenues	<u>93,760</u>
EXPENDITURES	
Audit	3,000
Contractual services	12,074
Telephone	106
Utilities	19,765
Repairs and maintenance	440
Other current charges	217
Office supplies	153
Membership subscription dues	200
Interest from interfund loan	2,739
Debt service:	
Interest	34,214
Principal	44,000
Total expenditures	<u>116,908</u>
Deficiency of revenues under expenditures	<u>(23,148)</u>
OTHER FINANCING USES	
Transfers in	1,895
Total other financing uses	<u>1,895</u>
Net changes in fund balance	<u>(21,253)</u>
Fund balance - beginning of year	<u>(2,895)</u>
Fund balance - end of year	<u>\$ (24,148)</u>

City of Flagler Beach, Florida
Reconciliation of Actuarial Net Position to Fiduciary Net Position for the
Municipal Police Officers' and Firefighters' Pension Trust Fund Plans
September 30, 2014

Police Officers' Pension Trust Fund Plan

Plan fiduciary net position per actuary's schedule	\$ 2,725,887
Less:	
Liability accrued on the financial statements for 2014 expenses paid in October	(12,363)
Plan fiduciary net position per financial statements	\$ 2,713,524

Firefighters' Pension Trust Plan

Plan fiduciary net position per actuary's schedule	\$ 1,274,681
Add:	
Funds received from the City in excess of amounts required by the actuary, recorded as revenue on the financial statements	10,699
Receivable accrued on the financial statements for funds received from the State in October	18,616
Less:	
Liability accrued on the financial statements for 2014 expenses paid in October	(625)
Plan fiduciary net position per financial statements	\$ 1,303,371

OTHER REPORTS

DATE

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

To the Honorable Mayor, City Commissioners, and City Manager of the City of Flagler Beach, 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 business-type activities and each major fund of the City of Flagler Beach, Florida (City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated _____.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

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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.

Dufresne & Associates, CPA, PA

DATE

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor, City Commissioners, and City Manager of the City of Flagler Beach,
Florida

Report on Compliance for Each Major Federal Program

We have audited the City of Flagler Beach, Florida's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Dufresne & Associates, CPA, PA

City of Flagler Beach, Florida
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

Federal Grantor/Pass - through Grantor/Federal Program Title	Catalog of Federal Domestic Assistance Number	Contract/Grant Number	Federal Expenditures
UNITED STATES DEPARTMENT OF JUSTICE			
Pass through programs from:			
State Department of Legal Affairs - Office of the Attorney General Division: Crime Victim Assistance	16.575	12020	\$ 57,142
Florida Department of Law Enforcement: Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-JAG-FLAG-E6-048	700
Total United States Department of Justice			<u>\$ 57,842</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Pass through program from:			
Florida Department of Transportation: Highway Planning and Construction (Federal-Aid Highway Program)	20.205	426029-1-38-01	\$ 608,738
Total United States Department of Transportation			<u>608,738</u>
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
Direct:			
Hazard Mitigation Grant	97.039	13HM-3E-04-28-01-287	\$ 987,333
Pre-Disaster Mitigation	97.047	13DM-5J-04-28-02	509,335
Total United States Department of Homeland Security			<u>\$ 1,496,668</u>
Total expenditures of federal awards			<u>\$ 2,163,248</u>

Note to the Schedule of Expenditure of Federal Awards: Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Flagler Beach, Florida and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**City of Flagler Beach, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	Unmodified
Internal Control over Financial Reporting: Material Weakness Identified?	No
Significant deficiency identified that is not Considered to be a Material Weakness?	No
Noncompliance Material to Financial Statements Noted?	No

Federal Awards

Internal Control over Major Program: Material Weaknesses Identified?	No
Significant Deficiency Identified that is not Considered to be a Material Weakness?	No
Type of Auditor's Report Issued on Compliance for Major Program	Unmodified
Any Audit Finding Disclosed that is Required to be Reported in Accordance with Section 510(a) of Circular A-133?	No
Identification of Major Program: 97.039	Hazard Mitigation Grant
97.047	Pre-Disaster Mitigation
Dollar Threshold used to Distinguish Between Type A and Type B Programs:	\$300,000
Auditee Qualified as Low-Risk Auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

This section identifies significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs related to the audit of major federal programs as required to be reported by OMB Circular A-133, Section 510(a).

No matters were reported.

**City of Flagler Beach, Florida
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2014**

There were no findings for the prior year ended September 30, 2013.

DATE

**MANAGEMENT LETTER OF INDEPENDENT AUDITORS
REQUIRED BY CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Commissioners, and City Manager of the City of Flagler Beach,
Florida

Report on the Financial Statements

We have audited the financial statements of the City of Flagler Beach, Florida (City), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated _____, 2015.

Auditor's 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; 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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated _____, 2015, 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 or recommendations made in the preceding 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 is disclosed in Note 1-A in the Financial Statements.

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 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 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'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., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, 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, 2014. 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. 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, the Honorable Mayor, City Commissioners, and City Manager of the City, and is not intended to be and should not be used by anyone other than these specified parties.

Dufresne & Associates, CPA, PA

DATE

**REPORT OF INDEPENDENT ACCOUNTANT
ON COMPLIANCE WITH LOCAL GOVERNMENT
INVESTMENT POLICIES**

To the Honorable Mayor, City Commissioners, and City Manager of the City of Flagler Beach

Report on Compliance

We have examined the City of Flagler Beach, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2014. 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.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants 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.

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Dufresne & Associates, CPA, PA



City of Flagler Beach **AGENDA ITEM # 11**

Item Summary and Recommendation

SUBJECT: Consider entering into an Interlocal Agreement to have the City of Flagler Beach perform Permitting and Inspection Services for the Town of Beverly Beach – Beverly Beach Mayor Steve Emmett.

BACKGROUND: Mayor Emmett and Donna Francis, Town Clerk of Beverly beach met with our City Manager and Chief Building Official to present their proposal of Flagler Beach performing building permit and inspection services.

ATTACHMENTS: Application, Draft Interlocal Agreement

SUBMITTED BY: Beverly Beach Mayor Steve Emmett

STAFF COMMENTS:

CITY MANAGER: The proposal of Flagler Beach to begin building /permit inspection services for Beverly Beach is a doable request. On average, Beverly Beach permit activity is ten permits per month, consisting mostly of windows, HVAC and re-roofs – now that the Sunset Inlet subdivision is primarily built-out. The average monthly revenue, at 100%, would be \$600 per month or \$7,200 per year.

If approved, Staff will realign the work assignment for our Customer Service Technician, continue to utilize our volunteer Code Enforcement Deputy, and dedicate 95% of our Chief Building Official on permit application and inspection services.

The impact on our City Engineer and Planner are expected to be minimal, realizing the majority of expected future permits will be for existing properties – renovations and minor type permits.

The Chief Building Official and City Manager recommend acceptance/approval of the Beverly Beach proposal and Interlocal Agreement.

FINANCE DIRECTOR: The increased cost for the 5% addition of wages and benefits for the building inspector is estimated at \$3600 for the 15/16 budget; this would be offset by the increase to revenues in the Building Code Inspection Fund. The agreement would also generate some revenue for the General Fund (Engineering Reviews).

City of Flagler Beach

Agenda Application

INDIVIDUAL'S NAME: STEVE EMMETT, MAYOR

BUSINESS NAME: TOWN OF BEVERLY BEACH
(If Applicable)

STREET ADDRESS: 2735 N OCEANSHORE BLVD
(If within City of Flagler Beach)

MAILING ADDRESS: Same 32136
(Please provide City & Zip Code)

PHONE NUMBER: 386-439-6888

SUBJECT MATTER TO BE DISCUSSED WITH THE COMMISSION:
(This is the wording you would like on the agenda)

PROPOSED INTERLOCAL AGREEMENT FOR
PERMITTING AND INSPECTION SERVICES

BACKGROUND INFORMATION REGARDING THE SUBJECT:

Mayor and Town Clerk met with Bruce Campbell
and Building Official to discuss possible agreement;
Beverly Beach Commission is in favor of pursuing
this agreement.

(OVER)

City of Flagler Beach

Agenda Application Continued

REQUESTED ACTION SOUGHT FROM THE COMMISSION:

GIVE APPROVAL TO CITY MANAGER TO FORMALIZE
DETAILS, AGREE ON AND EXECUTE INTERLOCAL
AGREEMENT, AND IMPLEMENT PROCESS NO LATER
THAN NOVEMBER 1 (PENDING SEVERANCE OF EXISTING
ATTACHMENTS: AGREEMENT WITH COUNTY (BEV BCT)
DRAFT INTERLOCAL AGREEMENT

Please note the City Commission's Rules of Procedures require all supporting documents to be provided at the time the agenda application is submitted. Please refrain from handing out material at the Commission Meetings.

The maximum time allowed for each request is 10 minutes.

Donna Francis, Town Clerk
SIGNATURE OF APPLICANT

June 2, 2015
DATE

**INTERLOCAL AGREEMENT BETWEEN
THE CITY OF FLAGLER BEACH, FLAGLER COUNTY, FLORIDA, AND
THE TOWN OF BEVERLY BEACH, FLAGLER COUNTY, FLORIDA
FOR BUILDING CODE AND FIRE PLANS REVIEW, PLANNING PERMIT
REVIEW, ZONING COMPLIANCE, AND ENGINEERING
PERMIT AND DEVELOPMENT REVIEW SERVICES**

THIS INTERLOCAL AGREEMENT made and entered into this _____ day of _____, 2015, by and between the City of Flagler Beach, an incorporated Florida municipality, located at 105 S 2nd Street, Flagler Beach, Florida 32136-3672 (“Flagler Beach”), and the Town of Beverly Beach, an incorporated Florida municipality organized and existing under the laws of the State of Florida, located at 2735 N Oceanshore Boulevard, Beverly Beach, Florida 32136 (“the Town”); and

WHEREAS, the Town has requested to enter into this Agreement with Flagler Beach for the purposes of providing building permit application review, related building code, fire, engineering, zoning and planning approval, approval and issuance of building permits, and collection of fees; and

WHEREAS, Flagler Beach has a qualified professional staff that is able to perform these services for the Town; and

WHEREAS, Flagler Beach and the Town have determined that it is in the best interests of the citizens of Beverly Beach to enter into this Interlocal Agreement; and

WHEREAS, Flagler Beach and the Town have the authority under Florida Chapters 163 and 166, and other applicable law, to enter into this Interlocal Agreement;

NOW, THEREFORE, in consideration of the premises herein contained, it is mutually agreed between the parties as follows:

Section 1 – Use

Flagler Beach hereby agrees to assume the permitting and inspection processes for the Town, to be performed by Flagler Beach qualified professional staff, as detailed on Appendix A, attached, and as specified herein:

- a. Flagler Beach will be responsible for providing all documentation (for contractors and owner/builder applicants) for building permit and development applications for the Town.
- b. Flagler Beach will, on behalf of the Town, accept all building permit and development applications and all required documentation at the Planning and Building Department, located at 116 Third Street S, Flagler Beach.
- c. Flagler Beach will take full responsibility for the administrative processing of all building permit and development applications for the Town, including collection of all permit fees and applicable impact fees, payment of state surcharge fees, and payment of required impact fees to the Board of County Commissioners.

- d. Flagler Beach will establish the fee schedule for permitting for the Town, and reserves the right to evaluate fees on a period basis to ensure quality of service.
- e. Flagler Beach will retain 100% of all fees collected for any permits processed on behalf of the Town, with payment of impact fees and state surcharges being paid from those proceeds by Flagler Beach, on behalf of the Town.
- f. Review of all applications by Flagler Beach will be in accordance with the applicable provisions of the Town's adopted Land Development Code, the Florida Building Code, the Life Safety Code, and other applicable and current construction related codes. All reviews will be performed in accordance with the procedures as described in Appendix A, attached hereto and incorporated herein, which may be revised from time to time by mutual consent of the parties' official representatives.

Section 2 - Purpose

Planning Responsibilities: The City of Flagler Beach Planning and Building Department will perform all necessary planning and zoning reviews on building permit applications. All such services shall be in accordance with all of the Town's applicable Ordinances and requirements, including any planning codes adopted by the Town. The Town will provide a copy of its Code of Ordinances to Flagler Beach as well as any subsequent updates to the relevant planning and zoning Ordinances. All reviews will be performed in accordance with the procedures as described in Appendix A, attached hereto and incorporated herein.

Engineering Responsibilities: Flagler Beach will perform all necessary development engineering reviews, including engineering site plan review, preliminary and final plat engineering review, subdivision construction plan review, subdivision in section and other agency permit reviews for site plans and subdivisions. Flagler Beach also will perform engineering reviews for building permits including engineering inspections, and right of way review and inspections. All such services shall be in accordance with all the Town's applicable Ordinances and requirements, including any engineering codes adopted by the Town. All reviews will be performed in accordance with the procedures as described in Appendix A, attached hereto and incorporated herein.

Building Responsibilities: Flagler Beach will perform all necessary building and fire plan review and inspections in accordance with the Florida Building Code, Life Safety Code, and any other applicable construction related codes. All reviews will be performed in accordance with the procedures as described in Appendix A, attached hereto and incorporated herein.

Under the terms of this Interlocal Agreement, if Flagler Beach personnel have any questions or concerns on interpretation of the Town's local Code, land use, zoning, or other regulations in reviewing planning and development documents, Flagler Beach personnel will consult with the Town to clarify said questions or concerns prior to rejecting or issuing a permit.

Section 3 – Sovereign Immunity

Flagler Beach and the Town expressly retain all rights and benefits of sovereign immunity in accordance with Section 768.28, Florida Statutes, or its successor. Notwithstanding anything to the contrary herein, nothing in this Interlocal Agreement shall be deemed a waiver of immunity or waiver of the limits of liability. Liability of Flagler Beach or the Town for damages shall not exceed the statutory limits of liability, regardless of the number or nature of any claim which may arise, including but not limited to, a

claim sounding in tort, equity or contract. Nothing in this Interlocal Agreement shall inure to the benefit of any third party for the purpose of allowing any claim against Flagler Beach or the Town, which would otherwise be barred under the doctrine of sovereign immunity or by operation of law.

Section 4 – Indemnification and Insurance

- a. **Indemnification.** To the extent permitted by state and federal law, Flagler Beach agrees to indemnify the Town for any acts of negligence caused by Flagler Beach resulting in any claims, suits, actions, damages, penalties, interest, liability and/or expense in connection with the loss of life, bodily or personal injury, environmental damage or liability, or property damage, directly, or indirectly caused by, resulting out of, or occurring in connection with its operations and/or the performance of Flagler Beach by its agents, employees, contractors, or subcontractors. To the extent permitted by state and federal law, the Town agrees to indemnify Flagler Beach for any acts of negligence caused by the Town resulting in any claims, suits, actions, damages, penalties, interest, liability and/or expense in connection with the loss of life, bodily or personal injury, environmental damage or liability, or property damage, directly, or indirectly caused by, resulting out of, or occurring in connection with its operations and/or the performance of the Town by its agents, employees, contractors, or subcontractors.
- b. **Insurance.** The Town and Flagler Beach agree to maintain, at no cost to the other, adequate liability insurance covering their respective employees, officers, or agents, and their activities against exposure to judgments that are within the limits of the waiver of sovereign immunity established by the State of Florida.

Section 5 – Exclusivity

Flagler Beach shall be the exclusive provider for the services described herein. The Town is not authorized to allow any entity or another government body or corporation to provide the services described in this Interlocal Agreement, except as provided in Appendix B attached hereto and incorporated herein, during the term of this Agreement.

Section 6 – Administration

The Flagler Beach City Manager or designee is designated as the Flagler Beach staff for the daily administration and enforcement of this Interlocal Agreement. All documents, requests, modifications, or any issues relating to Flagler Beach's services as outline herein should be referred to the City Manager or his/her designee for proper remedy.

Section 7 – Restrictions

After consultation with the Town, Flagler Beach reserves the right to restrict the Town's ability to assign third parties to administer these services herein.

Section 8 – Integration/Modification

This Interlocal Agreement reflects the full and complete understanding of the parties and may be modified or amended only by a document in writing executed by all the parties with the same formalities as this Agreement.

Section 9 – Records and Audit

The parties agree to cooperate with the state, county or Town employees and auditor at any time during normal business hours, as necessary, to examine and audit any books and records pertinent to these services.

Section 10 – Force Majeure

The obligations of the parties hereunder shall be subject to the concept of force majeure. Accordingly, in the event of Acts of God, riot, weather disturbances, war, terrorism, civil disobedience, geologic subsidence, electrical failure, malfunctions, and events of a similar nature, the parties shall be excused from performing under this Interlocal Agreement until the cause or causes thereof have been remedied.

Section 11 – Choice of Law

This Interlocal Agreement is to be governed by the laws of the State of Florida and venue for any legal proceeding related to this Agreement shall be in the Seventh Judicial Circuit Court in and for Flagler County, Florida.

Section 12 – Severability

If any term, provision, or condition contained in this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement, or the application of such term, provision, or condition to persons or circumstances other than those in respect of which it is invalid or unenforceable, shall not be affected thereby, and each term, provision, and condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law when consistent with equity and the public interest.

Section 13 – Term/Termination

The term of this Interlocal Agreement shall continue from year to year until terminated by mutual agreement of the parties or by a ninety (90) day notice of termination, in writing – with or without cause – by one party to the other, as set forth in Section 14 hereof. In the event of termination by either party, Flagler Beach will be responsible for collection of all outstanding permit fees for issued permits and/or re-inspection fees, and payment of any outstanding impact fees to Flagler County or surcharge fees to the state.

Section 14 – Notice

Notice provided for in this Interlocal Agreement, unless expressly provided for otherwise, shall be in writing and may be delivered personally or by placing said notice in the U.S. mail, certified mail, return receipt, with postage paid and addressed as follows:

Town of Beverly Beach
2735 N Oceanshore Boulevard
Beverly Beach, FL 32136

Mayor, City of Flagler Beach
P. O. Box 70
Flagler Beach, FL 32136

Section 15 – Headings

All section and descriptive headings in this Interlocal Agreement are inserted and intended for convenience only, and shall not affect the construction or interpretation hereof.

Section 16 – Counterparts

This Interlocal Agreement may be comprised of several identical counterparts, each to be fully executed by the parties and each to be deemed an original having identical legal effect.

Section 17 – Effective Date

This Interlocal Agreement shall be effective upon full execution of all parties hereto and recording with the Flagler County Clerk of Court.

ATTEST:

CITY OF FLAGLER BEACH

Penny Overstreet, City Clerk

By: _____
Linda Provencher, Mayor

Approved as to Form:

D. Andrew Smith, III, City Attorney

ATTEST:

TOWN OF BEVERLY BEACH

Donna Francis, Town Clerk

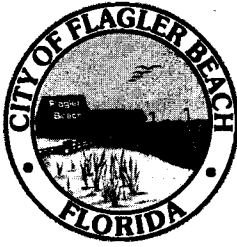
By: _____
Stephen Emmett, Mayor

Approved as to Form:

Town Attorney

Proposed Draft

#13



City of Flagler Beach

Planning and Building Department

To: Marshall Shupe, Chairman, City Commission
 Mayor Provencher, City Commissioners

FROM: Larry Torino, City Planner

RE: Ordinance 2015-05, Mixed Use Building Ordinance

DATE: June 4, 2015

Update City Commission Meeting of May 28, 2015:

The proposed ordinance amendments, as discussed on the above noted date have been addressed and incorporated accordingly. Following, for your information and reference is a summary of the respective changes.

ORDINANCE AMENDMENT SUMMARY

ORDINANCE SECTION	CITY COMMISSION COMMENT	REVISION
Recitals	Replace word <i>duplicity</i>	Replaced with "duplication" Original Ord - (pg 1 of 13) Amended Ord. - (pg 2 - 8)
Recitals	Word spacing: FLORIDA THAT	Spacing corrected Original Ord - (pg 1 - 13) Amended Ord - (pg 2 - 8)
SECTION 4. Section 2.04.02.12	F. Existing Buildings – clarify language as it relates to development standards exemption(s).	Restated, provided clarification of requirements. Original Ord - (pg 9,10 - 13) Amended Ord - (pg 7 of 8)

Enclosures:

Attachment #1 – Original Mixed Use Building Ordinance: Strikethru/underline
 Attachment #2 – Amended Mixed Use Building Ordinance: Clean Copy

ORDINANCE 2005-02 2015-05

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~~AN ORDINANCE BY OF THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA, AMENDING APPENDIX "A", LAND DEVELOPMENT REGULATIONS, ARTICLE II, ZONING; SECTION 2.02.00, DEFINITIONS, CREATING DELETING A THE DEFINITION FOR COMBINED USE BUILDINGS; AMENDING SECTION 2.04.02.8 ZONING SCHEDULE ONE, LAND USE CONTROLS, TO ALLOW PERMIT COMBINED MIXED USE BUILDINGS IN THE GENERAL COMMERCIAL ZONING DISTRICT AS A PRINCIPAL USE, AND IN TOURIST COMMERCIAL ZONING AND GENERAL COMMERCIAL ZONING DISTRICTS AS A PRINCIPAL PERMITTED USE, TO ESTABLISH EXISTING BUILDINGS IN THE TOURIST COMMERCIAL ZONING DISTRICT AND GENERAL COMMERCIAL ZONING DISTRICTS AS A SPECIAL EXCEPTION USE, AND REPLACE THE TERM COMBINED USE BUILDING WITH MIXED-USE BUILDING, AMENDING SECTION 2.04.02.9, ZONING SCHEDULE TWO, LOT, DENSITY, YARD, HEIGHT, & LOT COVERAGE REQUIREMENTS, REPLACE THE TERM COMBINED USE BUILDING WITH MIXED-USE BUILDING, TO SET REGULATIONS FOR COMBINED USE BUILDINGS PROVIDE DESCRIPTIVE NOTES IN THE MEDIUM DENSITY RESIDENTIAL DISTRICT, GENERAL COMMERCIAL DISTRICT AND TOURIST COMMERCIAL ZONING DISTRICTS, ESTABLISHING AMENDING THE TITLE OF SECTION 2.04.02.12 COMBINED USE BUILDING REGULATIONS TO READ MIXED USE BUILDING REGULATIONS, AMENDING SUB-SECTION A. PURPOSE AND INTENT, AMENDING SUB-SECTION B. GENERAL REQUIREMENTS, AMENDING SUB-SECTION C. PERMITTED USES, AMENDING SUB-SECTION D. PROHIBITED USES, AMENDING THE TITLE OF SUB-SECTION E. MINIMUM LOT SIZE TO READ DEVELOPMENT STANDARDS, AMENDING SUB-SECTION NUMBER F. SUPPLEMENTAL SITE IMPROVEMENT REGULATIONS TO READ SECTION G., AMENDING SUB-SECTION NUMBER G. PARKING REQUIREMENTS TO READ SECTION H., DELETING THE FORMER SUB-SECTION SECTION H. PARKING PROVISIONS, AMENDING SUB-SECTION NUMBER H. LANDSCAPING TO READ SECTION I. AND RELOCATING AND AMENDING SUB-SECTION J. EXISTING BUILDINGS TO THE FORMER SUB-SECTION F. AS NOTED HEREIN; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING FOR CONFLICT; PROVIDING AN EFFECTIVE DATE HEREOF.~~

WHEREAS, the City ~~desires~~ desired to encourage diversity in the General Commercial Zoning District and Tourist Commercial Zoning District; and,

WHEREAS, the City ~~desires~~ desired to facilitate the ~~mixture~~ mix of business and residential uses to create a mixed use environment respectful of the traditional character of the downtown; and,

~~WHEREAS, to encourage a blend of land uses that are compatible and create a livable community that includes multi-unit housing, retail, office, and commercial and municipal uses;~~ and,

~~WHEREAS, to promote the development of flexible space for small and merging businesses within the buildings in this zoning district, and,~~

51 ~~WHEREAS, to advocate the originality and innovation in site design and development within~~
52 ~~this district; and,~~

53
54 ~~WHEREAS, the city wishes to promote a more pedestrian friendly environment.~~

55
56 WHEREAS, the City established Ordinance 2005-02 to promote opportunities to blend
57 compatible land uses within the same building; and,

58
59 WHEREAS, the term Combined Use Building was adopted to promote and define the mix of
60 uses within the same building; and,

61
62 WHEREAS, the City Commission desired to undertake a study to guide the future development
63 of the downtown area; and,

64
65 WHEREAS, a Downtown Master Plan study was initiated and adopted to include Downtown
66 Design Guidelines which instituted site design, building design and architectural standards for
67 Combined Use Buildings; and,

68
69 WHEREAS, the term Mixed Use Building was established in the Downtown Design Guidelines
70 and adopted into Article II Zoning, Section 2.02.00 Definitions of the Land Development
71 Regulations; and,

72
73 Whereas, the City Commission in an effort to avoid ~~duplicity~~ duplication and further establish
74 consistency with the Combined Use Building Ordinance and Downtown Design Guidelines
75 directed the Planning and Architectural Review Board to revisit Ordinance 2005-02 and provide
76 recommendations; and,

Comment [LT1]: delete

Comment [LT2]: insert

77
78 Whereas, in accordance with the direction pronounced by the City Commission.

79
80 **NOW THEREFORE BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY**
81 **OF FLAGLER BEACH, AS FOLLOWS ~~FLORIDA~~ THAT:**

Comment [LT3]: Spacing

82
83 **SECTION 1.** Appendix A, "Land Development Regulations," Article II, "Zoning," of
84 the City of Flagler Beach Code of Ordinances is hereby amended as follows (note: strikethrough
85 text indicates deletions, underline text indicates additions, ellipses (***) identify text that
86 remains unchanged and that is not reprinted herein):

87
88 **Section 2.02.00 Definitions.** Delete the term combined use building.

89
90 ~~Combined Use Building: A use which contains a mixture of one or more residential units and~~
91 ~~commercial business uses within the same building.~~

92
93 * * *

94
95 **SECTION 2.** Section 2.04.02.8. Zoning Schedule One Land Use Controls

SCHEDULE ONE	
ZONING SCHEDULE OF USE CONTROLS	
CITY OF FLAGLER BEACH	
CATEGORY OF USE	USES PERMITTED
	UNRESTRICTED USES

TC-Tourist Commercial	PRINCIPAL	ACCESSORY	SPECIAL EXCEPTION USES
	13. Mixed Use Buildings within the defined Downtown A1A Retail Corridor (See Note 11. Section 2.04.02.9, Zoning Schedule Two)		4. Combined Use Buildings outside of the defined boundary, excluding properties adjacent to A-1-A. Mixed Use District - Conversion of existing buildings within the Downtown Mixed Use District and Downtown A1A Retail Corridor.

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* * *

SCHEDULE ONE ZONING SCHEDULE OF USE CONTROLS CITY OF FLAGLER BEACH			
CATEGORY OF USE	USES PERMITTED		
	UNRESTRICTED USES		
GC-General Commercial	PRINCIPAL	ACCESSORY	SPECIAL EXCEPTION USES
	17. Combined Use Mixed Use Buildings within the defined Mixed Use District boundary (See Note 12. Section 2.04.02.9, Zoning Schedule Two)		6a. Combined Use Buildings outside of the defined boundary, excluding properties adjacent to A-1-A. 6. Mixed Use Building - Conversion of existing buildings within the Downtown Mixed Use District and Downtown A1A Retail character district. 6b. Combined use buildings outside of the defined boundary excluding properties adjacent to A-1-A. 17. Combined use buildings within the defined boundary.

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* * *

SECTION 3. Section 2.04.02.9. Schedule Two Zoning District Schedule of Lot, Density, Yard, Height and Lot Coverage Requirements

MDR (See Note 10)	Zoning District Schedule of Lot, Density, Yard, Height and Lot Coverage Requirements
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* * *

TC (See Note 11)	Zoning District Schedule of Lot, Density, Yard, Height and Lot Coverage Requirements
---------------------	--

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* * *

GC	Zoning District Schedule of Lot, Density, Yard, Height and Lot Coverage Requirements
----	--

(See Note 11 12)	
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~~Note 10. Also refer to the requirements of Section 2.04.02.12, Combined Use Building Regulations and the Downtown A1A Retail Corridor Design Guidelines. Mixed Use District - All new multi-family residential development shall comply with the Mixed Use building Site Design and Building Design development standards as outlined in the Downtown Design Guidelines; Chapter 3-Downtown Mixed-Use District.~~

~~Note 10 11. Also refer to the requirements of Section 2.04.02.12, Combined Use Building Regulations and the Downtown A1A Retail Corridor Design Guidelines. Mixed Use District - Mixed Use Building: See Downtown Design Guidelines; Chapter 4-Downtown A1A Retail Corridor development standards. **Marina Area – See Chapter 3- Downtown Mixed Use District. All new development limited to multi-family residential or commercial only development shall comply with Mixed Use building Site Design and Building Design development standards.~~

~~Note 12. Note 11. Also refer to the requirements of Section 2.04.02.12, Combined Use Building Regulations and the Downtown Mixed-Use Overlay District Guidelines. Mixed Use District - Mixed Use Building: See Downtown Design Guidelines; Chapter 3-Downtown Mixed-Use District development standards. **A1A Retail Corridor – See Chapter 4-Downtown A1A Retail Corridor. All new development limited to multi-family residential or commercial only development shall comply with Mixed Use building Site Design and Building Design development standards.~~

* * *

SECTION 4. Section 2.04.02.12, Combined Mixed Use Building Regulations

~~A. Purpose and intent: To establish an environment that emphasizes the pedestrian orientation of the area and to encourage diversity of compatible uses within the same building that may include a mixture of residential uses in conjunction with compatible commercial uses. For purposes of this ordinance, the City shall permit a Combined Use Building as a Principal Use within the General Commercial District described herein and only when consistent with the land use plan, and in accordance with the following requirements~~

A. Purpose and intent:

1. To establish an environment that emphasizes the pedestrian orientation of the area and to encourage diversity of compatible uses within the same building that may include a mix of residential uses in conjunction with compatible commercial uses.
2. To encourage development that exhibits the physical design characteristics of a storefront-style shopping, pedestrian oriented environment within downtown.
3. To permit, as opposed to mandate, mixed-use buildings with neighborhood-serving retail, service and other uses on the ground floor and residential units above the nonresidential space.
4. To provide site design and building design standards for:

- 158 a. Mixed use buildings, multi-family residential buildings and commercial buildings
159 within the geographic boundary of the Downtown Mixed Use Overlay District, and
160 b. The corresponding character area as depicted on the Official Zoning Map and Mixed
161 Use District Boundary map as provided in the Downtown Design Guidelines.

162
163 B. General Requirements:

164
165 ~~The city shall permit, as a principal permitted use for all new construction, a combined use~~
166 ~~building, when the site has a General Commercial zoning designation, and until such time as~~
167 ~~a Downtown Master Plan is completed, is situated between the centerline of 2nd St. north~~
168 ~~and the centerline of 3rd St. south and east to the centerline of Central Avenue and west to~~
169 ~~the centerline of Flagler Avenue zoned areas outside of the area described herein, to include~~
170 ~~General and Tourist Commercial zoning, shall be considered a Special Exception Use. All~~
171 ~~requests for combined use development shall be subject to the following:~~

- 172 a. Mixed Use Building Authorization: The city shall permit, as a principal permitted use a
173 mixed use building wherein the property of interest exhibits a General Commercial or
174 Tourist Commercial zoning designation, and lies within the:

175 I. Mixed Use District described as follows:

176 By the CRA Boundary to the north, and having been further extended to North 11th Street for
177 properties lying within the Tourist Commercial District adjacent to Oceanshore Blvd., Flagler
178 Avenue to the west, South 5th Street to the south, and an eastern extent which begins at South 5th
179 Street, extends to South 9th Street along Central Avenue to include all property lying one- half
180 block west of A1A, and having been further extended to South 13th Street for properties lying
181 within the General Commercial and Tourist Commercial adjacent to Oceanshore Blvd.

- 182
183 a. ~~The Combined Use Building shall include residential uses in conjunction with~~
184 ~~permitted~~

185 ~~principal uses specified in the General Commercial District.~~

- 186 b. ~~The commercial floor area of the Combined Use does not exceed fifty percent (50%)~~
187 ~~of~~

188 ~~the gross floor area of the building.~~

- 189 c. ~~The Combined Use shall be limited to the same building, which includes business~~
190 ~~uses~~

191 ~~limited to the first floor below the residential use.~~

- 192 d. ~~The mixture of residential and commercial uses within the building shall be designed~~

193 ~~so~~

194 ~~as to minimize to the greatest extent practical the potential detrimental influence of~~
195 ~~commercial uses on the residential uses, including the location of entranceways and the~~
196 ~~use of soundproofing materials (technical data of which, is to be provided at site plan~~
197 ~~review and building permit application) to minimize noise intervention between uses.~~

- 198
199 b. Mixed Use Building District Development Requirements:

200 1. All new buildings shall subscribe to the following adopted character area district
201 development standards as established in the adopted Downtown Design Guidelines.

- 202 a. Downtown Mixed Use District
203 b. Downtown A1A Retail Corridor
204 c. Residential Neighborhoods

- 205 c. Development Requirements - All requests for mixed use development shall be subject to
206 the following:

- 207 i. Site Plan Review - Planning & Architectural Review Board and City
208 Commission.
- 209 ii. Shall include a residential component together with those commercial uses listed
210 in SECTION 4. Section 2.04.02.12 C. Permitted uses, as provided in this
211 ordinance.
- 212 iii. The mix of commercial and residential uses for all new development shall be
213 limited to the same building, with commercial uses limited to the first floor below
214 the residential component use(s).
- 215 iv. The commercial floor area should not exceed fifty percent (50 %) of the gross
216 floor area of the building.
- 217 v. The mix of residential and commercial uses shall be designed to minimize to the
218 greatest extent practical the potential detrimental influence of commercial uses on
219 the residential uses.
- 220 vi. Locate entranceways to minimize noise intervention between the residential and
221 commercial use(s).
- 222 vii. Sound Attenuation - The use of soundproofing materials to assure sound
223 minimization between the commercial and residential use(s) shall be provided.
224 Sound Transmission classification technical data must be submitted at the time of
225 Site Plan Review application and incorporated with the Building Permit
226 application. A minimum Sound Transmission Classification (STC) rating of fifty
227 (50) is required.

228 C. Permitted uses: All permitted uses shall be conducted to emphasize the pedestrian orientation
229 of the area.

- 230 ~~—— a. Commercial uses located on the ground floor.~~
- 231 ~~—— b. Residences located above the ground floor.~~
- 232 ~~-e. Retail business involved in the sale of merchandise on the premises to be taken off the~~
233 ~~premises for use by the customer such as antiques, art, clothing and wearing apparel,~~
234 ~~books or stationary, household goods, toys, sporting goods, food, dry goods and~~
235 ~~notions, drugs, florist, jewelry, confectionary store and the like.~~
- 236 ~~d. Personal and business services, such as dry cleaning (drop off and pick up only),~~
237 ~~duplicating services, interior design studios, postal offices, photographic studios,~~
238 ~~shoe/watch repair, bank, savings and loans, financial institutions, travel agencies,~~
239 ~~educational, and other professional or business offices.~~
- 240 ~~e. All uses permitted shall be conducted wholly within a building except those uses~~
241 ~~permitted which are customarily conducted in the open such a parking, approved~~
242 ~~exterior displays (eg. art, crafts), accessory seating for the consumption of food, drink~~
243 ~~and the like.~~
- 244 ~~f. Storage shall be limited to accessory storage of commodities sold at retail on the~~
245 ~~premises and storage shall be within a completely enclosed building.~~
- 246 ~~g. Cafes as a Special Exception use.~~

247

248 The following table contains a list of permitted uses in the General Commercial District
249 and Tourist Commercial District and further specifies whether each listed use is permitted
250 as an unrestricted principal use (P), special exception (S) or not permitted (-) in accordance
251 with Article II; Zoning of the Land Development Regulations.

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USE CATEGORY	General Commercial (GC)	Tourist Commercial (TC)
COMMERCIAL (Mixed use)		
-permitted commercial uses located on the ground floor.	P	P
-existing Buildings	<u>S</u>	<u>S</u>
-storage (accessory to commercial use and within the building enclosure)	P	P
RESIDENTIAL		
-residences residential unit(s) located above the ground floor	P	P
-existing buildings	<u>S</u>	<u>S</u>
EATERIES		
-Restaurants	<u>P</u>	<u>P</u>
-Restaurants/ Open patio (See Note 1 below)	<u>S</u>	<u>S</u>
-Cafes	<u>P</u>	<u>P</u>
-Cafes/open patio (See Note 1 below)	<u>S</u>	<u>S</u>
RETAIL SALES (ONLY) AND SERVICES		
-antiques, arts, crafts	P	P
Computer, cell phone, electronics	<u>P</u>	<u>P</u>
books or stationary		
-confectionary stores and the like		
confectionary		
dry good and notions		
food		
florist		
hardware	<u>P</u>	<u>P</u>
-household goods	P	P
-ice cream parlor	<u>P</u>	<u>P</u>
clothing, and wearing apparel		
-drugs pharmacy	P	P
household goods		
jewelry		
-rentals (eg. bicycles, beach chairs, surf boards, scooters)	P	P
specialty store (See Note 2. definition below)	<u>P</u>	<u>P</u>
-sporting goods	<u>P</u>	<u>P</u>
toys		
-thrift, consignment stores	P	<u>S</u>
Personal and Business Services		
-dry cleaning (drop-off and pick-up only)	P	P
-duplicating services	P	P
-eyewear	<u>P</u>	<u>P</u>
-fitness studio	<u>P</u>	<u>P</u>
-hair salon, spa, barber shop, reflexologist	P	P
-pet grooming (boarding not permitted)	P	-

-photographic studios	P	-
-postal services	P	P
-printing services	P	-
-shoe/watch repair	P	-
-travel services	P	P
Office, Professional and Institutional		
-banks, savings and loans	P	-
-financial institutions services	P	-
-educational services	P	-
-interior design studio	P	-
-professional, business offices	P	-
Note 1: No outdoor serving of food, drink, or the like and/or beverages shall be discontinued after at 10:00 p.m.		
Note 2. Specialty Store - A small retail business offering specific and specialized types of items or focuses on selling a particular limited product range and associated items consistent with the uses permitted in the respective underlying Tourist Commercial District and General Commercial District.		

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D. PROHIBITED USES:

- a. Businesses or uses that emit intrusive odors or smoke or deemed not compatible with residential uses.
- b. Drive-in type businesses that have a drive-in component as part of their operation.
- c. Places of amusement such as game rooms, video arcades and the like.
- d. Liquor stores.
- e. ~~Open patio restaurants.~~
- f. ~~Restaurants as defined.~~
- g. ~~No outdoor serving of food, drink or the like after 10:00 P.M.~~

E. ~~Minimum lot size: There shall be no minimum lot size.~~

- a. ~~Density: One (1) unit per 1,750 square feet of area.~~
- b. ~~Maximum building length: One hundred fifty (150) linear feet.~~
- c. ~~Maximum building height: thirty-five (35) feet, as defined in Appendix A; section 2.10; Definitions.~~
- d. ~~Minimum floor area: nine hundred (900) sq. feet of livable enclosed floor space for each residential dwelling unit.~~
- e. ~~Yards:~~
 - i. ~~Front: Build to ten (10) feet (see Section F; e) from lot line.~~
 - ii. ~~Side: Build to property line shall be required on one side of an interior lot.~~
 - iii. ~~Rear: Build to determined by building location and arrangement of parking but in no event less than ten (10) feet from lot line.~~
 - iv. ~~Corner Lot: Build to ten (10) feet from lot line on each street perimeter frontage.~~

E. ~~Minimum lot size: There shall be no minimum lot size.~~ Development Standards:

MIXED USE BUILDING	
Minimum Lot Area	No Minimum lot area
Minimum Lot Width at Building Setback	NA
Minimum Lot Depth	NA
Lot Coverage	NA
Density Sq. Ft. per	1 unit per 1,750 square feet.

Dwelling Unit	
Minimum floor area (<i>livable enclosed floor space per dwelling unit</i>)	900 sq. ft.
SITE DEVELOPMENT REQUIREMENTS	
Front	5 feet or 10 feet
Side	Build to property line shall be required on one side of interior lot.
Side Opposite	Build-to maximum twenty (20) feet from property line
Side (Corner Lot)	Build to 5 feet or 10 feet on each street perimeter front. NOTE: Build to dimension shall be consistent on each street perimeter front.
Rear	Build to line determined by building location and arrangement of parking, but not less than 10 feet from property line.
Maximum Building Height	35 feet as established in Appendix A; Section 2.05.06. Height regulations.
Maximum Lot Coverage	NA
Maximum Building Length	150 feet
PARKING REQUIREMENTS	
<u>Residential:</u> 2 spaces per unit (on-site)	
<u>Commercial:</u>	
a. 1 space per 350 square feet (1.33 spaces per 800 square feet on-site).	
b. Off-site parking shall not exceed 40% of required on-site parking.	
c. Required parking calculation: Total number of spaces shall be rounded to the next higher number only when a fraction thereof is greater than one-half (.50).	

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F. Existing buildings:

A request to convert an existing structure to a mixed use building shall be evaluated as follows:

1. On a site specific basis and considered as a Special Exception.
2. Existing structures zoned general commercial, and tourist commercial lying within the mixed use district area described herein shall not be exempt from the site improvement regulations and commercial-residential use orientation specified herein unless deemed otherwise by the City based on such site considerations as the building(s) location, on-site parking availability and other factors affecting the reasonable application of the mixed use building site design and building design development regulations, and other factors relevant to all applicable site regulations. Each request shall be evaluated on a site specific basis and considered as a Special Exception.

- Comment [LT4]: insert
- Comment [LT5]: insert
- Comment [LT6]: delete
- Comment [LT7]: insert
- Comment [LT8]: insert
- Comment [LT9]: insert
- Comment [LT10]: delete

G. Supplemental Site Improvement Regulations:

- ~~a. The Planning and Architectural Review Board shall review all requests and advocate for approval or denial a request based upon aesthetic or other considerations such as nature of materials, harmony of exterior design, choice of colors, drainage considerations, and~~

301 the effect of such development on the use, enjoyment or value of other neighboring
302 properties.

303 b. ~~In order to assure architectural diversity and to maintain the eclectic character of the~~
304 ~~community, no single architectural style shall be duplicated on any combination of~~
305 ~~buildings that exceed 150 linear feet of frontage on a single lot, or combination of lots~~
306 ~~thereof, the enforcement of which, shall be monitored by the City.~~

307 e. ~~Landscape improvements in the area between the building and property line abutting the~~
308 ~~public sidewalk shall include the utilization of native vegetation and plantings approved~~
309 ~~by the Planning and Architectural Review Board and the City.~~

310 d. ~~The use of awnings or arcades is encouraged over walkways" frontages~~

311 e. ~~Minimum ground floor, floor to ceiling height often (10) feet.~~

312 f. ~~Decorative finish (e.g. texture finishes and coatings) and/or design feature shall be applied~~
313 ~~to all exterior walls facing a street or residential zone.~~

314 g. ~~Building corner design at intersecting streets of corner lots shall be situated on a diagonal~~
315 ~~axis to establish architectural character and building frontage ingress/egress and to~~
316 ~~accommodate a line of vision for vehicular traffic.~~

317 h. ~~The frontage yard area between the building and property line shall be finished in a surface~~
318 ~~material to accommodate pedestrian traffic, seating or other use deemed suitable by~~
319 ~~approval of the Planning and Architectural review Board and the City.~~

320 i. ~~Balconies, walkways, porticos are permitted as structural enhancements not to extend~~
321 ~~beyond six (6) feet from the building line.~~

322 j. ~~Balconies shall not be permitted to extend over drives and/or parking areas.~~

323 k. ~~Joint common access drives are encouraged for two or more contiguous interior lots~~
324 ~~owned exclusively or under separate ownership to enhance two-way access thereby~~
325 ~~decreasing access width from the required 15 feet to 12 feet for each lot.~~

326 l. ~~All other applicable regulations required for site plan review to include lighting for~~
327 ~~parking areas and walkways per Appendix A; Section 5.04.02; Criteria for parking lots and~~
328 ~~vehicular use areas.~~

329 m. ~~Sidewalks shall be required abutting the property frontage extending the length of the~~
330 ~~property whether or not on street parking is required. Sidewalks to be constructed per City~~
331 ~~approval and be six (6) feet in width.~~

332 n. ~~Trash collection containers shall be provided behind building structures and screened~~
333 ~~dumpster shall be required when the total number of combined units total five (5) or~~
334 ~~greater.~~

335

336 a. See Downtown Design Guidelines

337 i. Chapter 2 - Area-wide Guidelines

338 ii. Chapter 3 - Downtown Mixed Use District

339 a. General Requirements

340 b. Frontage Along Moody Boulevard

341 iii. Chapter 4 - Downtown AIA Retail Corridor

342

343 G H. Parking Requirements:

344 ~~Residential uses two (2) spaces per unit per Section 2.06.02.1 Schedule of Off Street~~
345 ~~Parking Requirements.~~

346 ~~Commercial uses one (1) space per 350 square feet per Section 2.06.02.1 Schedule of~~
347 ~~Off Street Parking Requirements. The above standards shall be amended for off-street~~
348 ~~parking for combined use Mixed buildings as follows:~~

349 Commercial uses: 1.33 spaces per eight hundred (800) square feet to be provided on-
350 site. Required parking calculation: Total number of spaces shall be rounded to the next
351 higher number only when a fraction thereof is greater than one-half (.50).
352

353 a. See Downtown Design Guidelines

354 i. Chapter 2 - Area-wide Guidelines (On-street and Off-Street Parking)

355 ii. Chapter 3 – Downtown Mixed Use District

356 iv. Chapter 4 – Downtown A1A Retail Corridor

357 b. Handicap Parking – Shall be provided on-site the number of which shall be consistent with
358 the requirements with the American Disabilities Act.

359 H. Parking Provisions: For purposes of Combined Use Buildings in the principal permitted use
360 area, a combination of off street parking and on street parallel parking is permitted to satisfy
361 the required parking as follows:
362

363 a. Off street parking: shall be limited to the sides or rear of the building(s) structure and
364 screened from street view with appropriate perimeter landscape material per Section
365 5.04.02, Criteria for parking lots and vehicular use areas.

366 b. On street parallel parking: shall be provided along the perimeter of the development
367 parcel, on the public right of way, subject to the following standards:

368 i. Parking space eight (8) feet wide x twenty two (22) feet long constructed of a
369 pervious surface material approved by the city.

370 ii. One (1) foot continuous concrete strip to separate the adjacent parking space from
371 the traffic way and to maintain the integrity of the asphalt edge of street pavement
372 extending the length of the designated parallel parking strip.

373 iii. Parking space strips separated by hard surface material (eg. concrete, pavers)
374 extending the full width of the parking space per city approval.

375 iv. Public sidewalk six (6) feet in width.

376 e. On street parking shall not exceed forty (40) percent of required on site parking.

377 d. Residential units On site reserved parking for residential units (2 per unit) shall be
378 provided and clearly marked.

379 e. Commercial use On site reserved parking for commercial uses (1 per unit) shall be
380 provided and clearly marked.

381
382 H I. Landscaping: All requirements as specified in Article 5, Section 5.04.00 Landscaping,
383 SECTION 5.04.04, Off-Site Perimeter Landscaping Requirements: Street trees - One (1)
384 street tree shall be provided within the perimeter public sidewalk as provided for in the
385 Downtown Design Guidelines (Area Wide Guidelines, Chapter 2.). The minimum planter area
386 shall be three (3) feet by three (3) feet to include a tree grate; the tree location, tree species,
387 and tree grate specifications shall be standardized as approved by the City.
388

389 J. Existing buildings:

390 Existing structures zoned general commercial, and lying within the area described herein shall
391 be exempt from the site improvement regulations specified herein unless deemed otherwise by
392 the City based on such site considerations as the building(s) location and other factors relevant
393 to all applicable site regulations. Each request shall be evaluated on a site specific basis and
394 considered as a Special Exception.
395

396 Parking:

- 397 a. ~~At minimum, the provision of on-street parking abutting the property frontage, shall be~~
398 ~~provided.~~
399 b. ~~Existing buildings proposing to convert to a combined use building, within the~~
400 ~~boundary delineated herein, can meet remaining parking requirements through the use~~
401 ~~of designated public spaces within four hundred (400) feet (approx. two blocks) of the~~
402 ~~property but under no circumstances shall more than two (2) spaces be permitted~~
403 ~~under item b.~~
404

405 ~~SECTION 5. Article 5. Subsection 5.04.01 General criteria; to add:-~~
406 ~~Section 5.04.04, Combined Use Building Perimeter Landscaping Requirements:~~
407 ~~One street tree per forty (40) linear feet or fraction thereof on the perimeter public sidewalk to~~
408 ~~include a tree grate and location approved by the city.~~
409

410 CODIFICATION. It is the intent of the City Commission of the City of Flagler
411 Beach that the provisions of this Ordinance shall be codified. The codifier is granted broad and
412 liberal authority in codifying the provision of this Ordinance.
413

414 ~~SECTION 6. Inclusion in the Code. It is the intent of the City Commission of Flagler~~
415 ~~Beach, and is hereby provided that the provisions of this ordinance shall be made a part of the~~
416 ~~Flagler Beach Code that the sections of this ordinance may be re-numbered or re-lettered; and~~
417 ~~that the word "ordinance" may be changed to "section", "article", "chapter", or other appropriate~~
418 ~~designation to accomplish such intention.~~
419

420 **SEVERABILITY.** If any section, sentence, phrase, word or portion of this Ordinance is
421 determined to be invalid, unlawful or unconstitutional, said determination shall not be held to
422 invalidate or impair the validity, force or effect of any other section, sentence, phrase, word or
423 portion of this Ordinance not otherwise determined to be invalid, unlawful or unconstitutional.
424

425 ~~SECTION 7. All ordinances or parts thereof that are in conflict with this ordinance, be~~
426 ~~and the same are hereby repealed.~~
427

428 CONFLICTS. In any case where a provision of this Ordinance is found to be in
429 conflict with a provision of any other ordinance of this City, the provision which
430 establishes the higher standards for the promotion and protection of the health and safety
431 of the people shall prevail.
432

433
434 ~~SECTION 8. This ordinance shall become effective immediately upon passage as provided by~~
435 ~~law.~~

436 EFFECTIVE DATE. This Ordinance shall become effective immediately upon
437 its passage and adoption.
438

439 **PASSED AND ORDAINED** this __ day of ____ 2015, by the City Commission of the
440 City of Flagler Beach, Florida.
441

442
443 PASSED ON FIRST READING THIS 10th DAY OF February, 20015

444
445 PASSED AND ADOPTED THIS 24th DAY OF March, 20015
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CITY OF FLAGLER BEACH, FLORIDA
CITY COMMISSION

~~Bruce Jones~~ Linda Provencher, Mayor

ATTEST:

~~Angela M. Apperson~~ Penny Overstreet, City Clerk

47 **WHEREAS**, a Downtown Master Plan study was initiated and adopted, to include Downtown
 48 Design Guidelines which instituted site design, building design, and architectural standards for
 49 Combined Use Buildings; and

50
 51 **WHEREAS**, the term Mixed Use Building was established in Ordinance 2006-26 Downtown
 52 Design Guidelines and adopted into Article II Zoning, Section 2.02.00 Definitions of the Land
 53 Development Regulations; and,

54
 55 **Whereas**, the City Commission in an effort to avoid duplication and further establish
 56 consistency with the Combined Use Building Ordinance and Downtown Design Guidelines
 57 directed the Planning and Architectural Review Board to revisit Ordinance 2005-02 and provide
 58 recommendations; and,

Comment [LT1]: Replace word duplicity

59
 60 **Whereas**, in accordance with the direction pronounced by the City Commission.

61
 62 **NOW THEREFORE BE IT ORDAINED BY THE CITY COMMISSION OF THE**
 63 **CITY OF FLAGLER BEACH, FLORIDA THAT:**

Comment [LT2]: Correct spacing

64
 65 **SECTION 1.** Appendix A – “Land Development Regulations,” Article II “Zoning,” of
 66 the City of Flagler Beach Code of Ordinances is hereby amended as follows:

67
 68 **Section 2.02.00 Definitions.** Delete the term combined use building.

69 * * *

70
 71 **SECTION 2.** Section 2.04.02.8. *Zoning Schedule One Land Use Controls.*

SCHEDULE ONE ZONING SCHEDULE OF USE CONTROLS CITY OF FLAGLER BEACH			
CATEGORY OF USE	USES PERMITTED		
	UNRESTRICTED USES		
TC-Tourist Commercial	PRINCIPAL	ACCESSORY	SPECIAL EXCEPTION USES
	13. Mixed Use Buildings within the defined Downtown A1A Retail Corridor (See Note 11. Section 2.04.02.9, Zoning Schedule Two		4. Mixed use building – Conversion of existing buildings within the Downtown Mixed Use District and Downtown A1A Retail Corridor.

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SCHEDULE ONE ZONING SCHEDULE OF USE CONTROLS CITY OF FLAGLER BEACH			
CATEGORY OF USE	USES PERMITTED		
	UNRESTRICTED USES		
GC-General	PRINCIPAL	ACCESSORY	SPECIAL EXCEPTION USES

Commercial	17. Mixed Use Buildings within the defined Mixed Use District boundary (See Note 12. Section 2.04.02.9, Zoning Schedule Two)		6a. Mixed use building – Conversion of existing buildings within the Downtown Mixed Use District and Downtown A1A Retail Corridor character district.
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75 * * *
76 **SECTION 3.** Section 2.04.02.9. Schedule Two Zoning District Schedule of Lot, Density, Yard,
77 Height & Lot Coverage Requirements

Zoning District	Min. Lot Size (sq. ft.)	Min. Lot Width at Building Setback Line (feet)
MDR (See Note 10)		
TC (See Note 11)		
GC-General Commercial (See Note 12)		

78
79 Note10. Mixed Use District: All new multi-family residential development shall comply with the Mixed
80 Use building *Site Design* and *Building Design* development standards as outlined in the Downtown
81 Design Guidelines; Chapter 3-Downtown Mixed-Use District.

82
83 Note11. Mixed Use District - Mixed Use Building: See Downtown Design Guidelines; Chapter 4-
84 Downtown A1A Retail Corridor development standards. **Marina Area – See Chapter 3- Downtown
85 Mixed Use District. All new development limited to multi-family residential or commercial only
86 development shall comply with Mixed Use building *Site Design* and *Building Design* development
87 standards.

88
89 Note12. Mixed Use District - Mixed Use Building: See Downtown Design Guidelines; Chapter 3-
90 Downtown Mixed-Use District development standards. **A1A Retail Corridor – See Chapter 4-
91 Downtown A1A Retail Corridor. All new development limited to multi-family residential or commercial
92 only development shall comply with Mixed Use building *Site Design* and *Building Design* development
93 standards.

94 * * *
95
96
97 **SECTION 4.** Section 2.04.02.12, Mixed use building regulations.

98
99 A. *Purpose and intent:*
100
101 1. To establish an environment that emphasizes the pedestrian orientation of the area and to
102 encourage diversity of compatible uses within the same building that may include a mix of
103 residential uses in conjunction with compatible commercial uses.

- 104 2. To encourage development that exhibits the physical design characteristics of a storefront-
105 style shopping, pedestrian oriented environment within downtown.
106 3. To permit, as opposed to mandate, mixed-use buildings with neighborhood-serving retail,
107 service and other uses on the ground floor and residential units above the nonresidential
108 space.
109 4. To provide site design and building design standards for:
110 a. Mixed use buildings, multi-family residential buildings and commercial buildings within
111 the geographic boundary of the Mixed Use Overlay District, and
112 b. The corresponding character areas as depicted on the Official Zoning Map and Mixed Use
113 District Boundary map as provided in the Downtown Design Guidelines.

114 B. *General Requirements:*

- 115 a. Mixed Use Building Authorization: The city shall permit, as a principal permitted use a
116 mixed use building wherein the property of interest exhibits a General Commercial or
117 Tourist Commercial zoning designation, and lies within the Mixed Use District described
118 as follows:
119

120 By the CRA Boundary to the *north*, and having been further extended to North 11th Street for
121 properties lying within the Tourist Commercial District adjacent to Oceanshore Blvd.,_ Flagler
122 Avenue to the *west*, South 5th Street to the *south*, and an *eastern* extent which begins at South 5th
123 Street, extends to South 9th Street along Central Avenue to include all property lying one- half
124 block west of A1A, and having been further extended to South 13th Street for properties lying
125 within the General Commercial and Tourist Commercial adjacent to Oceanshore Blvd.
126

127 b. Mixed Use Building District Development Requirements:

- 128 1. All new buildings shall subscribe to the following adopted character area district
129 development standards as established in the adopted Downtown Design Guidelines.
130 a. Downtown Mixed Use District
131 b. Downtown A1A Retail Corridor
132 c. Residential Neighborhoods
133 c. Development Requirements - All requests for mixed use development shall be subject to
134 the following:
135 i. Site Plan Review - Planning & Architectural Review Board and City
136 Commission.
137 ii. Shall include a residential component together with those permitted commercial
138 uses listed in SECTION 4. Section 2.04.02.12 C., *Permitted uses* as provided in
139 this ordinance.
140 iii. The mix of commercial and residential uses for all new development shall be
141 limited to the same building, with commercial uses limited to the first floor below
142 the residential component use(s).
143 iv. The commercial floor area should not exceed fifty percent (50 %) of the gross
144 floor area of the building.
145 v. The mix of residential and commercial uses shall be designed to minimize to the
146 greatest extent practical the potential detrimental influence of commercial uses on
147 the residential uses.
148 vi. Locate entranceways to minimize noise intervention between the residential and
149 commercial use(s).

150 vii. Sound Attenuation - The use of soundproofing materials to assure sound
 151 minimization between the commercial and residential use(s) shall be provided.
 152 Sound Transmission classification technical data must be submitted at the time of
 153 Site Plan Review application and incorporated with the Building Permit
 154 application. A minimum Sound Transmission Classification (STC) rating of fifty
 155 (50) is required.

157 C. *Permitted uses:* The following table contains a list of permitted uses in the General
 158 Commercial District and Tourist Commercial District and further specifies whether each
 159 listed use is permitted as an unrestricted principal use (P), special exception (S) or not
 160 permitted (-) in accordance with Article II; Zoning of the Land Development Regulations.
 161

USE CATEGORY	General Commercial (GC)	Tourist Commercial (TC)
COMMERCIAL		
-permitted use(s) located on the ground floor	P	P
-existing buildings	S	S
-storage (accessory to commercial use and within building enclosure)	P	P
RESIDENTIAL		
-residential unit(s) located above the ground floor.	P	P
-existing buildings	S	S
EATERIES		
-restaurants	P	P
-restaurants/ Open patio (See Note 1 below)	S	S
-cafes	P	P
-cafes/open patio (See Note 1 below)	S	S
-deli	P	P
-deli/open patio (See Note 1 below)	S	S
RETAIL SALES (ONLY) AND SERVICES		
-antiques, arts, crafts	P	P
Computer, cell phone, electronics	P	P
hardware	P	P
-household goods	P	P
-ice cream parlor	P	P
pharmacy	P	P
-rentals (eg. bicycles, beach chairs, surf boards, scooters)	P	P
specialty store (See Note 2, definition below)	P	P
-thrift, consignment stores	P	S
Personal and Business Services		
-dry cleaning (drop-off and pick-up only)	P	P
-duplicating services	P	P
-eyewear	P	P
-fitness studio	P	P
-hair salon, spa, barber shop, reflexologist	P	P
-pet grooming (boarding not permitted)	P	-

-photographic studios	P	-
-postal services	P	P
-printing services	P	-
-shoe/watch repair	P	-
-travel services	P	P
Office, Professional and Institutional		
-banks	P	-
-financial services	P	-
-educational services	P	-
-interior design studio	P	-
-professional offices	P	-
Note 1. Outdoor serving of food and/or beverages shall be discontinued at 10:00 p.m.		
Note 2. Specialty Store - A small retail business offering specific and specialized types of items or focuses on selling a particular limited product range and associated items consistent with the uses permitted in the respective underlying Tourist Commercial District and General Commercial District.		

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D. Prohibited uses:

- a. Businesses or uses that emit intrusive odors or smoke or deemed not compatible with residential uses.
- b. Drive-in type businesses that have a drive-in component as part of their operation.
- c. Places of amusement such as game rooms, video arcades and similar uses..
- d. Liquor stores.

E. Development Standards:

MIXED USE BUILDING	
Minimum Lot Area	No Minimum lot area
Minimum Lot Width at Building Setback	NA
Minimum Lot Depth	NA
Lot Coverage	NA
Density Sq. Ft. per Dwelling Unit	1 unit per 1,750 square feet.
Minimum floor area (<i>livable enclosed</i> floor space per dwelling unit)	900 sq. ft.
SITE DEVELOPMENT REQUIREMENTS	
Front	5 feet. or 10 feet
Side	Build to property line shall be required on one side of interior lot.
Side Opposite	Build-to maximum twenty (20) feet from property line
Side (Corner Lot)	Build to 5 feet or 10 feet on each street perimeter front. NOTE: Build to dimension shall be consistent on each street perimeter front.
Rear	Build to line determined by building location and arrangement of parking.

	but not less than 10 feet from property line.
Maximum Building Height	35 feet as established in Appendix A; Section 2.05.06. Height regulations.
Maximum Lot Coverage	NA
Maximum Building Length	150 feet
PARKING REQUIREMENTS	
Residential: 2 spaces per unit (on-site)	
Commercial:	
a. 1 space per 350 square feet (1.33 spaces per 800 square feet on-site).	
b. Off-site parking shall not exceed 40% of required on-site parking.	
c. Required parking calculation: Total number of spaces shall be rounded to the next higher number when a fraction thereof is greater than one-half (.50).	

172
173 F. Existing buildings:
174 A request to convert an existing structure to a mixed use building shall be evaluated as follows:

- 175 1. On a site specific basis and considered as a Special Exception.
176 2. Existing structures zoned General Commercial or Tourist Commercial and lying within the
177 Downtown Mixed Use District and Downtown A1A Retail Corridor boundary shall not be
178 exempt from the site improvement regulations and commercial-residential use orientation
179 specified herein unless deemed otherwise by the city based on such site considerations as
180 the existing building(s) location, on-site parking availability and other factors affecting the
181 reasonable application of the mixed use building site design and building design
182 development regulations.

Comment [LT3]: insert

Comment [LT4]: insert

Comment [LT5]: insert

184 G. *Supplemental Site Improvement Regulations:*

- 185 a. See Downtown Design Guidelines
186 i. Chapter 2 - Area-wide Guidelines
187 ii. Chapter 3 – Downtown Mixed Use District
188 a. General Requirements
189 b. Frontage Along Moody Boulevard
190 iii. Chapter 4 – Downtown A1A Retail Corridor
191

192 H. Parking Requirements:

- 193 a. See Downtown Design Guidelines
194 i. Chapter 2 - Area-wide Guidelines (On-street and Off-Street Parking)
195 ii. Chapter 3 – Downtown Mixed Use District
196 iii. Chapter 4 – Downtown A1A Retail Corridor
197 a. Handicap Parking – Shall be provided on-site the number of which shall be consistent with
198 the requirements with the American Disabilities Act.
199

200 I. *Landscaping:* SECTION 5.04.04, Mixed Use Building Off-Site Perimeter Landscaping
201 Requirements:

202 Street trees - One (1) street tree shall be provided within the perimeter public sidewalk as
203 provided for in the Downtown Design Guidelines (Area Wide Guidelines, Chapter 2.). The
204 minimum planter area shall be three (3) feet by three (3) feet to include a tree grate; the tree
205 location, tree species, and tree grate specifications shall be standardized as approved by the City.
206

207 **SECTION 5. CODIFICATION.** It is the intent of the City Commission of the City of
208 Flagler Beach that the provisions of this Ordinance shall be codified. The codifier is granted
209 broad and liberal authority in codifying the provision of this Ordinance.
210

211 **SECTION 6. SEVERABILITY.** If any section, sentence, phrase, word or portion of this
212 Ordinance is determined to be invalid, unlawful or unconstitutional, said determination shall not
213 be held to invalidate or impair the validity, force or effect of any other section, sentence, phrase,
214 word or portion of this Ordinance not otherwise determined to be invalid, unlawful or
215 unconstitutional.
216

217 **SECTION 7. CONFLICTS.** In any case where a provision of this Ordinance is found to
218 be in conflict with a provision of any other ordinance of this City, the provision which
219 establishes the higher standards for the promotion and protection of the health and safety of the
220 people shall prevail.
221

222 **SECTION 8. EFFECTIVE DATE.** This Ordinance shall become effective immediately
223 upon its passage and adoption.
224

225 **PASSED AND ORDAINED** this __ day of ____ 2015, by the City Commission of the
226 City of Flagler Beach, Florida.
227

228
229 PASSED ON FIRST READING THIS 28th DAY OF May 2015.

230 PASSED AND ADOPTED THIS _____ DAY OF _____, 2015.
231

232 CITY OF FLAGLER BEACH, FLORIDA
233 CITY COMMISSION
234

235
236
237 _____
238 Linda Provencher, Mayor

239 ATTEST:

240 _____
Penny Overstreet, City Clerk

Item

14

Staff

Reports

Weekly Report

Building Department

Date:5/28-6/3

Number of New permits issued	24	
Total Number of Inspections Performed	71	
New SFR permits submitted	2	1808 and 1800 S Flagler
Number of Fence permits issued	1	
Number of Driveway permits issued	0	
Number of Wayfinder blades paid for waiting to be ordered (must have 8 to order)	0	
Number of new Code cases	2	
Number of Code cases closed	0	
Number of Code courtesy notices	0	
Number of commercial projects started	0	
Number of new LBTR's issued	0	

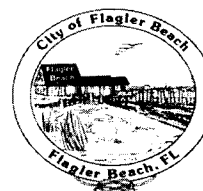
Misc. Comments (Business Inquiries, Customer Service compliments/complaints, etc...)

Two new houses and confirmation of at least four more on the way in the near future!!

TO: Bruce Campbell, City Manager

FROM: Penny Overstreet, City Clerk

SUBJ: Monthly Report May 8 – June 5, 2015



Administrative support for the Commission:

- 2 Regular City Commission Meetings
- 1 Economic Development Task Force (EDTF) Meetings (Cancelled)
- 1 Alternative Use Committee
- 1 Police Pension
- 1 Fire Pension
- 1 Fourth of July Staff Meeting

Administrative support for the City Manager's Office/Other Departments: Assisted the City Manager, provided support for general correspondence, agenda items and memos. Provided Library and Building Department Coverage. (Sick and Vacation time.) Clerk's Office provides coverage for the Building Department during the Managers weekly meetings

Assessments: Completed twenty-three requests from title companies inquiring about balances of assessments, code enforcement, open or expired building permits, and outstanding utility bills. Collected \$2,215.56 in utility bad debt. Collected \$430.00 in fees for research.

Computer Network Preventative Maintenance and Support: Twenty service/support tickets were sent and responded to.

Public records requests: This office processes hundreds of requests for public records. These requests came from various sources, including but not limited to individuals, attorneys, other City Departments, other Agencies. This includes the many phone calls and e-mails that are received by our department requesting verbal and written information. Collected \$3.00 in fees for copies.

Special Events: The total amount collected for the report period is \$1,270.

Records Retention: Destroyed 10 cubic feet of paper records, and 729 MB of electronic records that had meet their retention in accordance with the Department of State, Sate Library and Archives of Florida, General Records Schedule for State and Local Government Agencies.

Budget: Prepared and submitted 2015-2016 proposed budget for the City Commission, City Clerk and portion of the General Government.

06/04/2015

Mr. Campbell,

I recently read an article written by a former Chief Fire Marshal named Mark Wallace. Within the article Mr. Wallace was quoted as saying "If you evaluate the reason that a department is distinctively competent in one or more services it provides, it's often that it's a service the department delivers frequently. Looking deeper, however, you will normally find that the skills, knowledge, and abilities of key members of the department required for highly effective service delivery are the personal strengths of the members within an agency". I believe with every shift, training, and call responded to Fbfd members are constantly working to improve on personal strengths. Over the week department members have been involved with attending a Stoke Committee Meeting, performing a job analysis survey, and conducting two CPR classes. Many of the week's activities are listed as followed;

1. As mentioned in the opening there were two CPR classes conducted this week. The first was held on Friday 05/29/15 with 12 members in attendance. The second class was held on Monday after the Associations' monthly business meeting. This class was scheduled to accommodate any stranglers. With the completion of Monday's class all eligible department members are now recertified. Along with several other annual recertification required, CPR will be displayed in the reminder section of Target Solutions for all department members. The completed classes mark the 26th and 27th since this service has been offered.
2. As you know the summer season is in full swing that being said so are water rescues. During the Memorial weekend there were over 30 rescues between the lifeguards and fire department. The department responded to significant water rescue calls again this past weekend. The first involved a 78 yr. old male patient who was unresponsive upon the arrival of the fire crew. All lifesaving interventions were provided for this patient and he was fortunately documented to have a weak pulse upon arrival to the hospital. The second patient had a positive outcome as well, though the 12 yr. old female patient was also unresponsive upon arrival, she quickly regained consciousness and was transported as a precaution. I'm sure the department's new jet-ski will get plenty of use over the summer.
3. The construction of the department's new aerial has been moving right along. This week the focus was on the truck's paint. Three paint samples were delivered to the station from the Rosenbauer plant earlier in the week. The samples were based on the paint codes submitted by the department to the plant, which were crossed referenced by PPG. I compared the samples to the paint on Engine 11 and found the perfect match. I signed off on the sample and was advised painting would begin this week. As the process moves a little further along, I will receive regular pictures documenting the progress.
4. Lieutenant Snyder attended the monthly Stroke Committee Meeting on Wednesday. The group conducted quality reviews of 7 strokes taking place over April 2015. Further revisions were completed within FHF's stroke policy and new guidelines for EMS/Facility Stroke Alert Activation were implemented. Additional department members from within the hospital including

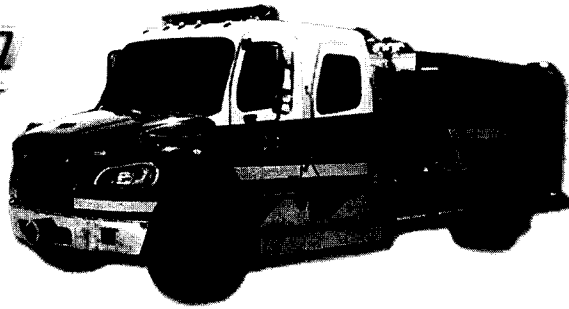
Pharmacy, Laboratory, Radiology, and Rehab attended the meeting. Before the departure of participants, goals for the upcoming meeting and stroke treatment were discussed.

5. Lieutenant Snyder also took part in a job analysis survey offered by the Bureau of Fire Standards and Training. Last week the department received a request asking to assist the bureau by completing the online survey. Fire personnel across the state of Florida were invited to participate in this important online job analysis survey for the firefighter position. The input on this survey is vital in helping the Bureau of Fire Standards and Training determine the training standards required to become a firefighter. Information gathered from the survey will influence the design of future firefighter and volunteer firefighter training programs. Lieutenant Snyder realizes the importance of the survey and was happy to participate.
6. Lieutenant Kennedy introduced a four part training series to the department this week. The training covers Emergency Response to Terrorism and is delivered in 4 modules. Due to the fact that many emergency issues are addressed, both Fire and EMS training are designated towards the assignment. Module 1 covered several factors involved with terrorism including;
 - How to distinguish the chief characteristics of terrorist activities
 - How to recognize attack vulnerability factors
 - How to identify the five categories of potential terrorist threats and their fundamental attribute

My family and I will be on vacation next week, as you know. We are all very excited to take our trip to the Caribbean. Department members will be busy with ongoing projects and training. There will be

MCI training on the 11th that 9 nine department members will participate. In my absence Lieutenant Cox will prepare the weekly report.

Thanks,
Bobby



Flagler Beach Fire Department

Weekly Run Report from 5/28/2015 –6/4/2015

CALLS BY INCIDENT TYPE

EMS

12

FIRE

2

Hazardous Condition (No Fire)

4

Service Call

4

Good Intent Call

1

False Alarm & False Call

0

Total

23



Flagler Beach Fire Department

Monthly Run Report from 5/01/2015 – 5/31/2015

CALLS BY INCIDENT TYPE

EMS

52

FIRE

7

Hazardous Condition (No Fire)

22

Service Call

27

Water Rescue Call

5

False Alarm & False Call

8

Good Intent

3

PUBLIC WORKS DEPARTMENT
WEEKLY REPORT TO THE CITY MANAGER
JUNE 5, 2015

MAJOR PROJECTS

Maintenance Building – The contractor continues to install steel work and exterior siding.

The east wall of the new building was installed yesterday and looks good. They are doing a nice job so far.

Well #11 – No update. The well drilling contractor had to pour more cement to seal repaired well 11. The contractor waiting for grout to cure. They will then flush and do Bac-T's testing.

WWTP – We are preparing a new RFP for the clean-out of accumulated debris in the carousel oxidation ditch. I discussed the situation with Kevin Lee and he recommended re-bidding with finite numbers for volume to use unit pricing.

City Hall – I have solicited new bids for repair work to city hall. Dacom Home Accents, LLC supplied a quote for demo and repair for \$84,345, which includes a new roof.

Sliplining Project – The point repair for the sewer main between N. 14th and N. 15th Streets was completed yesterday. A power line was drilled through our sewer main. I will inquire about the situation from FP&L.

WATER DEPARTMENT

We flushed the north end of town due to low chlorine residual, using 180,250 gallons. Sample drawdowns were taken at wells 10 and 13. We changed our train 4 pH meter and probe.

WASTEWATER DEPARTMENT

It's been a busy week and a lot was accomplished due to teamwork, planning and some luck.

On Wednesday Labor Ready arrived to clean out Big Beds 3 and 4 and Little Beds 2 and 3 and had enough time left to start on Big Beds 1 & 2, with Dustin running the Tractor. Because it has not rained much, the Beds were completely dried out and the job was completed in a record 2 days. It would not have been possible without help from Vince and Dave who replaced the tires on the tractor on Monday and fixed the tire on the pressure washer. Dave and Vince also fixed the reuse system that went down last week due to ruptured pipes.

The contact chamber was by passed, drained and cleaned, and the clarifier was scrubbed on Tuesday morning.

MLSS concentration averaged 3255 mg/L for the week and we've observed a light tan foam on the surface of the Oxidation Ditch this week. Both of these are good indicators for a residence time that produces the quality effluent which has been crystal clear.

No major lift station problems to report this week, all stations are operating normal and all basic PM has been done.

Our emergency generators have been tested.

SANITATION DEPARTMENT

Derrick McGee has been promoted to Sanitation Driver from T&D Laborer effective June 4. We now have our full complement of drivers. Steve Wood is still on Workman's Comp.

T & D, WATER TRANSMISSION & DISTRIBUTION

No parking signs were erected on the cul-de-sacs at N. Palmetto, Avalon, Lantana and Lehigh to make room for our larger waste removal trucks.

Trees were trimmed at the 8th Street parking lot and the installation of the fence has begun.

Trees were also trimmed on Daytona between 14th – 15th Streets.

The cylinder was removed from the back hoe for repair.

A water leak at 209 John Anderson was fixed.

Maintenance Department

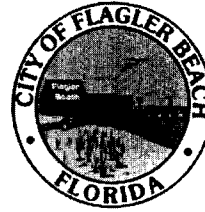
The crew set up for First Friday with help from T&D.

The crew has spent a lot of time at the PD trying to repair the A/C system. We are installing a new pump today because we were not getting any water from the existing pump.



City of Flagler Beach

Water Treatment Plant



To: Bob Smith, City Engineer and City Commissioners
From: Jim Ramer, Water Plant Superintendent
Subject: Monthly Report for May 2015

June 1, 2015

In May we produced 16,760,000 gallons of drinking water. This amount was greater than the amount we treated in April (1,444,000 gallons greater). Rainfall for the month of May was 3.90 inches. We used 11,600 Gallons at the plant and used 811 Gallons on irrigation. We flushed the north end of town due to low chlorine residual and we used 99,690 gallons. The fire department used 200,000 gallons.

We have routine duties that are performed every day on each of the shifts. Samples taken every hour to make sure we keep the chemistry of the water within the parameters for DEP. We regularly perform over 200 tests on the City water and raw water daily between the three shifts. We do routine plant maintenance. We mow the plant grounds. We take well samples and draw downs for St. Johns River Water Management, also keeping daily records for the monthly reports that are required to be turned into the Department of Environmental Protection Agency every month. We also do quarterly reports for DEP on disinfection byproducts. We have the mid night shift flush the trains with high pH permeate water. We do yearly TTHM and HAA5 tests.

DEP requires us to take 5 bacteriological samples from the distribution system monthly, according to our population. All samples passed on May 12th.

I have Dennis Walker perform weekly vehicle checks. He checks all the fluids such as Brake fluid, windshield wiper fluid, transmission fluid, and all the lights.

We cleaned out both Degasifiers.

We started installing the piping to the neutralization pit pump. We finished installing the piping to the neutralization pit pump. We are also finishing up on wiring the cabinet to the pump. We finished wiring up neutralization pit pump and finished hooking up pipes and it is up and running.

We put in another 80' of pipe to the front gate and ran string through the pipe to pull cables through the pipe. We ran the wire to our front gate and hooked up wires and we are working out the bugs.

We saved us \$400 on cartridge filters by flushing train 1 and 4 cartridge filter cans of sand from the well field. We saved us \$400 on cartridge filters by flushing train 1 and 4 cartridge filter cans of sand from the well field. This only accurse when we go up in flow. We changed cartridge filters on train 1 sand from the well field. This only accurse when we go up in flow.

Ed is heading to Harrington to pick up pipe and PVC glue to finish off the projects and to attend schooling on gluing PVC pipe properly.

We poured a 3'X3' slab for the camera at the front gate.

CCI informed us they will be here next Tuesday to start repairs on well 11. CCI on site Tuesday to start repairs on well 11. CCI on site to repairs on well 11, they poured concrete.

We repaired irrigation line by the front gate.

We had Power & Pumps pull High Service Pump #3 to take to their shop to inspect and paint. We took the motor to St Augustine Motors to have the motor baked and dipped.

We did our quarterly well samples for St Johns River Water Management District.

We sprayed for weeds on plant fence and around the plant grounds.

We painted high service pumps and pipes.

