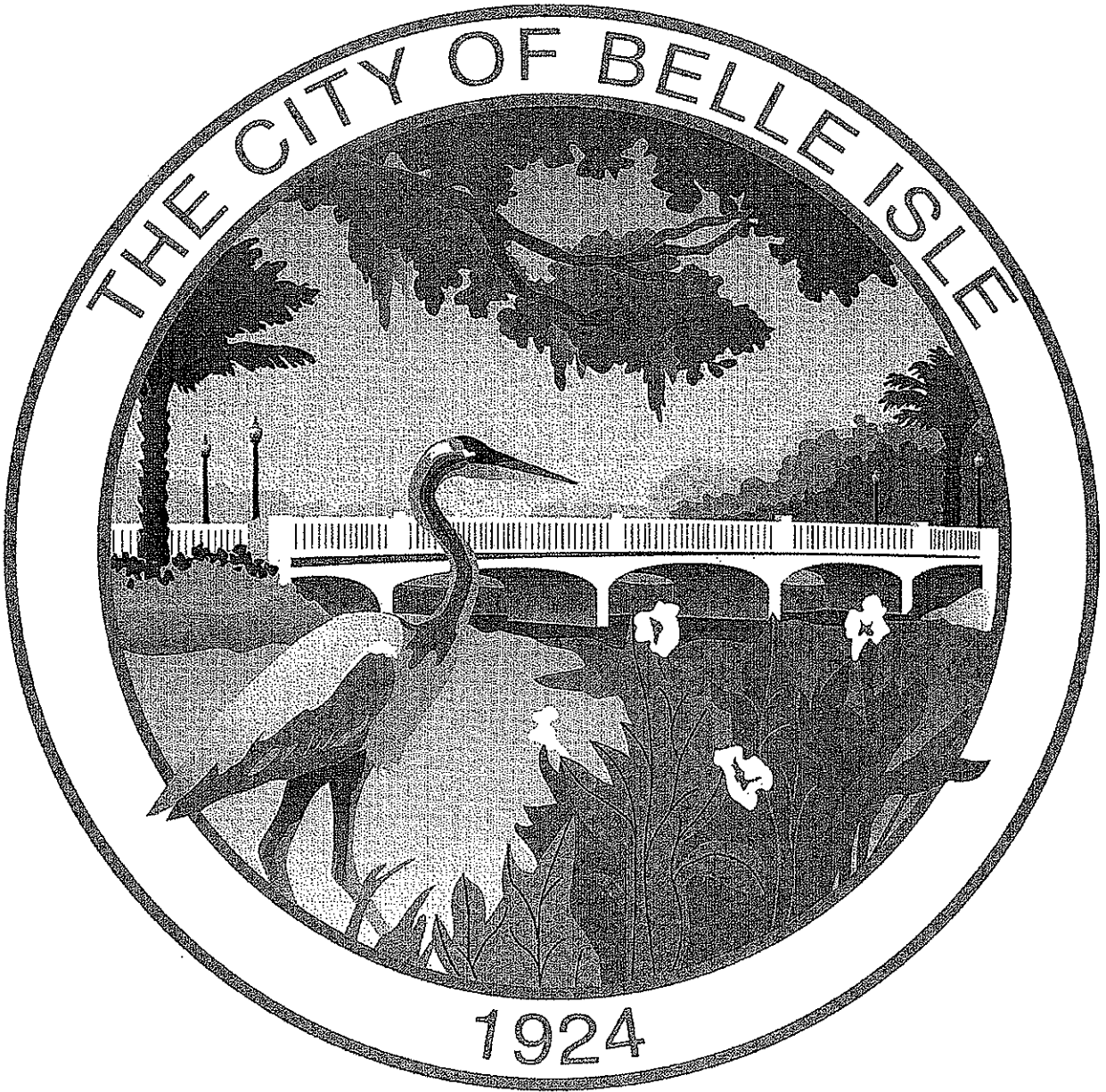


CITY OF BELLE ISLE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2008

Prepared by: Finance Department



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INTRODUCTORY SECTION

This section contains the following subsections:

- Table of Contents
- Letter of Transmittal
- List of Principal Officials
- Organizational Chart
- Certificate of Achievement

CITY OF BELLE ISLE, FLORIDA

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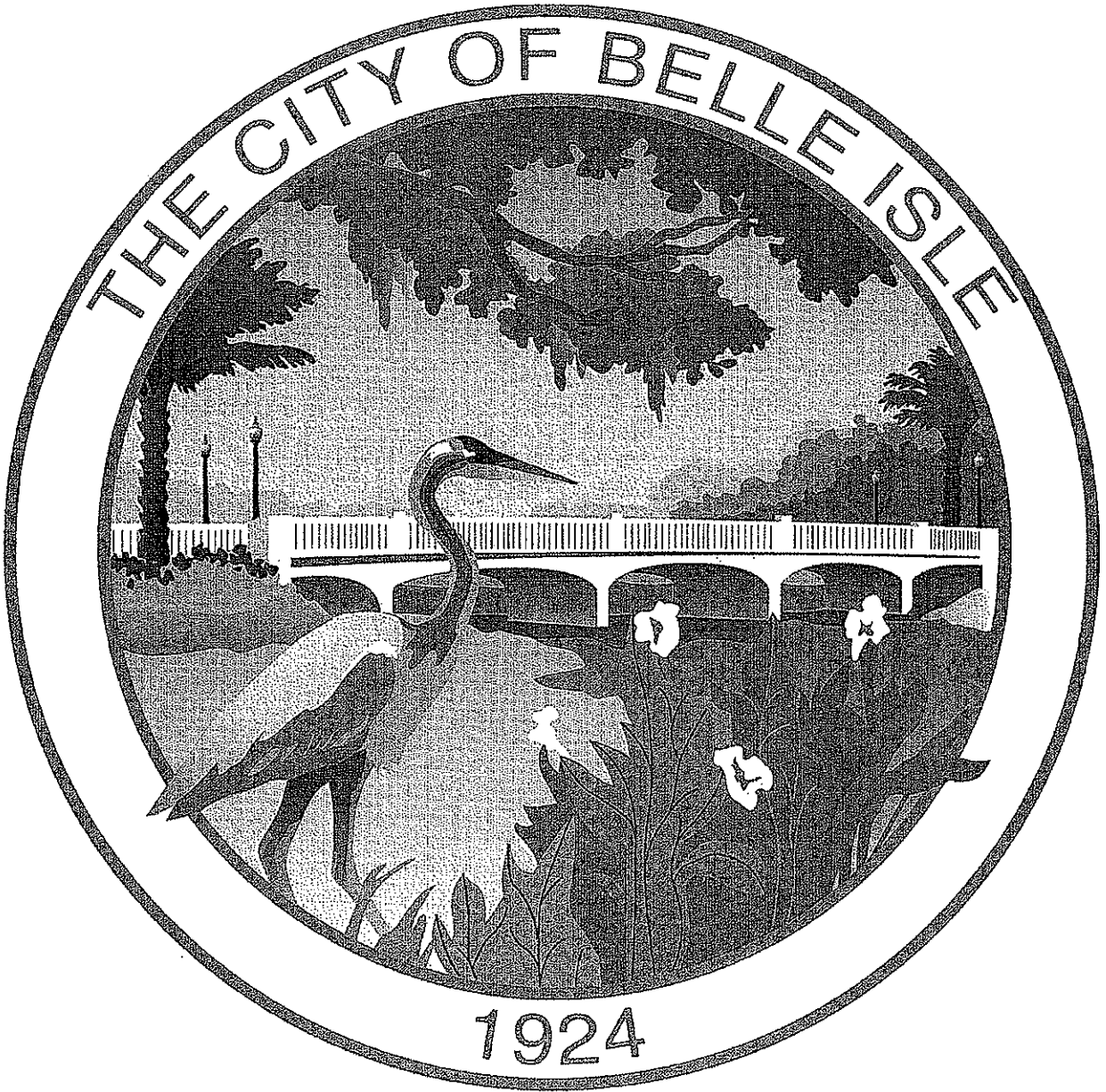
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CITY OF BELLE ISLE, FLORIDA

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

January 21, 2009

Honorable Mayor, Members of the City Commission
and Citizens of the *City of Belle Isle, Florida*

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the *City of Belle Isle, Florida* for the fiscal year ended September 30, 2008.

This report consists of management's representations concerning the finances of the *City of Belle Isle, Florida*. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the *City of Belle Isle* has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the *City of Belle Isle*'s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the *City of Belle Isle*'s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The *City of Belle Isle*'s financial statements have been audited by McDirmit Davis & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the *City of Belle Isle* for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the *City of Belle Isle*'s financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The *City of Belle Isle*'s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The *City of Belle Isle*, incorporated in 1924, is located in Central Florida. The *City of Belle Isle* is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing commission.

The *City of Belle Isle* has operated under a mayor-commissioner form of government since 1924. However, in November 2003, a charter referendum was passed that changed the City to a commission/manager form of government, with an appointed City Manager, seven elected City Commissioners and a separately elected Mayor. The governing body is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager, clerk and attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing commission, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The Commission is elected on a non-partisan basis. Commission members serve three-year staggered terms and the mayor is elected to serve a three-year term.

The *City of Belle Isle* provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities.

The annual budget serves as the foundation for the *City of Belle Isle's* financial planning and control. The Commission is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the *City of Belle Isle's* fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager can make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the City Commission. Budget-to-actual comparisons are provided in this report for the only governmental fund for which an appropriated annual budget has been adopted.

City Highlights

The *City of Belle Isle* is a residential community located in the heart of Central Florida and surrounding beautiful Lake Conway. The City was formed by area residents in 1924 to protect Lake Conway and the beautiful, natural environment of the area. The city has grown to an area of approximately 5 square miles in area with an estimated population of 5,881 residents.

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

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

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

Factors Affecting Financial Condition

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

Local Economy - The *City of Belle Isle* currently enjoys a favorable economic environment and local indicators point to continued stability. In addition to its close proximity to many tourist attractions and the Orlando International Airport, Belle Isle is conveniently located near other major employers such as Lockheed Martin. These factors, and Lake Conway, draw visitors and permanent residents.

As a result of the desirability of lakefront living, the *City of Belle Isle* is experiencing an influx of newer residents with substantial financial resources. Primarily a residential area, the property values and resale values of existing homes is ever increasing.

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

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

Cash Management Policies and Practices - Cash temporarily idle during the year was invested in the Florida Municipal Investment Trust, the State Board of Administration Investment Pool and repurchase agreements. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Risk Management - Risk of loss from theft of, damage to or destruction of assets, errors and omissions, job-related illnesses or injuries to employees, and natural disasters are transferred by the City to various commercial insurers through the purchase of insurance. In addition, various control techniques, including employee accident prevention training, have been implemented to minimize accident related losses.

Pension and Other Post Employment Benefits - The *City of Belle Isle* sponsors a single-employer defined contribution money purchase pension plan and contributes 6% of the employees eligible wages.

The *City of Belle Isle* also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457.

Additional information on the *City of Belle Isle's* pension arrangements can be found in Note 8 in the Notes to the Financial Statements.


Awards and Acknowledgements

The Government of Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the *City of Belle Isle* for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This was the eight consecutive year that the government received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

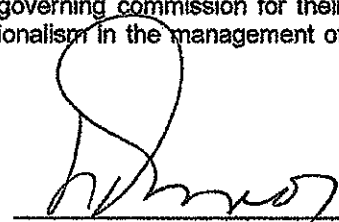
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement's Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing commission for their unfailing support for maintaining the highest standards of professionalism in the management of the *City of Belle Isle's* finances.

Respectfully submitted,



Belinda Bateman
City Manager



Lucia "Lucy" Ramos
Finance Director

CITY OF BELLE ISLE, FLORIDA

LIST OF PRINCIPAL OFFICIALS

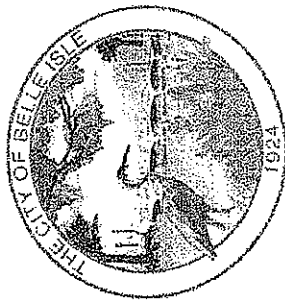
September 30, 2008

ELECTED OFFICIALS

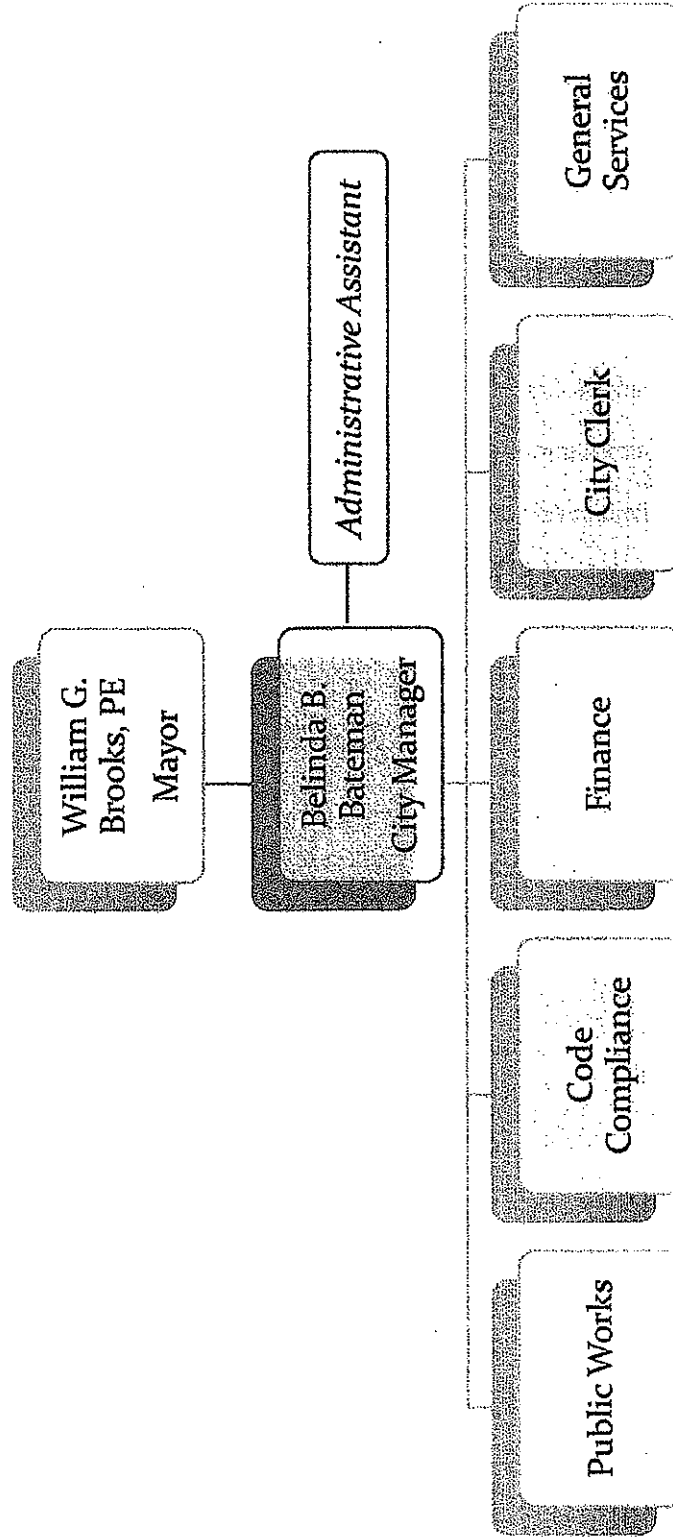
Mayor	Honorable Bill Brooks
District #1 City Commissioner	Thomas G. Petruzzi
District #2 City Commissioner	Trudy Prince
District #3 City Commissioner	Charles Scott
District #4 City Commissioner	Laurence I. Ady
District #5 City Commissioner	Harvey Readey
District #6 City Commissioner	Lydia Pisano
District #7 City Commissioner	Eric Spaulding

CITY OFFICIALS

City Manager	Belinda Bateman
City Attorney	John F. Bennett
City Clerk	Miriam Rodriguez
Finance Director	Lucia "Lucy" Ramos



City of Belle Isle Organizational Chart 2008



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Belle Isle
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

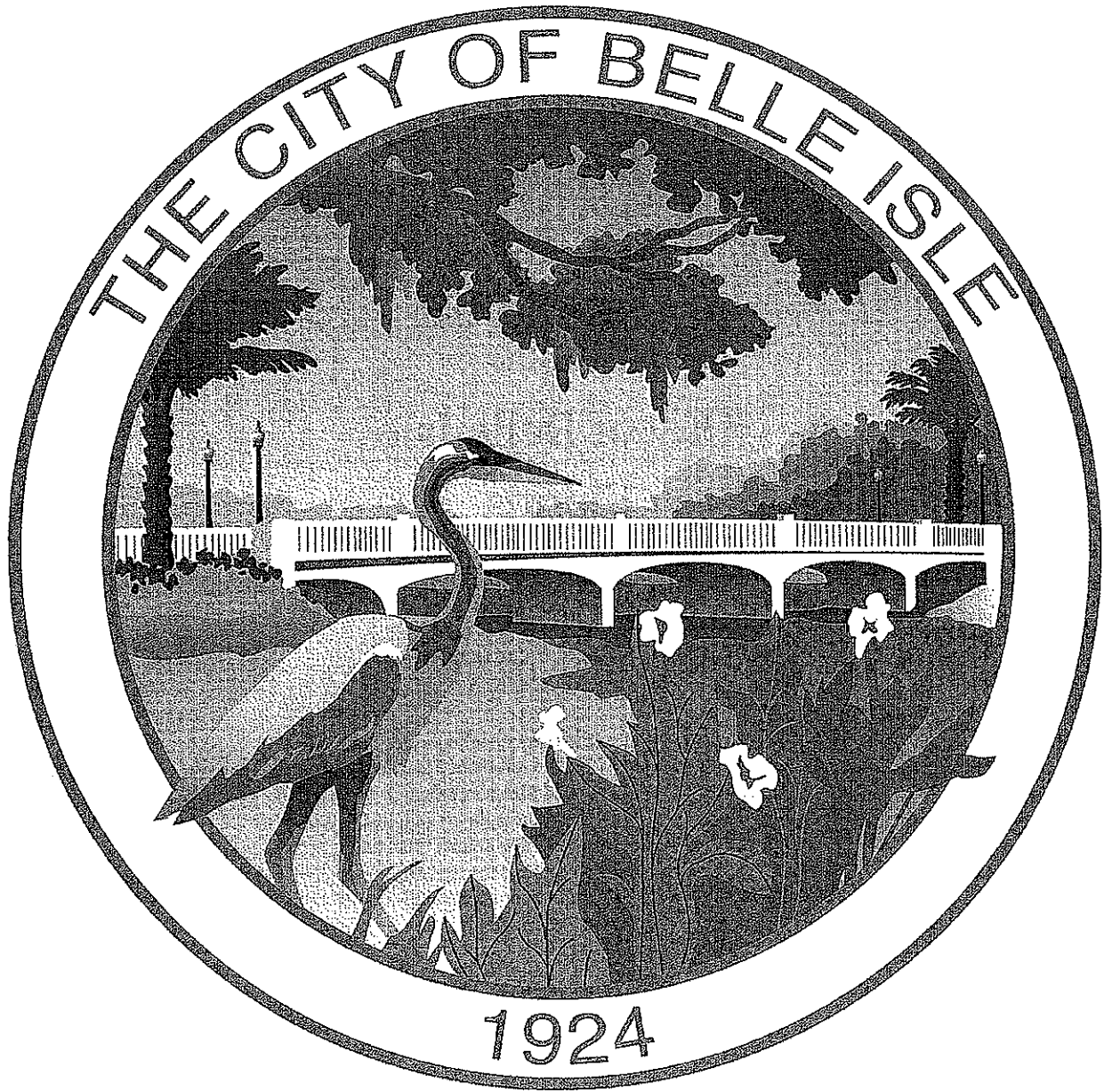


A handwritten signature in black ink, appearing to read "M. L. P.", is written above the title.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the title.

Executive Director



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FINANCIAL SECTION

This section contains the following subsections:

- . Independent Auditor's Report
- . Management's Discussion and Analysis
- . Basic Financial Statements



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Belle Isle, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of the *City of Belle Isle, Florida*, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the *City of Belle Isle, Florida*, as of September 30, 2008, and the respective changes in financial position and the respective budgetary comparisons for the general fund, the transportation impact special revenue fund and the stormwater special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2009 on our consideration of the *City of Belle Isle, Florida's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

MCDIRMIT DAVIS & COMPANY, LLC
605 E. ROBINSON STREET, SUITE 635 • ORLANDO, FLORIDA 32801
TELEPHONE 407-843-5406 • FAX 407-649-9339 • EMAIL: INFO@MCDIRMITDAVIS.COM

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the *City of Belle Isle's* basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McDirmit Davis & Company, LLC

McDIRMIT DAVIS & COMPANY, LLC

January 21, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the *City of Belle Isle, Florida* we offer readers of the *City of Belle Isle's* financial statements this narrative overview and analysis of the financial activities of the *City of Belle Isle* for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the *City of Belle Isle* exceeded its liabilities at the close of the most recent fiscal year by \$7,346,323 (net assets). Of this amount, \$1,979,832 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$117,376.
- As of the close of the current fiscal year, the *City of Belle Isle's* governmental funds reported combined ending fund balances of \$2,783,706, a decrease of \$620,886 in comparison with the prior year. Approximately seventy-two percent (72%) of this total amount, \$2,026,617, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,574,689, or 34% of total general fund expenditures.
- The *City of Belle Isle's* total debt decreased by \$255,184 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the *City of Belle Isle's* (the City) basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the *City of Belle Isle's* finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The *City of Belle Isle*, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The *City of Belle Isle* has three governmental funds - the General Fund and two special revenue funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The *City of Belle Isle* adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the general fund and special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-16 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Government-Wide Financial Analysis

Statement of Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the *City of Belle Isle*, assets exceeded liabilities by \$7,346,323 at the close of the most recent fiscal year.

**City of Belle Isle
Statement of Net Assets**

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 3,070,149	\$ 3,947,706
Capital assets	7,174,599	6,701,607
Total assets	<u>10,244,748</u>	<u>10,649,313</u>
Long-term liabilities outstanding	2,649,809	2,919,889
Other liabilities	248,616	500,477
Total liabilities	<u>2,898,425</u>	<u>3,420,366</u>
Net assets:		
Invested in capital assets, net of related debt	4,588,012	2,841,770
Restricted	778,479	1,099,267
Unrestricted	1,979,832	3,287,910
Total net assets	<u>\$ 7,346,323</u>	<u>\$ 7,228,947</u>

Sixty-two percent (62%) of the City's net assets reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net assets (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,979,832) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the *City of Belle Isle* is able to report positive balances in all categories of net assets.

The City's net assets increased by \$117,376 during the current fiscal year, as shown below.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

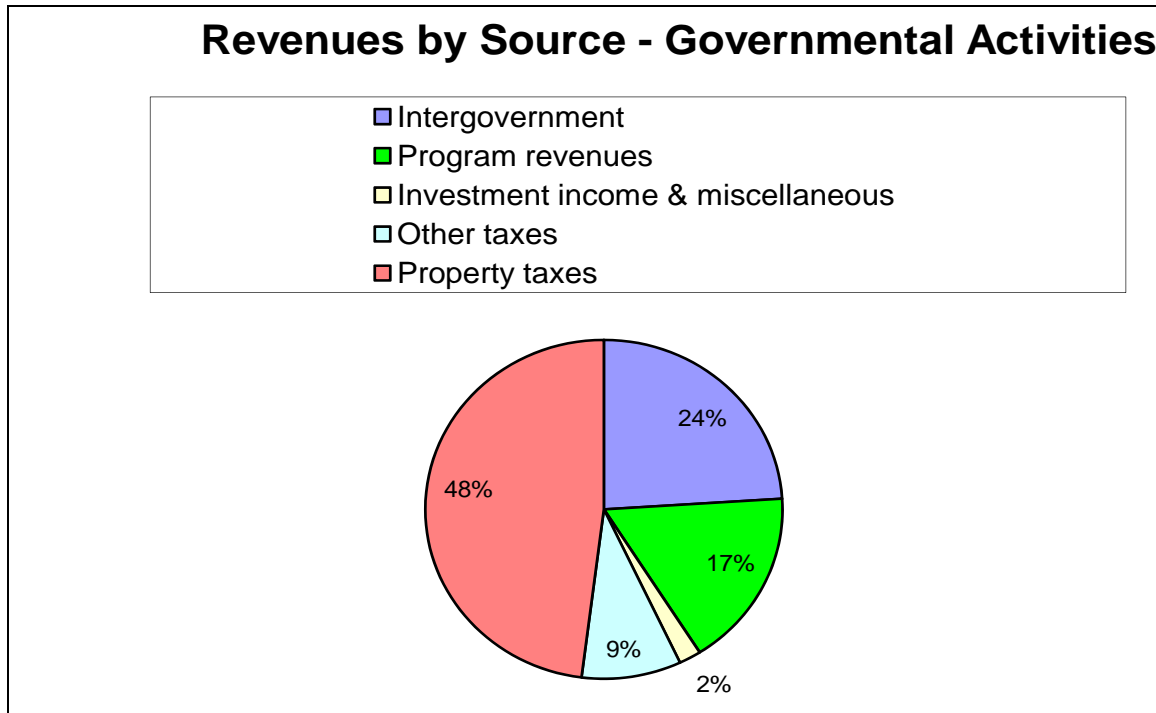
Statement of Activities

Governmental activities increased the *City of Belle Isle's* net assets by \$117,376. Key elements of this increase are as follows:

City of Belle Isle		<u>Changes in Net Assets</u>	
		<u>Governmental Activities</u>	
		<u>2008</u>	<u>2007</u>
Revenues:			
Program revenues:			
Charges for services	\$	318,372	\$ 268,192
Operating grants and contributions		210,139	252,390
Capital grants and contributions		226,727	1,199,787
		<u>755,238</u>	<u>1,720,369</u>
General revenues:			
Property taxes		2,102,260	2,088,933
Franchise and utility taxes		395,482	386,624
Intergovernmental		1,017,572	1,104,420
Investment income and miscellaneous		86,640	431,644
		<u>3,601,954</u>	<u>4,011,621</u>
Total revenues		<u>4,357,192</u>	<u>5,731,990</u>
Expenses:			
General government		995,667	1,005,477
Public safety		1,979,104	1,798,836
Physical environment		1,158,691	1,004,728
Interest on long-term debt		106,354	98,314
Total expenses		<u>4,239,816</u>	<u>3,907,355</u>
Increase in Net Assets		117,376	1,824,635
Net Assets- Beginning		<u>7,228,947</u>	<u>5,404,312</u>
Net Assets- Ending	\$	<u>7,346,323</u>	\$ <u>7,228,947</u>

Property taxes increased by \$13,267 (0.6%) during the year. Miscellaneous revenue decreased significantly because of lawsuit settlement received in the prior year. Public safety expenses increased approximately \$180,000 (10%) due to increase in law enforcement cost.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED



Financial Analysis of the Government's Funds

As noted earlier, the *City of Belle Isle* used fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the *City of Belle Isle's* financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the largest fund of the *City of Belle Isle, Florida*. At September 30, 2008, the unreserved fund balance of the general fund was \$1,574,689. The fund balance of the general fund decreased by \$556,376 since the City Commission budgeted to use some of fund balance to pay for various projects.

The Stormwater Special Revenue Fund has a total fund balance of \$805,493. The net decrease in fund balance during the current year in this fund was \$73,636 since the City Commission budgeted to use some of bond proceeds from prior year on Stormwater projects.

General Fund Budgetary Highlights

During the fiscal 2008 year, actual revenues were close to budgeted revenues in the General Fund, however actual expenditures were less than budgeted. During the year there was a \$360,044 decrease in appropriations between the original and final amended budget primarily due to certain budgeted expenditures being moved to the Stormwater Special Revenue Fund.

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

Capital Asset and Debt Administration

Capital Assets - The *City of Belle Isle*’s investment in capital assets for its governmental activities as of September 30, 2008, amounts to \$7,174,599 (net of accumulated depreciation), as detailed below. The total increase in the City’s investment in capital assets for the current fiscal year was 7%. This increase was due to acquisition of machinery and equipment, various infrastructure projects, and construction in progress.

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

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Land	\$ 165,823	\$ 165,823
Buildings	409,060	425,934
Improvements other than buildings	152,025	143,113
Equipment and machinery	204,964	218,080
Infrastructure	5,114,678	3,409,254
Construction in progress	1,128,049	2,339,403
Total	<u>\$ 7,174,599</u>	<u>\$ 6,701,607</u>

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

Long-Term Debt - At the end of the current fiscal year, the *City of Belle Isle* had total debt outstanding of \$2,586,587. This debt includes leases on the acquisition of equipment and bonds payable to the Florida Municipal Loan Council. Additional information on long-term debt can be found in Note 9 of this report.

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

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Capital lease payable	\$ 46,587	\$ 66,771
Bonds payable	2,540,000	2,775,000
	<u>\$ 2,586,587</u>	<u>\$ 2,841,771</u>

Next Year’s Budget and Rates

During the current fiscal year, the unreserved fund balance in the general fund decreased to \$1,574,689. Management plans to appropriate only a small amount of this for spending in 2009.

Requests for Information

This financial report is designed to provide a general overview of the *City of Belle Isle*’s finances for all those with an interest in the government’s finances. Questions concerning any of the information should be addressed to the office of the Finance Director, *City of Belle Isle*, 1600 Nela Avenue, Belle Isle, FL 32859.

BASIC FINANCIAL STATEMENTS

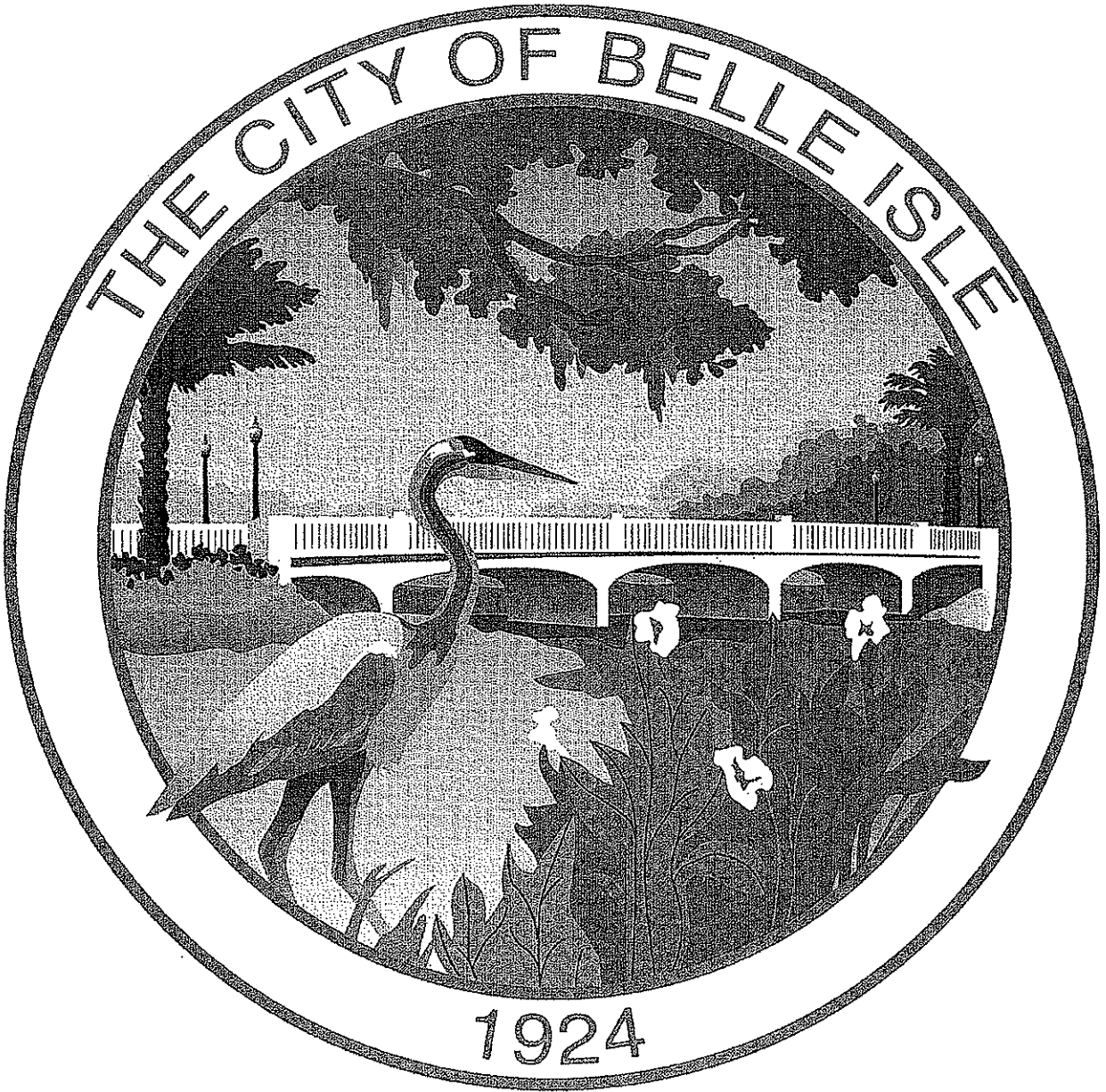
CITY OF BELLE ISLE, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2008

	Governmental Activities
Assets:	
Cash	\$ 1,937,127
Due from other governments	300,100
Bond issuance costs	54,443
Restricted assets:	
Investments	778,479
Capital assets:	
Not being depreciated	1,293,872
Being depreciated, net	5,880,727
Total assets	<u>10,244,748</u>
Liabilities:	
Accounts payable	169,941
Accrued liabilities	37,245
Accrued interest payable	16,616
Deposits	24,814
Noncurrent liabilities:	
Due within one year	264,428
Due in more than one year	2,385,381
Total liabilities	<u>2,898,425</u>
Net Assets:	
Invested in capital assets, net of related debt	4,588,012
Restricted for:	
Capital projects	778,479
Unrestricted	1,979,832
Total net assets	<u>\$ 7,346,323</u>

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



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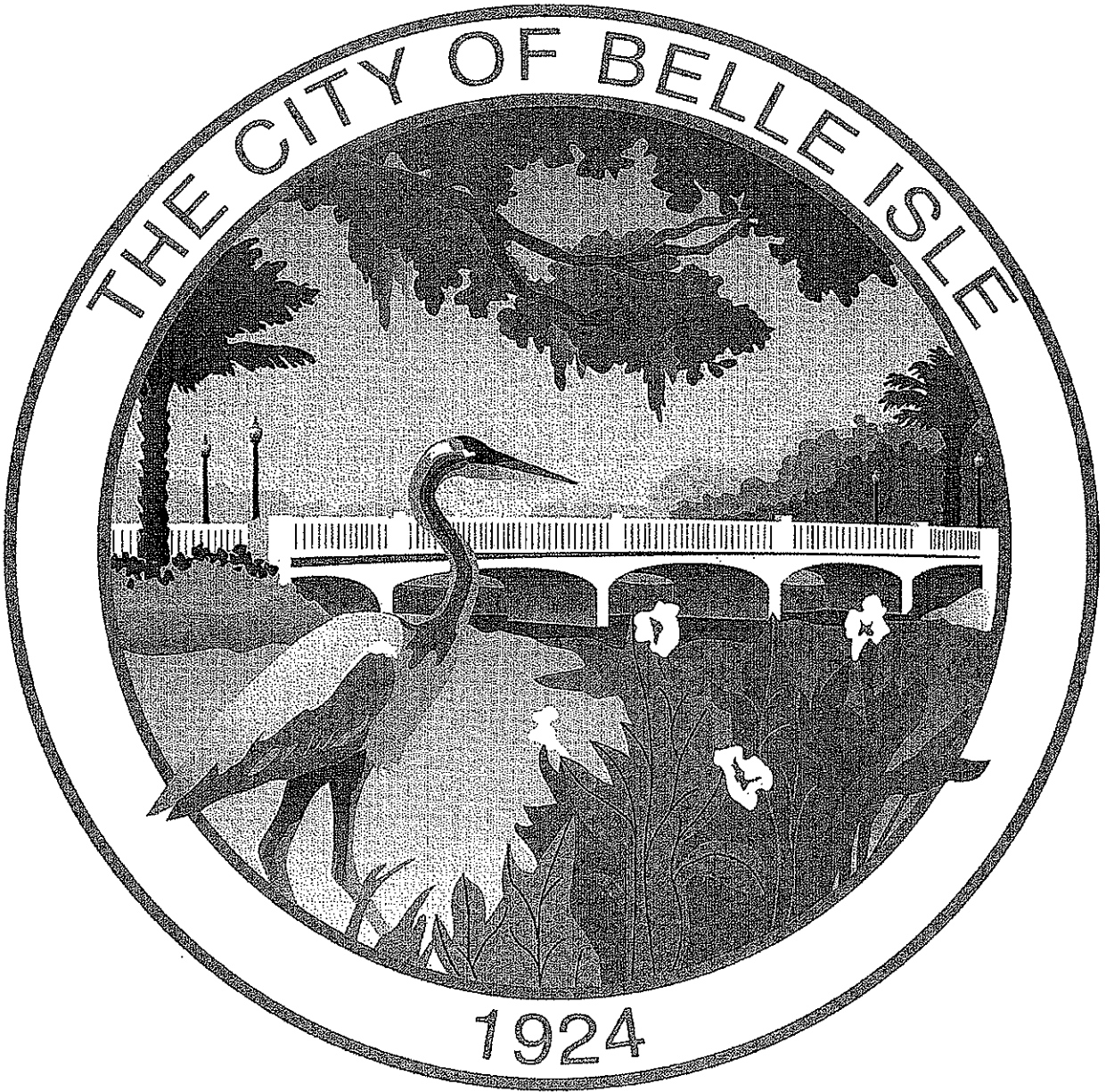
CITY OF BELLE ISLE, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental activities:					
General Government	\$ 995,667	\$ -	\$ -	\$ -	\$ (995,667)
Public Safety	1,979,104	150,089	-	-	(1,829,015)
Physical Environment	1,158,691	168,283	210,139	226,727	(553,542)
Interest on Long-term debt	106,354	-	-	-	(106,354)
Total governmental activities	<u>\$ 4,239,816</u>	<u>\$ 318,372</u>	<u>\$ 210,139</u>	<u>\$ 226,727</u>	<u>(3,484,578)</u>
General Revenues:					
Taxes:					
Property taxes					2,102,260
Franchise and utility taxes					395,482
Intergovernmental- unrestricted					1,017,572
Unrestricted investment earnings					83,174
Miscellaneous					3,466
Total general revenues					<u>3,601,954</u>
Change in net assets					117,376
Net assets - beginning					<u>7,228,947</u>
Net assets - ending					<u>\$ 7,346,323</u>

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



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CITY OF BELLE ISLE, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

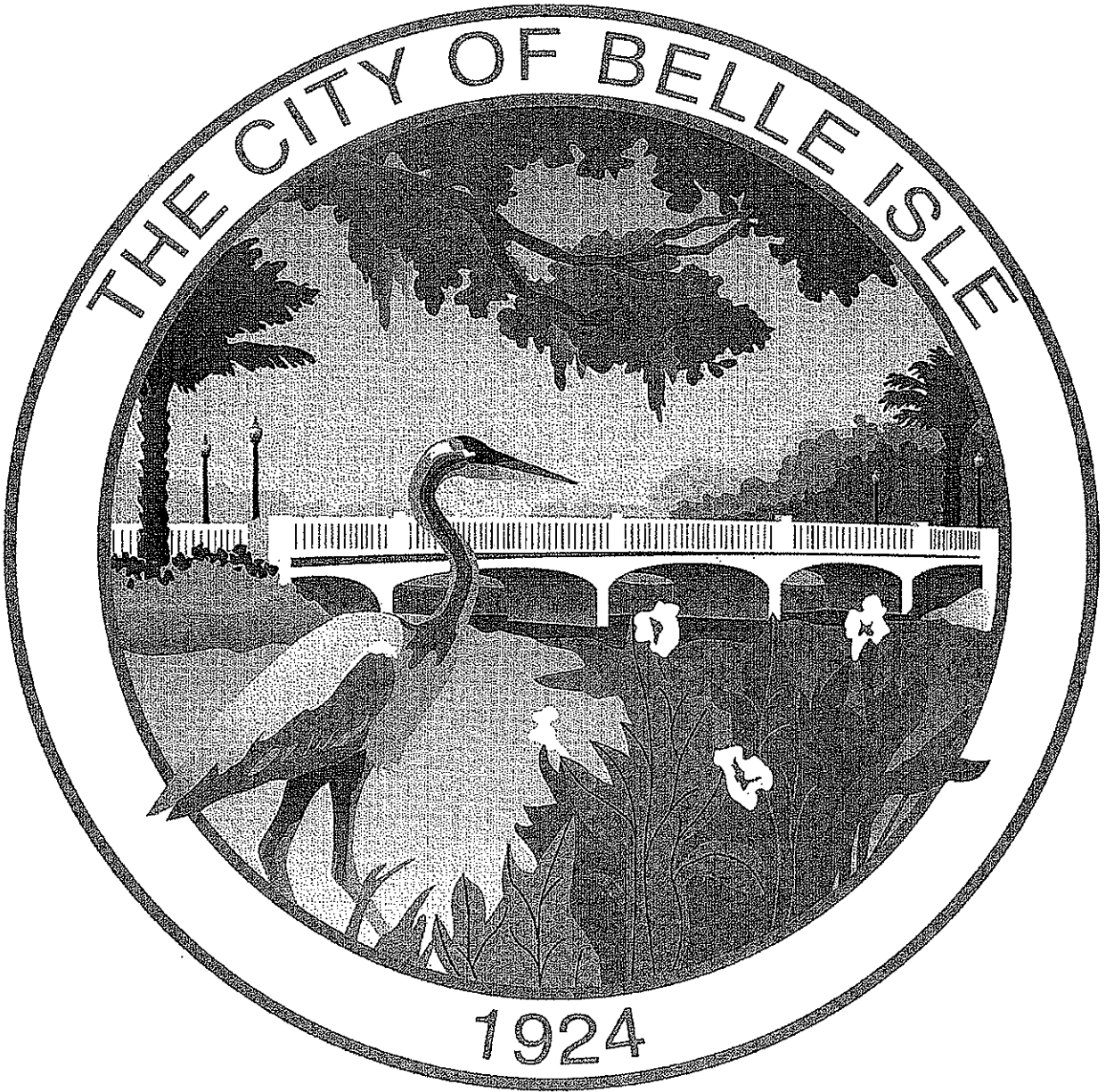
September 30, 2008

	<u>General Fund</u>	<u>Transportation Impact Fee</u>	<u>Stormwater</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 1,446,051	\$ 17,871	\$ 473,205	\$ 1,937,127
Due from other governments	300,100	-	-	300,100
Investments - restricted	385,653	-	392,826	778,479
Total assets	<u>\$ 2,131,804</u>	<u>\$ 17,871</u>	<u>\$ 866,031</u>	<u>\$ 3,015,706</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 109,403	\$ -	\$ 60,538	\$ 169,941
Accrued liabilities	37,245	-	-	37,245
Deposits	24,814	-	-	24,814
Total liabilities	<u>171,462</u>	<u>-</u>	<u>60,538</u>	<u>232,000</u>
Fund Balances:				
Reserved for:				
Capital projects	385,653	-	392,826	778,479
Unreserved, reported in:				
General fund	1,574,689	-	-	1,574,689
Special revenue funds	-	17,871	412,667	430,538
Total fund balances	<u>1,960,342</u>	<u>17,871</u>	<u>805,493</u>	<u>2,783,706</u>
Total liabilities and fund balances	<u>\$ 2,131,804</u>	<u>\$ 17,871</u>	<u>\$ 866,031</u>	

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

Capital assets used in governmental activities are not fund resources and, therefore, are not reported in the funds	7,174,599
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(2,611,982)</u>
Net assets of governmental activities	<u>\$ 7,346,323</u>

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



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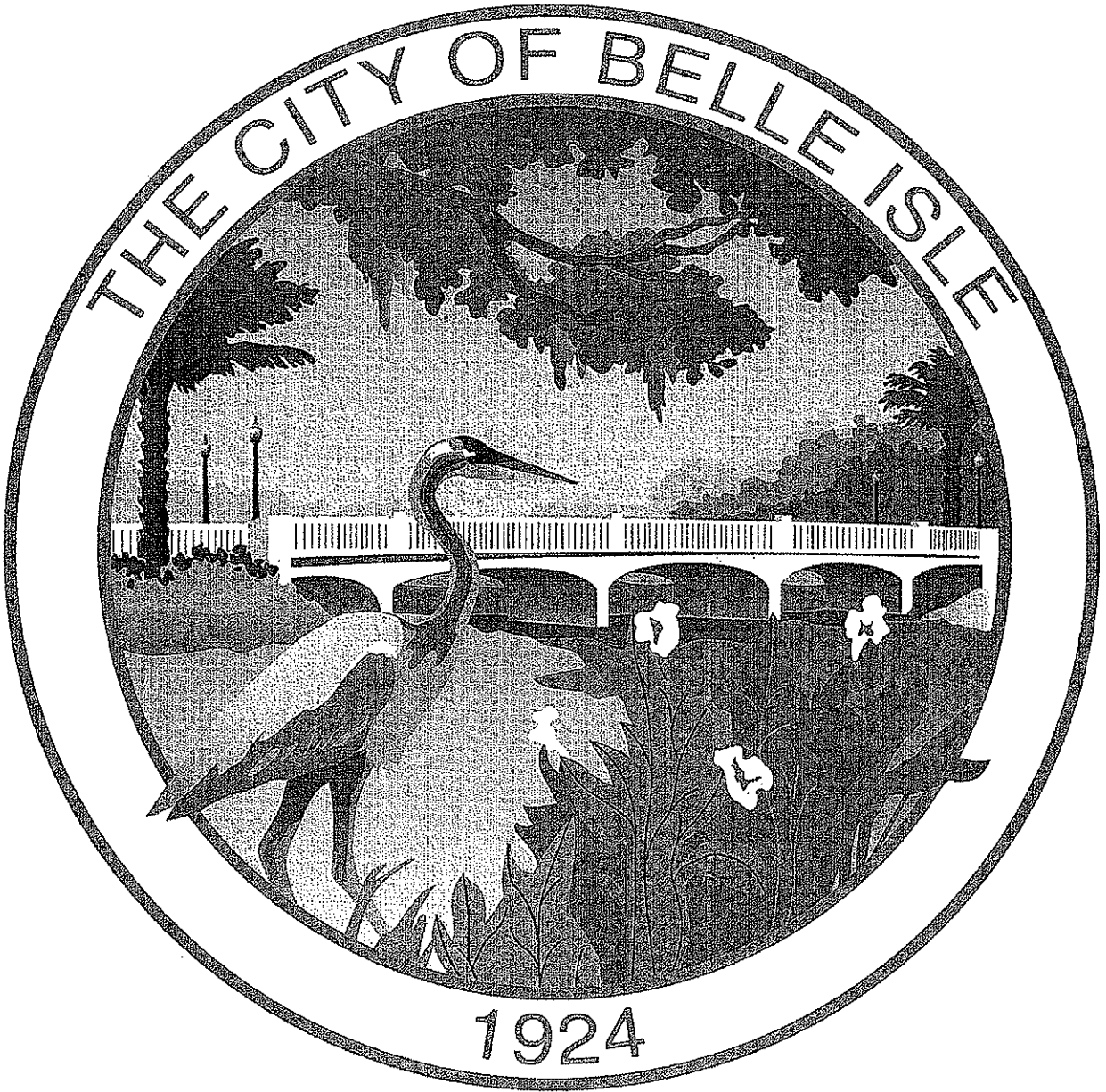
CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2008

	<u>General Fund</u>	<u>Transportation Impact Fee</u>	<u>Stormwater</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
Property taxes	\$ 2,102,260	\$ -	\$ -	\$ 2,102,260
Franchise and utility	395,482	-	-	395,482
Licenses and permits	25,522	-	-	25,522
Intergovernmental	1,454,438	-	-	1,454,438
Charges for services	-	-	134,016	134,016
Impact fees	-	8,745	-	8,745
Fines and forfeitures	150,089	-	-	150,089
Investment income	57,518	381	25,275	83,174
Miscellaneous	13,233	-	-	13,233
Total revenues	<u>4,198,542</u>	<u>9,126</u>	<u>159,291</u>	<u>4,366,959</u>
Expenditures:				
Current:				
General government	1,378,561	-	-	1,378,561
Public safety	1,979,104	-	-	1,979,104
Physical environment	1,027,284	-	232,927	1,260,211
Debt Service:				
Principal	272,780	-	-	272,780
Interest and other charges	114,785	-	-	114,785
Total expenditures	<u>4,772,514</u>	<u>-</u>	<u>232,927</u>	<u>5,005,441</u>
Excess (deficiency) of revenues over expenditures	<u>(573,972)</u>	<u>9,126</u>	<u>(73,636)</u>	<u>(638,482)</u>
Other Financing Sources:				
Capital leases	17,596	-	-	17,596
Total other financing sources	<u>17,596</u>	<u>-</u>	<u>-</u>	<u>17,596</u>
Net change in fund balances	(556,376)	9,126	(73,636)	(620,886)
Fund balances - beginning	2,516,718	8,745	879,129	3,404,592
Fund balances - ending	<u>\$ 1,960,342</u>	<u>\$ 17,871</u>	<u>\$ 805,493</u>	<u>\$ 2,783,706</u>

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



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CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2008

Net change in fund balances - total governmental funds \$ (620,886)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$761,271 exceeded depreciation \$278,512 in the current period. 482,759

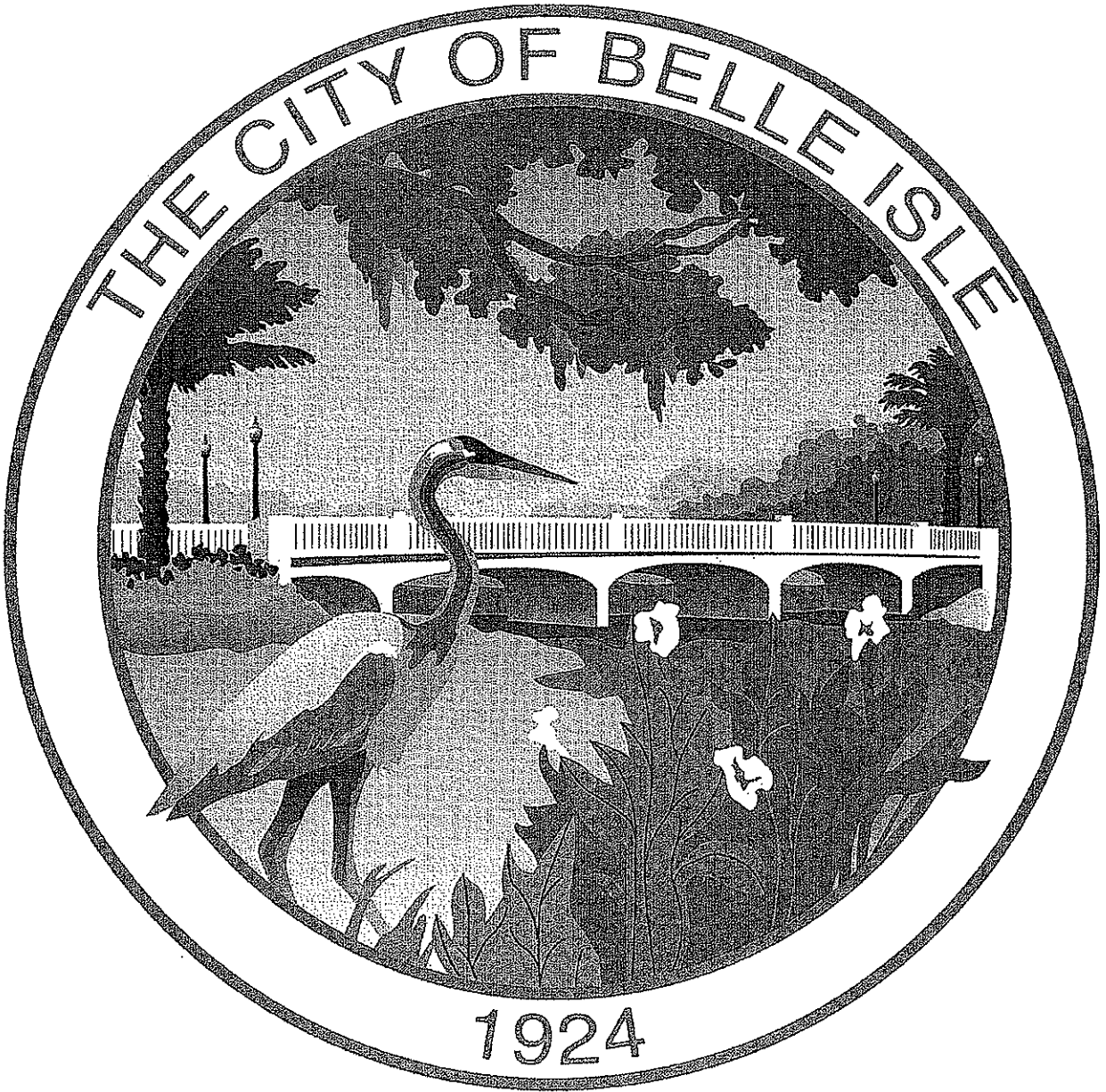
The net effect of sales of capital assets is to decrease net assets (9,767)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments. 255,184

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. 10,086

Change in net assets of governmental activities \$ 117,376

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



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CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes:				
Property taxes	\$ 2,060,723	\$ 2,060,723	\$ 2,102,260	\$ 41,537
Franchise fees and utility taxes	372,501	372,501	395,482	22,981
Licenses and permits	20,200	20,200	25,522	5,322
Intergovernmental	1,527,925	1,527,925	1,454,438	(73,487)
Fines and forfeitures	50,000	50,000	150,089	100,089
Investment income	80,000	80,000	57,518	(22,482)
Miscellaneous	25,100	25,100	13,233	(11,867)
Total revenues	<u>4,136,449</u>	<u>4,136,449</u>	<u>4,198,542</u>	<u>62,093</u>
Expenditures:				
Current:				
General government:				
Legislative	50,100	50,100	31,600	18,500
Executive	8,950	8,950	7,002	1,948
Finance and administrative	588,058	588,058	547,665	40,393
Other general government	1,392,802	1,232,802	792,294	440,508
	<u>2,039,910</u>	<u>1,879,910</u>	<u>1,378,561</u>	<u>501,349</u>
Public safety:				
Law enforcement	582,631	754,871	729,314	25,557
Fire control	1,288,210	1,288,210	1,249,790	38,420
	<u>1,870,841</u>	<u>2,043,081</u>	<u>1,979,104</u>	<u>63,977</u>
Physical environment:				
Roads and streets	1,736,590	1,314,306	638,208	676,098
Solid waste disposal	411,425	411,425	389,076	22,349
	<u>2,148,015</u>	<u>1,725,731</u>	<u>1,027,284</u>	<u>698,447</u>
Debt service:				
Principal	243,979	273,979	272,780	1,199
Interest	96,544	116,544	114,785	1,759
	<u>340,523</u>	<u>390,523</u>	<u>387,565</u>	<u>2,958</u>
Total expenditures	<u>6,399,289</u>	<u>6,039,245</u>	<u>4,772,514</u>	<u>1,266,731</u>
Excess (deficiency) of revenues over expenditures	<u>(2,262,840)</u>	<u>(1,902,796)</u>	<u>(573,972)</u>	<u>1,328,824</u>
Other Financing Sources:				
Capital leases	-	500,000	17,596	482,404
Revenue bonds issued	500,000	-	-	-
Total other financing sources	<u>500,000</u>	<u>500,000</u>	<u>17,596</u>	<u>482,404</u>
Net change in fund balance	<u>(1,762,840)</u>	<u>(1,402,796)</u>	<u>(556,376)</u>	<u>846,420</u>
Fund balance - beginning	2,516,718	2,516,718	2,516,718	-
Fund balance - ending	<u>\$ 753,878</u>	<u>\$ 1,113,922</u>	<u>\$ 1,960,342</u>	<u>\$ 846,420</u>

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

CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Impact fees	\$ 100,000	\$ 7,500	\$ 8,745	\$ 1,245
Investment income	-	-	381	381
Total revenues	<u>100,000</u>	<u>7,500</u>	<u>9,126</u>	<u>1,626</u>
Expenditures:				
Current:				
Physical environment:				
Roads and streets	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>100,000</u>	<u>7,500</u>	<u>9,126</u>	<u>1,626</u>
Net change in fund balance	100,000	7,500	9,126	1,626
Fund balance - beginning	8,745	8,745	8,745	-
Fund balance - ending	<u>\$ 108,745</u>	<u>\$ 16,245</u>	<u>\$ 17,871</u>	<u>\$ 1,626</u>

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

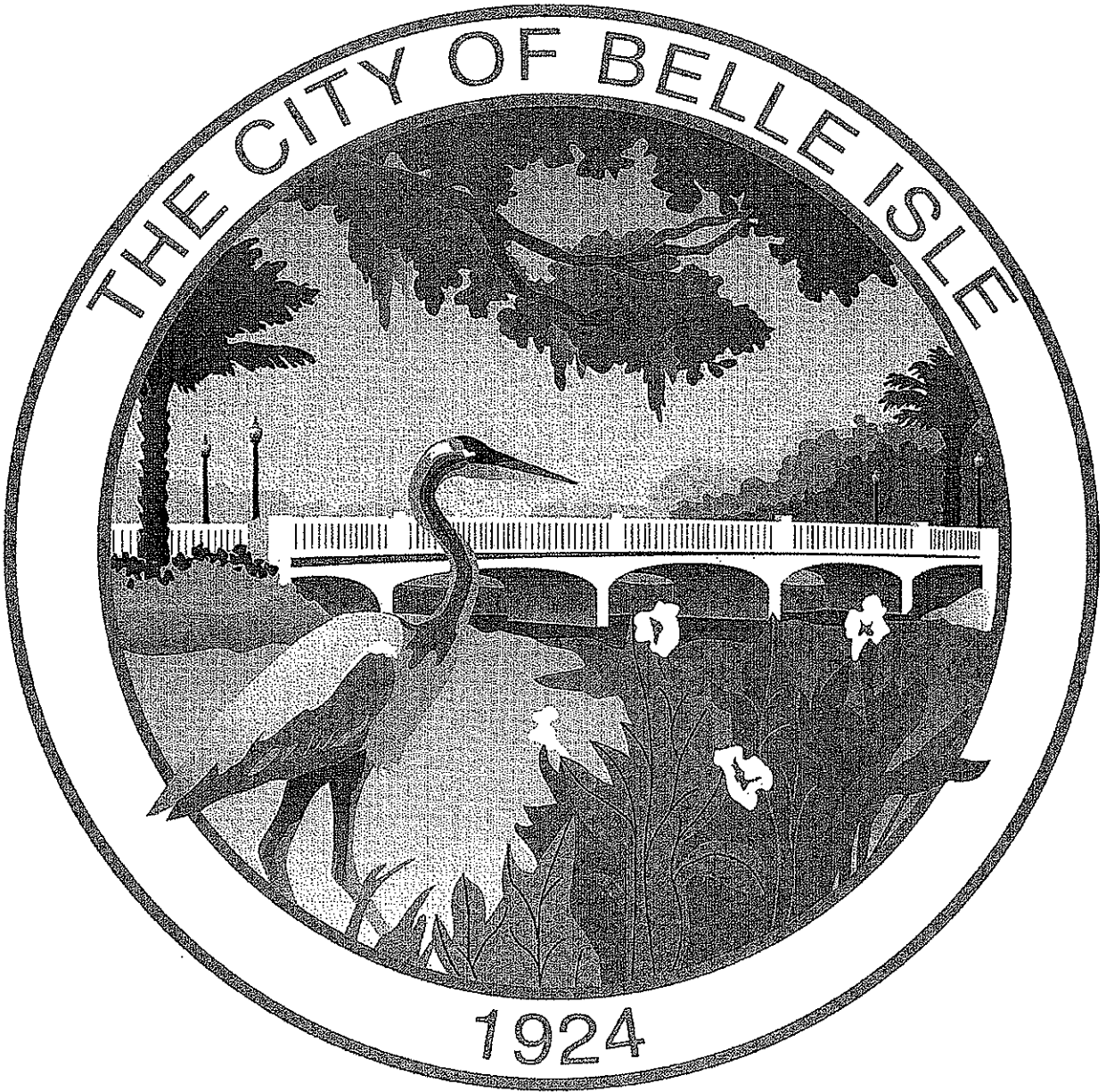
CITY OF BELLE ISLE, FLORIDA

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

Year Ended September 30, 2008

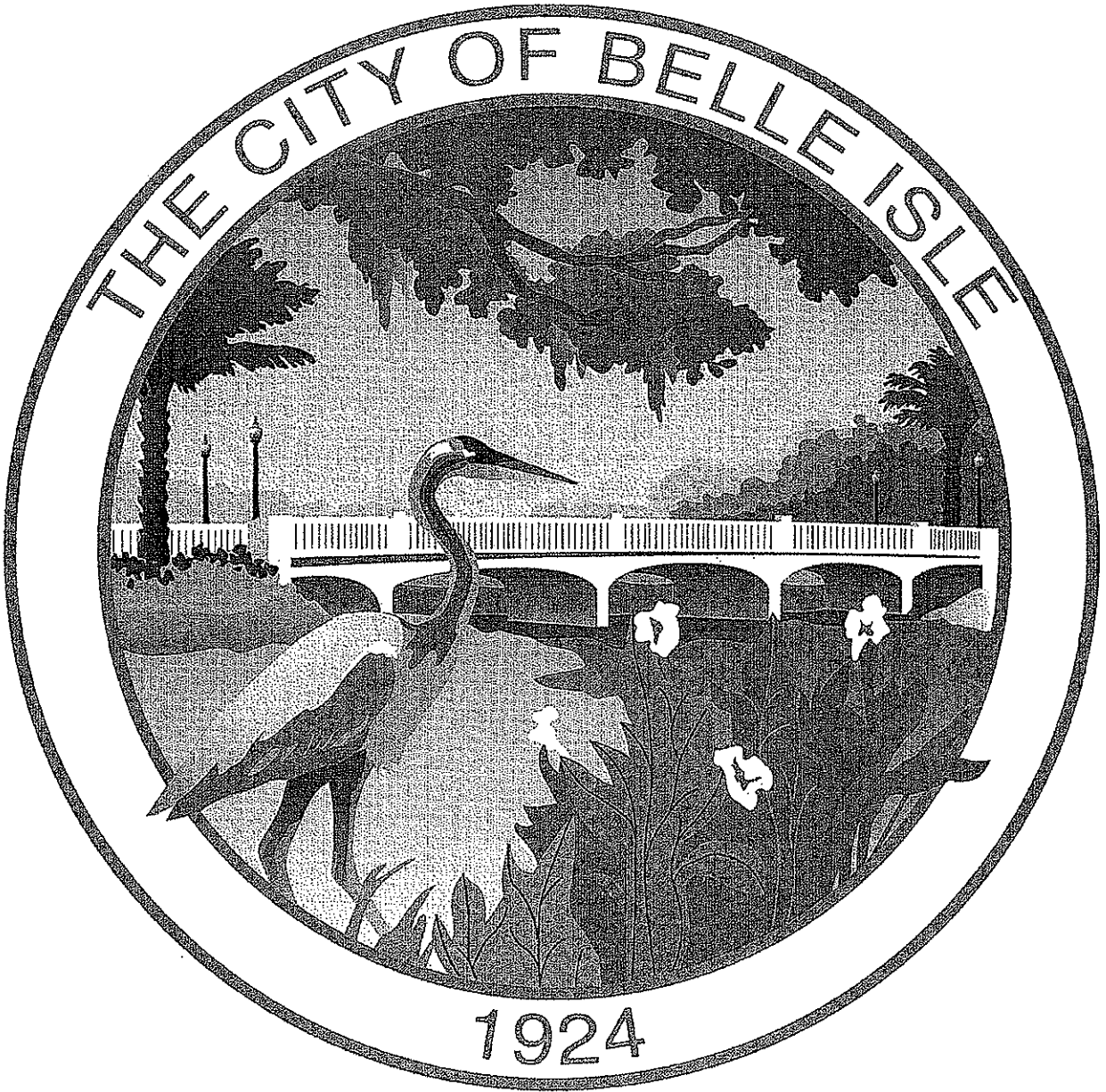
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 134,000	\$ 134,000	\$ 134,016	\$ 16
Investment income	-	-	25,275	25,275
Total revenues	<u>134,000</u>	<u>134,000</u>	<u>159,291</u>	<u>25,291</u>
Expenditures:				
Current:				
Physical environment:				
Roads and streets	-	317,784	232,927	84,857
Total expenditures	<u>-</u>	<u>317,784</u>	<u>232,927</u>	<u>84,857</u>
Excess (deficiency) of revenues over expenditures	<u>134,000</u>	<u>(183,784)</u>	<u>(73,636)</u>	<u>110,148</u>
Net change in fund balance	134,000	(183,784)	(73,636)	110,148
Fund balance - beginning	<u>879,129</u>	<u>879,129</u>	<u>879,129</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,013,129</u>	<u>\$ 695,345</u>	<u>\$ 805,493</u>	<u>\$ 110,148</u>

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



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NOTES TO FINANCIAL STATEMENTS



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NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2008

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity - The *City of Belle Isle, Florida* (the "City") was incorporated April 25, 1924 under the Laws of Florida 75-329. The City operates under a Mayor-Commissioner form of government and provides the following services as authorized by its charter: public safety (fire and supplemental law enforcement), highways and streets, sanitation, parks and recreation, public improvements, planning and zoning, and general administrative services. The accompanying financial statements include all those separately administered departments and funds for which the City has financial accountability. There are no potential component units or related organizations of the City.

Government-Wide and Fund Financial Statements - The government-wide financial statements (i.e., the statement of net assets and the statements of changes on net assets) report information on all of the nonfiduciary activities of the City. Since the City has no business-type activities, only governmental activities are reported on the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The City has no fiduciary funds, which would be excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2008

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected with 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Transportation impact fee special revenue fund is used to account for collected impact fees on new development to defray the cost of future road construction as a result of growth.

Stormwater special revenue fund is used to account for the activities of the City's stormwater drainage operation, as well as the funding and payment of related debt.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided, as well as fines. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Investments for the City are reported at fair value. The State Board of Administration Local Government Investment Pool is administered by the State of Florida and operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables - Receivables consist primarily of amounts due from other governments. All receivables are deemed collectible, and no allowance for uncollectible accounts is considered necessary.

Restricted Assets - Proceeds of the revenue bonds are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by applicable bond covenants.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2007

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

Capital assets - Capital assets, which include property, plant equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year. 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 costs 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.

Property, plant and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	5 - 15
Infrastructure	25 - 40
Equipment & machinery	5 - 15

Compensated Absences - Employees may accumulate vacation and sick leave with certain limitations as to the number of hours of accumulation. Employees are paid 100% of their accumulated vacation pay when they terminate for any reason. Accumulated sick leave is paid only upon retirement or termination because of disability, and is based on 25% of accumulated sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the general fund only if they have matured, for example, as a result of employee retirements.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2008

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$2,611,982 difference are as follows:

Bonds payable	\$ 2,540,000
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(54,443)
Add: Issuance premium (to be amortized over life of debt)	37,781
Accrued interest payable	16,616
Capital lease payable	46,587
Compensated absences	25,441
	<u>\$ 2,611,982</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation includes the net effect of differences in the treatment of long-term debt and related items. The details of this \$255,184 difference are as follows:

Debt issued:	
Capital lease	\$ (17,596)
Principal repayments	272,780
	<u>\$ 255,184</u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$10,086 difference are as follows:

Compensated absences	\$ 8,663
Accrued interest	2,198
Amortization of issuance costs	(7,008)
Amortization of premium	6,233
Net adjustment to decrease net changes in fund balances- total	<u>\$ 10,086</u>

CITY OF BELLE ISLE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2008

Note 3 - Stewardship, Compliance and Accountability:

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

1. On or before the first Commission meeting in August, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the City's general fund and special revenue funds.
2. Public hearings are conducted at the City Hall to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of a resolution.
3. The City cannot legally exceed the budget; however, the City Manager is authorized to transfer budgeted amounts within a department. Any revisions that change the total expenditures of any department must be approved by the City Commission. The legal level of budgetary control is the department level.
4. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
5. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Encumbrance accounting is not employed. Unexpended and unencumbered appropriations lapse at the end of the fiscal year and are reappropriated in the ensuing year.

The general fund and special revenue funds budgets are prepared on a budgetary basis, whereby the City includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as a budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior periods' excess of revenues over expenditures.

CITY OF BELLE ISLE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2008

Note 4 - Cash and Investments:

Following are the components of the City's cash and investments at September 30, 2008:

Cash	\$	1,937,127
Restricted investments		778,479
	\$	<u>2,715,606</u>

Deposits - At year-end, the carrying amount of the City's deposits was \$947,052 and the bank balance was \$1,246,379. All bank deposits were fully covered by federal depository insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

Investments - The City's investment policies are governed by State Statutes and City ordinances. City ordinance allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the Florida Statutes. Authorized investments are:

1. The State Board of Administration Local Government Investment Pool (SBA);
2. Securities and Exchange Commission Registered Money Market Funds;
3. Savings accounts and certificates of deposit in state-certified qualified public depositories;
4. The Florida Municipal Investment Trust, administered by the Florida League of Cities, Inc.
5. U.S. Government Agency Securities and U.S. Treasury Bills, Notes and Bonds;
6. Overnight bank sweep accounts.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2008

Note 4 - Cash and Investments (Continued):

The SBA is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund. Therefore, the pool account balance can be used as fair value for financial reporting.

The Florida Municipal Investment Trust (FMIT) consists of corporate bonds and stocks and cash equivalents. The fund is stated at fair value, and investment earnings are allocated to participants in the fund based on their equity participation.

Investments made by the *City of Belle Isle* at September 30, 2008 are summarized below. In accordance with GASB 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Florida Municipal Investment Trust	\$ 778,479	Unrated	N/A
Local Government Investment Pool (LGIP)	954,263	AAAm	8.5 days
Local Government Investment Pool - Fund B	35,812	Unrated	9.36 years
	<u>\$ 1,768,554</u>		

During the year ended September 30, 2008, the City recognized unrealized losses totaling \$9,044 related to the Local Government Investment Pool - Fund B.

Credit Risk:

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

Custodial Credit Risk:

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2008, all of the city's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2008, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2008

Note 4 - Cash and Investments (Continued):

Concentration of Credit Risk:

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

Interest Rate Risk:

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

Note 5 - Property Tax:

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

The City is permitted by the Municipal Finance Law of the State to levy taxes up to \$10 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services for the year ended September 30, 2008, was 3.4068 per \$1,000 which means the City has a tax margin of 6.5932 per \$1,000 and could raise up to \$4,198,031 before discount, additional a year from the present assessed valuation of \$636,721,351 before the limit is reached.

Note 6 - Due from Other Governments:

Due from other governments consists of the following at September 30, 2008:

	General Fund
Half-cent sales tax	\$ 56,714
Local option gas tax	18,792
Telecommunications	22,094
State of Florida grant	202,500
Total	<u>\$ 300,100</u>

CITY OF BELLE ISLE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2008

Note 7 - Capital Assets:

Capital asset activity for the year ended September 30, 2008 was as follows:

	<u>Governmental Activities:</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 165,823	\$ -	\$ -	\$ 165,823
Construction in progress	<u>2,339,403</u>	<u>592,874</u>	<u>(1,804,228)</u>	<u>1,128,049</u>
Total capital assets, not being depreciated	<u>2,505,226</u>	<u>592,874</u>	<u>(1,804,228)</u>	<u>1,293,872</u>
Capital assets, being depreciated:				
Buildings	611,721	-	-	611,721
Improvements	215,949	35,480	(3,063)	248,366
Equipment & machinery	770,869	42,793	(47,801)	765,861
Infrastructure	<u>3,672,951</u>	<u>1,894,352</u>	<u>-</u>	<u>5,567,303</u>
Total capital assets being depreciated	<u>5,271,490</u>	<u>1,972,625</u>	<u>(50,864)</u>	<u>7,193,251</u>
Less accumulated depreciation for:				
Buildings	(185,787)	(16,874)	-	(202,661)
Improvements	(72,836)	(25,981)	2,476	(96,341)
Equipment & machinery	(552,789)	(46,729)	38,621	(560,897)
Infrastructure	<u>(263,697)</u>	<u>(188,928)</u>	<u>-</u>	<u>(452,625)</u>
Total accumulated depreciation	<u>(1,075,109)</u>	<u>(278,512)</u>	<u>41,097</u>	<u>(1,312,524)</u>
Total capital assets being depreciated, net	<u>4,196,381</u>	<u>1,694,113</u>	<u>(9,767)</u>	<u>5,880,727</u>
Governmental activities capital assets, net	<u>\$ 6,701,607</u>	<u>\$ 2,286,987</u>	<u>\$ (1,813,995)</u>	<u>\$ 7,174,599</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2008

Note 7 - Capital Assets (Continued):

The source of governmental funds capital assets is the general fund.

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

Governmental Activities:	
General government	\$ 12,801
Physical environment	265,711
	<u>\$ 278,512</u>

Note 8 - Retirement Plans:

Employees Defined Contribution Plan - The City is the administrator of a single employer defined contribution money purchase pension plan. All full-time employees are eligible to participate in the plan after six months of service. As soon as an employee is eligible to participate in the plan, contributions made by the City are retroactive to date of hire. Under this plan, the City contributes 6% of the employees eligible wages. The contribution rate is established by the City Commission. Employees do not participate in the plan funding. Employees are 100% vested upon completion of five years of service. No fixed benefits are paid or payable upon retirement.

During the year ended September 30, 2008, the City's total payroll was \$1,128,345 and the current year's covered payroll for retirement plan purposes was approximately \$450,000. The City contributed \$25,438 to the plan. Total contributed is approximately 6% of the current year's covered payroll. The City has no unfunded liability under this plan.

Deferred Compensation Plan - The City also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the 457 Plan). The 457 Plan, available to all full-time employees immediately upon employment, permits them to defer a portion of their current salary until future years.

The City will match 50% of the employee's contribution to the 457 Plan up to 2% of compensation beginning after an employee has completed their six-month probationary period. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

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

CITY OF BELLE ISLE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2008

Note 9 - Long-Term Debt:

Long-term debt activity for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital Leases	\$ 66,771	\$ 17,596	\$ 37,780	\$ 46,587	\$ 22,224
Revenue Bonds	2,775,000	-	235,000	2,540,000	240,000
Unamortized Premium	44,014	-	6,233	37,781	-
Compensated Absences	34,104	-	8,663	25,441	2,204
	<u>\$ 2,919,889</u>	<u>\$ 17,596</u>	<u>\$ 287,676</u>	<u>\$ 2,649,809</u>	<u>\$ 264,428</u>

Capital Lease - The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes, and therefore have been recorded at the present value of the minimum lease payments of the inception date. A summary of equipment acquired through capital lease is as follows:

	<u>Governmental Activities</u>
Equipment	\$ 105,608
Less: Accumulated depreciation	(51,043)
	<u>\$ 54,565</u>

The future minimum lease obligations of the minimum lease payments at September 30, 2008 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2009	\$ 23,095
2010	11,717
2011	10,602
2012	5,301
	<u>50,715</u>
Total minimum lease payments	(4,128)
Less: amount representing interest	<u>46,587</u>
Present value of minimum lease payments	<u>\$ 46,587</u>

CITY OF BELLE ISLE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended September 30, 2008

Note 9 - Long-Term Debt (Continued):

Revenue Bonds - The City has entered into three loan agreements with the Florida Municipal Loan Council (FMLC), whereby the FMLC issued Revenue Bonds and made loans to several cities including Belle Isle. The purpose of these loans was to provide funds for various capital improvements. The 2002C loan is secured by pledged half-cent sales tax revenue and the 2003B loan is secured by pledged communication services tax revenue. The 2006 loan is secured by a covenant to appropriate in the annual budget the amount of non-ad valorem revenues to satisfy repayment.

Revenue bonds outstanding at year end are as follows:

<u>Governmental Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2008</u>
Florida Municipal Loan Council- Series 2002C	3.6486% (5/1 & 11/1)	11/1/2012	<u>\$ 955,000</u>	\$ 525,000
Florida Municipal Loan Council- Series 2003B	3.4175% (6/1 & 12/1)	12/1/2013	<u>\$ 985,000</u>	620,000
Florida Municipal Loan Council- Series 2006	4.1973% (4/1 & 10/1)	10/1/2026	<u>\$ 1,480,000</u>	1,395,000
Total				<u>\$ 2,540,000</u>

Annual debt service requirements to maturity are as follows:

<u>Year Ending September, 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 240,000	\$ 101,557
2010	255,000	92,806
2011	260,000	82,581
2012	275,000	72,416
2013	285,000	61,675
2014-2018	465,000	214,388
2019-2023	445,000	121,588
2024-2028	315,000	26,401
	<u>\$ 2,540,000</u>	<u>\$ 773,412</u>

CITY OF BELLE ISLE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

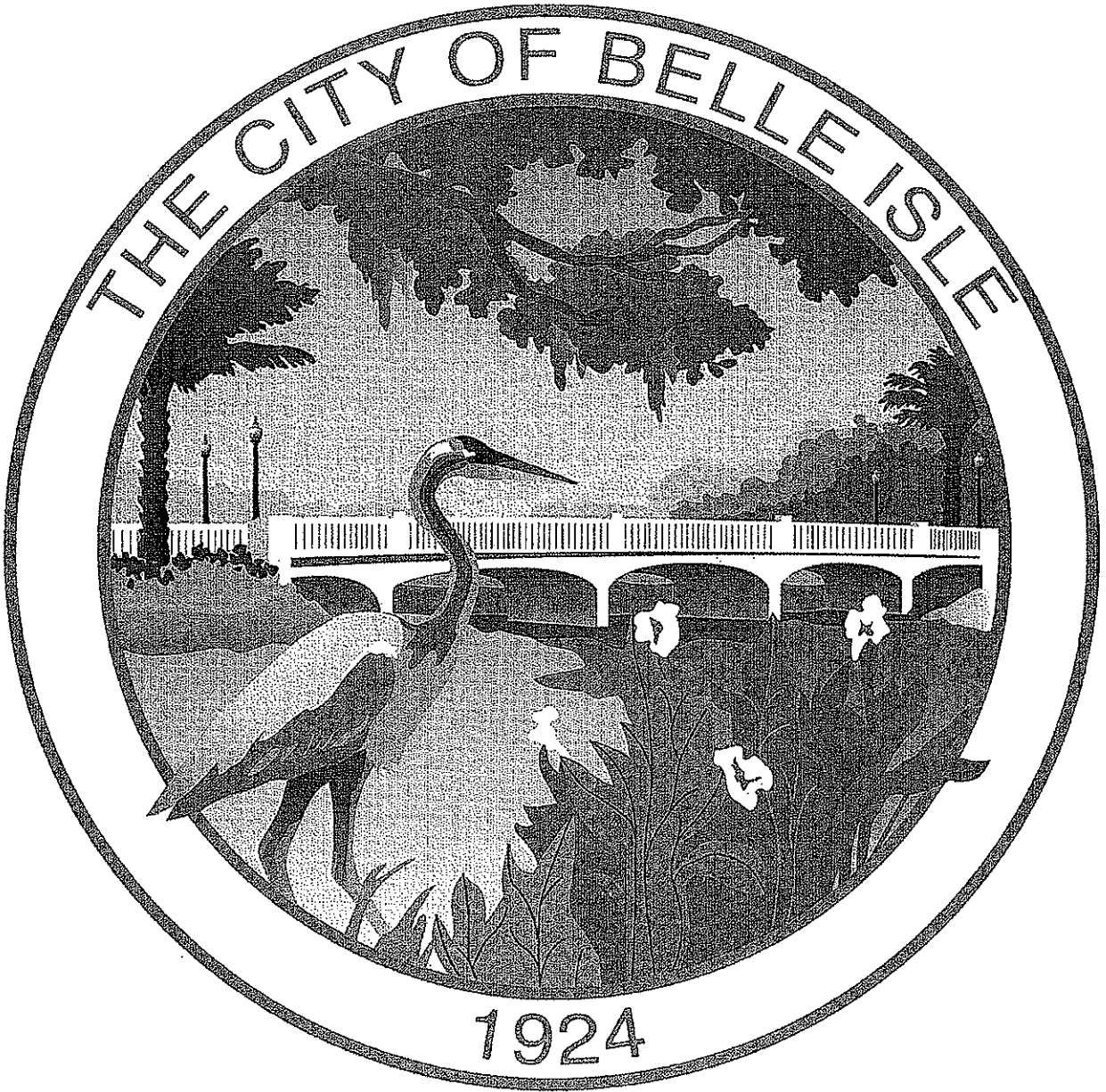
Year Ended September 30, 2008

Note 10 - Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. Risk of loss from the above is transferred by the City to various commercial insurers through the purchase of insurance. There has been no significant reduction in insurance coverage from the previous year. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

Note 11 - Contingencies:

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



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STATISTICAL SECTION

This part of the *City of Belle Isle's* comprehensive annual financial report resents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall health.

<u>Contents</u>	<u>Page</u>
Financial Trends	31
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	36
These schedules contain formation to help the reader asses the government's most significant local revenue source, the property tax.	
Debt Capacity	40
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
There are no limitations placed upon the amount of debt the <i>City of Belle Isle</i> may issue by either the City Charter or the City's Code of Ordinances or by Florida Statues.	
The <i>City of Belle Isle</i> has no general obligation bonds outstanding.	
Demographic and Economic Information	42
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	44
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

CITY OF BELLE ISLE, FLORIDA

NET ASSETS BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities										
Invested in capital assets, net of related debt	*	*	\$ 938,669	\$ 904,804	\$ 1,077,668	\$ 1,021,602	\$ 1,246,774	\$ 2,407,645	\$ 2,841,770	\$ 4,588,012
Restricted	*	*	50,000	50,000	-	982,228	855,024	899,538	1,099,267	778,479
Unrestricted	*	*	3,137,421	3,084,293	2,785,501	1,741,059	1,713,140	2,097,127	3,287,910	2,001,222
Total governmental activities net assets	-	-	\$ 4,126,090	\$ 4,039,097	\$ 3,863,169	\$ 3,744,889	\$ 3,814,938	\$ 5,404,310	\$ 7,228,947	\$ 7,367,713

* Information not available prior to implementation of GASB Statement 34

CITY OF BELLE ISLE, FLORIDA

CHANGES IN NET ASSETS

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses										
Governmental activities:										
General government	*	*	\$ 535,956	\$ 602,601	\$ 759,134	\$ 3,854,684	\$ 1,583,138	\$ 959,373	\$ 1,004,664	\$ 974,277
Public safety	*	*	1,012,536	1,102,273	1,204,188	1,263,807	1,354,690	1,509,411	1,799,649	1,979,104
Physical environment	*	*	697,531	808,376	789,966	759,429	685,656	889,384	1,004,728	1,158,691
Interest on long-term debt	*	*	-	421	33,980	58,493	61,809	56,248	98,314	106,354
Total governmental activities expense	*	*	\$ 2,246,023	\$ 2,513,671	\$ 2,787,268	\$ 5,936,413	\$ 3,685,293	\$ 3,414,416	\$ 3,907,355	\$ 4,218,426
Program Revenues										
Governmental activities:										
Charges for services:										
General government	*	*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	*	*	-	15,575	52,733	74,657	52,158	52,841	82,202	150,089
Physical environment	*	*	7,538	9,209	10,269	12,421	23,026	178,492	185,990	168,283
Operating grants and contributions ¹	*	*	-	-	-	3,128,358	349,379	348,406	252,390	210,139
Capital grants and contributions	*	*	-	-	144,453	19,795	-	945,121	1,199,787	226,727
Total governmental activities program revenues	*	*	\$ 7,538	\$ 24,784	\$ 207,455	\$ 3,235,231	\$ 424,563	\$ 1,524,860	\$ 1,720,369	\$ 755,238
Total governmental activities net expense	*	*	\$ (2,238,485)	\$ (2,488,887)	\$ (2,579,813)	\$ (2,701,182)	\$ (3,260,730)	\$ (1,889,556)	\$ (2,186,986)	\$ (3,463,188)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	*	*	\$ 849,832	\$ 923,947	\$ 966,895	\$ 1,226,058	\$ 1,605,909	\$ 1,749,543	\$ 2,088,933	\$ 2,102,260
Franchise and utility taxes	*	*	173,995	241,320	188,158	288,155	370,051	372,236	386,624	395,482
Intergovernmental-unrestricted	*	*	1,248,728	1,105,704	1,163,071	983,299	1,269,879	1,165,581	1,104,420	1,017,572
Investment income and Miscellaneous	*	*	257,377	130,923	85,761	85,390	84,940	191,568	431,644	86,640
Total governmental activities	*	*	\$ 2,529,932	\$ 2,401,894	\$ 2,403,885	\$ 2,582,902	\$ 3,330,779	\$ 3,478,928	\$ 4,011,621	\$ 3,601,954
Change in Net Assets	*	*	\$ 291,447	\$ (86,993)	\$ (175,928)	\$ (118,280)	\$ 70,049	\$ 1,589,372	\$ 1,824,635	\$ 138,766

* Information not available prior to implementation of GASB Statement 34

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

CITY OF BELLE ISLE, FLORIDA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>Property Tax</u>	<u>Franchise Fees and Utility Tax</u>	<u>Total</u>
1999	\$ 821,493	\$ 148,502	\$ 969,995
2000	823,937	152,054	975,991
2001	849,832	173,995	1,023,827
2002	923,947	241,320	1,165,267
2003	966,895	188,158	1,155,053
2004	1,226,058	288,155	1,514,213
2005	1,605,909	370,051	1,975,960
2006	1,749,543	372,236	2,121,779
2007	2,088,933	386,624	2,475,557
2008	2,102,260	395,482	2,497,742

Source Earl K. Wood - Orange County Tax Collector

CITY OF BELLE ISLE, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund										
Reserved	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 871,832	\$ 899,538	\$ 382,227	\$ 385,653
Unreserved	3,152,957	3,131,762	3,137,421	3,084,293	3,501,218	836,522	2,477,265	2,903,480	2,134,491	1,596,079
Total General fund	<u>\$ 3,152,957</u>	<u>\$ 3,131,762</u>	<u>\$ 3,187,421</u>	<u>\$ 3,134,293</u>	<u>\$ 3,501,218</u>	<u>\$ 836,522</u>	<u>\$ 3,349,097</u>	<u>\$ 3,803,018</u>	<u>\$ 2,516,718</u>	<u>\$ 1,981,732</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 717,040	\$ 392,826
Unreserved, reported in:										
Special Revenue funds	-	-	-	-	-	-	-	134,721	170,834	430,538
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,721</u>	<u>\$ 887,874</u>	<u>\$ 823,364</u>

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

CITY OF BELLE ISLE, FLORIDA

CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues:										
Taxes:										
Property	\$ 821,493	\$ 823,937	\$ 849,832	\$ 923,947	\$ 966,895	\$ 1,226,058	\$ 1,605,909	\$ 1,749,543	\$ 2,088,933	\$ 2,102,260
Franchise and utility	148,502	152,054	173,995	241,320	188,158	288,155	370,051	372,236	386,624	395,482
Licenses and permits	5,638	7,053	7,538	9,209	10,269	12,421	23,026	42,374	39,604	25,522
Intergovernmental revenues	1,111,423	1,190,895	1,248,728	1,105,704	1,253,071	1,238,791	4,391,917	2,367,395	2,556,597	1,454,438
Charges for services	-	-	-	-	-	-	-	130,266	142,096	134,016
Impact fees	-	-	-	-	-	-	-	4,455	4,290	8,745
Fines and forfeitures	22,935	19,126	22,711	15,575	52,733	74,657	52,158	52,841	82,202	150,089
Investment Income	139,384	202,913	218,675	124,591	76,032	67,725	51,470	159,258	217,601	83,174
Miscellaneous	3,631	4,283	16,030	7,669	9,729	17,665	33,470	244,025	214,043	13,233
Total revenues	<u>2,253,006</u>	<u>2,400,261</u>	<u>2,537,509</u>	<u>2,428,015</u>	<u>2,556,887</u>	<u>2,925,472</u>	<u>6,528,001</u>	<u>5,122,393</u>	<u>5,731,990</u>	<u>4,366,959</u>
Expenditures:										
General government	596,200	774,433	725,708	603,549	973,807	4,019,375	1,542,386	1,052,145	3,616,583	1,357,171
Public safety	943,256	980,394	1,012,536	1,102,273	1,204,188	1,263,807	1,354,690	1,509,411	1,799,649	1,979,104
Physical environment	521,421	666,629	743,606	882,515	936,836	1,125,337	908,484	1,698,898	1,990,489	1,260,211
Parks and recreation ¹	-	-	-	-	-	-	-	-	-	-
Debt Service: ²										
Principal	-	-	-	2,078	70,655	180,799	202,461	209,831	259,915	272,780
Interest	-	-	-	-	-	-	68,905	63,466	106,270	114,785
Bond issuance costs	-	-	-	-	-	-	-	-	32,818	-
Total expenditures	<u>2,060,877</u>	<u>2,421,456</u>	<u>2,481,850</u>	<u>2,590,415</u>	<u>3,185,486</u>	<u>6,589,318</u>	<u>4,076,926</u>	<u>4,533,751</u>	<u>7,805,724</u>	<u>4,984,051</u>
Excess Revenues Over Expenditures	192,129	(21,195)	55,659	(162,400)	(628,599)	(3,663,846)	2,451,075	588,642	(2,073,734)	(617,092)
Other Financing Sources:										
Capital lease	-	-	-	109,272	-	-	61,500	-	45,261	17,596
Bonds issued	-	-	-	-	955,000	985,000	-	-	1,480,000	-
Premium on bonds	-	-	-	-	40,524	14,150	-	-	15,326	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,272</u>	<u>995,524</u>	<u>999,150</u>	<u>61,500</u>	<u>-</u>	<u>1,540,587</u>	<u>17,596</u>
Net change in fund balance	<u>\$ 192,129</u>	<u>\$ (21,195)</u>	<u>\$ 55,659</u>	<u>\$ (53,128)</u>	<u>\$ 366,925</u>	<u>\$ (2,664,696)</u>	<u>\$ 2,512,575</u>	<u>\$ 588,642</u>	<u>\$ (533,147)</u>	<u>\$ (599,496)</u>
Debt service as a % of noncapital expenditures	0.00%	0.00%	0.00%	0.08%	2.69%	3.13%	8.76%	8.58%	11.13%	10.11%

¹ Starting in 1999, parks and recreation is not budgeted as a separate function, but is included in general government

² There was no debt service in years prior to 2002.

CITY OF BELLE ISLE, FLORIDA

ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total * Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
1999	\$ 273,812,875	\$ 8,526,264	\$ 282,339,139	3.0000	\$ 361,153,665	78.18%
2000	288,534,515	7,678,542	296,213,057	2.8960	372,148,412	79.60%
2001	304,274,080	7,209,170	311,483,250	2.8220	451,586,838	68.98%
2002	359,891,587	9,268,805	369,160,392	2.6655	483,592,148	76.34%
2003	377,489,304	8,093,638	385,582,942	2.6655	535,463,979	72.01%
2004	398,414,867	7,041,684	405,456,551	3.1655	570,614,769	71.06%
2005	425,763,108	7,299,724	433,062,832	3.6655	699,333,981	61.93%
2006	482,682,718	13,865,998	496,548,716	3.6655	908,326,364	54.67%
2007	569,227,451	15,679,104	584,906,555	3.6655	941,699,554	62.11%
2008	620,697,374	16,023,977	636,721,351	3.4068	629,330,040	99%

Source:
Orange County Property Appraiser

* Breakdown between residential & commercial not available

CITY OF BELLE ISLE, FLORIDA

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

Fiscal Year	Direct	Overlapping		Total Direct & Overlapping Rates
	City of Belle Isle	Orange County	School Board	
1999	3.0000	5.2889	9.0420	17.3309
2000	2.8960	5.2264	8.6120	16.7344
2001	2.8220	5.1639	8.5770	16.5629
2002	2.6655	5.1639	8.4320	16.2614
2003	2.6655	5.1639	7.8880	15.7174
2004	3.1655	5.1639	7.5400	15.8694
2005	3.6655	5.1639	7.7610	16.5904
2006	3.6655	5.1639	8.0635	16.8929
2007	3.6655	5.1639	7.1690	15.9984
2008	3.4068	4.4347	7.1500	14.9915

Millage Rates (\$1 per \$1,000 of taxable value)

Source: Orange County Tax Collector

CITY OF BELLE ISLE, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2008			1999		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed	Rank	Percentage of Total Taxable Assessed Value
	Value		Value	Value		Value
McCoy Condominium Investment LLC	\$ 15,973,200	1	2.51%			
Regal Boats	10,262,176	2	1.61%			
Belle Isle Commons LLC	9,196,544	3	1.45%			
Columbia Land & n Development Corp	8,059,948	4	1.27%			
Lee Leo Y TR	7,869,047	5	1.24%			
Legacy Land Exchange LLC	7,466,097	6	1.17%			
Tandiono Ferry JR	4,119,683	7	0.65%			
Efesos Properties NV, Inc. (Winn Dixie)	4,036,911	8	0.63%			
McCoy Federal Credit Union	3,760,867	9	0.59%			
Ontario Inc.	3,488,818	10	0.55%			
	-			*	1	*
	-			*	2	*
	-			*	3	*
	-			*	4	*
	-			*	5	*
	-			*	6	*
	-			*	7	*
	-			*	8	*
	-			*	9	*
	-			*	10	*
Totals	<u>\$ 74,233,291</u>		<u>11.66%</u>	<u>*</u>		<u>*</u>

Source: Orange County Property Appraiser

* Information not available

CITY OF BELLE ISLE, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1999	\$ 847,017	\$ 821,493	96.99%	\$ -	\$ 821,493	96.99%
2000	857,833	823,937	96.05%	-	823,937	96.05%
2001	879,006	849,832	96.68%	-	849,832	96.68%
2002	983,997	923,947	93.90%	-	923,947	93.90%
2003	1,027,578	966,895	94.09%	-	966,895	94.09%
2004	1,283,473	1,226,058	95.53%	-	1,226,058	95.53%
2005	1,587,392	1,576,653	99.32%	334	1,576,987	99.34%
2006	1,820,099	1,699,855	93.39%	-	1,699,855	93.39%
2007	2,146,612	2,088,933	97.31%	1,232	2,090,165	97.37%
2008	2,169,182	2,102,260	96.91%	1,576	2,103,836	96.99%

CITY OF BELLE ISLE, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	Governmental Activities		Total Primary Government	Percentage of Personal Income ²	Per Capita
	Revenue Bonds ¹	Capital Leases ¹			
1999	\$ -	\$ -	\$ -	-	\$ -
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	107,616	107,616	*	18
2003	955,000	87,958	1,042,958	*	171
2004	1,860,000	67,217	1,927,217	*	317
2005	1,690,000	96,256	1,786,256	*	293
2006	1,515,000	61,425	1,576,425	0.73%	259
2007	2,775,000	66,771	2,841,771	1.36%	483
2008	2,540,000	46,587	2,586,587	1.24%	440

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

1 The city had no debt prior to 2002

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

* Information is not available.

CITY OF BELLE ISLE, FLORIDA

PLEDGE - REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year Ended Sept 30,	2002C Revenue Bonds				2003B Revenue Bonds			
	Half-Cent Sales Tax	Debt Service		Coverage	Communication Service Taxes	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
1999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2000	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-	-
2003	762,540	-	18,406	41.43	75,981	-	-	-
2004	794,414	80,000	35,613	6.87	169,163	-	13,266	12.75
2005	863,036	85,000	33,138	7.31	247,247	85,000	28,271	2.18
2006	875,891	85,000	30,481	7.58	247,459	90,000	26,521	2.12
2007	828,086	90,000	29,082	6.95	259,064	95,000	26,034	2.14
2008	779,290	90,000	24,546	6.80	259,206	95,000	22,262	2.21

Notes:

The city had no debt outstanding prior to 2003.

CITY OF BELLE ISLE, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

	Population ²	Personal Income ¹	Per Capita Personal Income ¹	Median Age ¹	Education Level In Years of Formal Schooling ¹	Unemployment Rate ¹
1999	6,026	*	*	*	*	*
2000	6,148	170,490,188	27,731	40.9	14.2	3.20%
2001	6,446	*	*	*	*	*
2002	6,015	*	*	*	*	*
2003	6,087	*	*	*	*	*
2004	6,087	*	*	*	*	*
2005	6,087	*	*	*	*	*
2006	6,087	214,877,187	35,301	42.7	14.5	3.00%
2007	5,881	208,328,544	35,424	43.0	14.3	4.50%
2008	5,881	208,328,544	35,424	43.0	14.3	4.50%

* Data not available

¹ Metro Orlando Economic Development Commission

² BEBR

CITY OF BELLE ISLE, FLORIDA

FULL - TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government	3	3	5	5	5	5	4	5	5	5
Public Safety	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Public Works	3	4	3	4	4	5	5	5	5	4
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Total	6	7	8	9	9	10	9	10	10	9

CITY OF BELLE ISLE, FLORIDA
OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government										
License/Permit Reviews	*	*	350	419	431	535	1124	645	795	501
Employees paid	38	43	46	52	56	56	55	59	70	64
Public Safety										
Parking violations	*	*	*	*	*	*	*	14	170	237
Highways & Streets										
Streets paved (miles)	*	21.5	21.5	21.5	23.3	23.5	23.5	23.5	23.5	24
Streets resurfaced (tons/asphalt)										
Sidewalks/bike paths built or repaired (feet)	*	25	25	25	25	25	25	25	25	7085

* Data not available

Source: City of Belle Isle Finance Dept.

CITY OF BELLE ISLE, FLORIDA

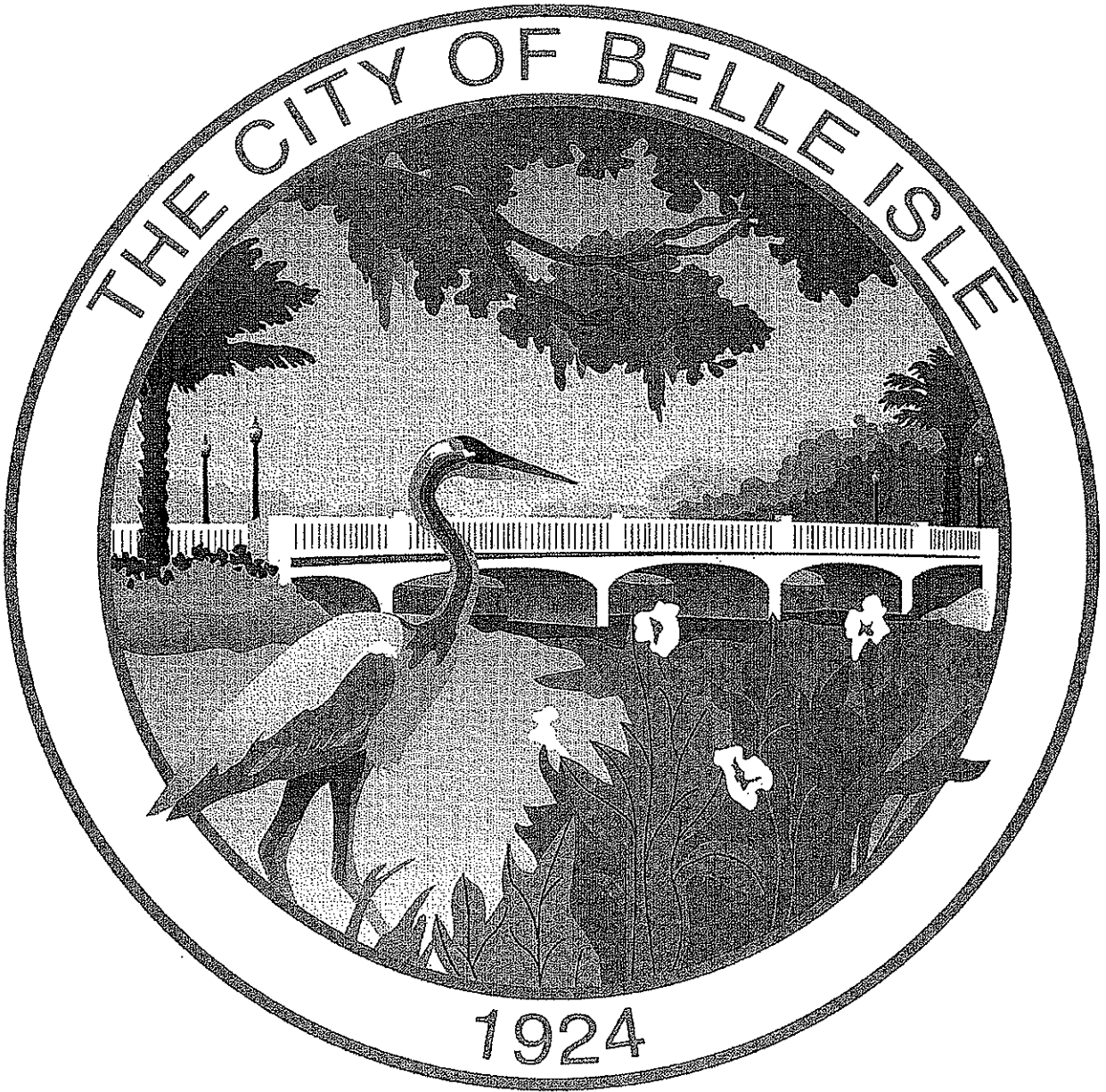
CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Highways & Streets											
Streets - paved (miles)	*	*	21.5	23.3	23.3	23.3	23.3	23.3	23.3	24	24
Streets - unpaved (miles)	*	*	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Street lights	*	*	660	660	660	660	660	660	660	667	671
Parks and Recreation											
Parks	*	*	2	2	2	2	2	2	2	2	2

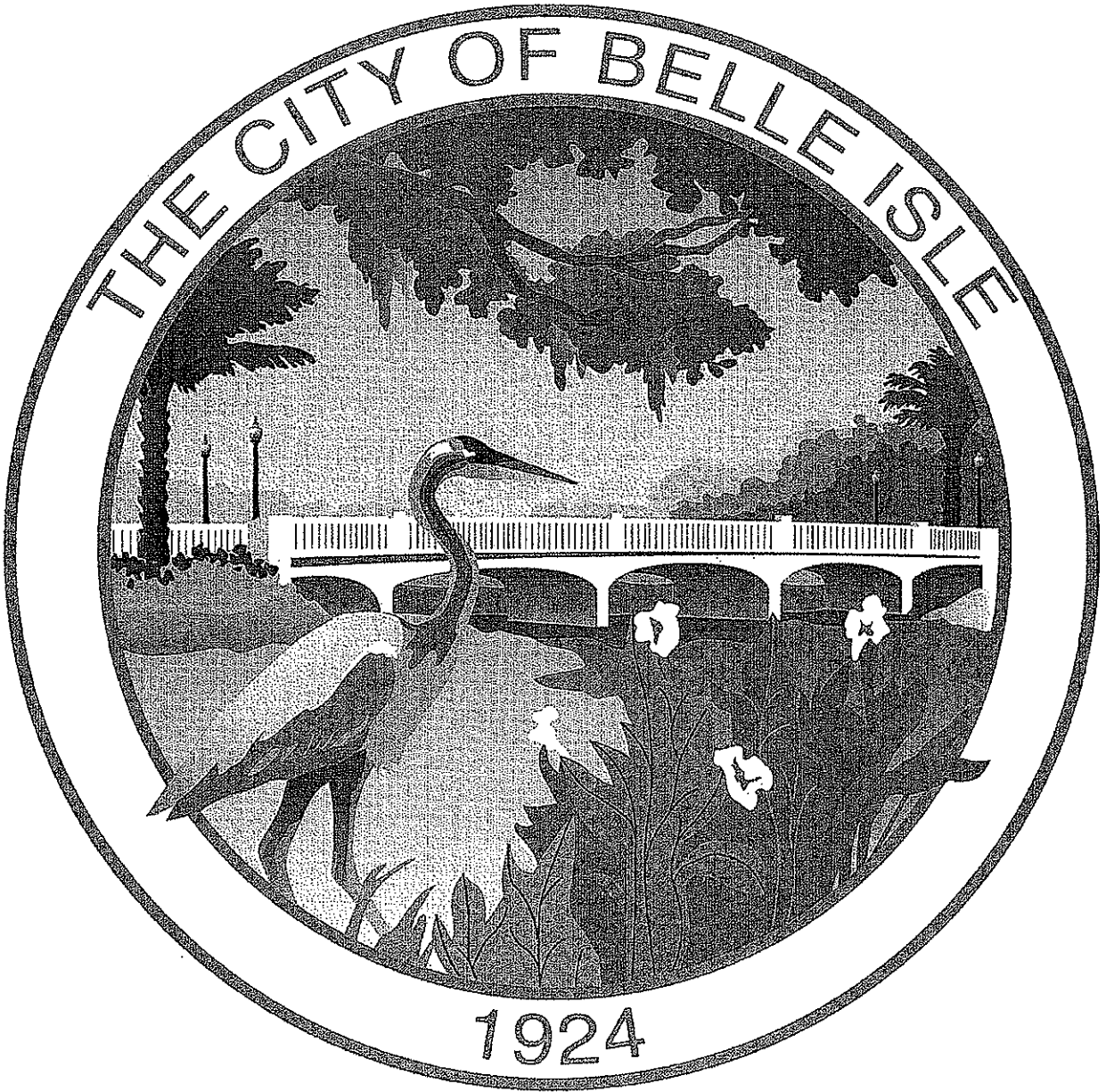
* Data not available

Source: City of Belle Isle Public Works Dept.



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INTERNAL CONTROL AND COMPLIANCE SECTION



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

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

We have audited the basic financial statements of the *City of Belle Isle, Florida*, as of and for the year ended September 30, 2008, and have issued our report thereon dated January 21, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the *City of Belle Isle, Florida's* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described below is not a material weakness.

Significant Deficiency

The *City of Belle Isle, Florida*, does not have controls over preparation of the financial statements which would prevent or detect a misstatement in the financial statements. We recommend that the City consider hiring another CPA to prepare the financial statements to be audited.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the *City of Belle Isle, Florida*, in a separate letter dated January 21, 2009. The City's response to our findings identified in our audit is included in this report. We did not audit the City's response, and accordingly, we express no opinion on it.

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

McDermitt Davis & Company, LLC

McDIRMIT DAVIS & COMPANY, LLC

January 21, 2009

MANAGEMENT LETTER

Honorable Mayor and City Commission
City of Belle Isle, Florida

We have audited the financial statements of the *City of Belle Isle, Florida*, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated January 21, 2009.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our report on Internal Control over Financial Reporting and Compliance and other matters. Disclosures in that report, which is dated January 8, 2009 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The recommendations made in the preceding annual financial audit report have been corrected, as detailed in the accompanying pages.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the *City of Belle Isle, Florida* complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, please see our current year comments which are attached.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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- Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgement, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *City of Belle Isle, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Sections 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the *City of Belle Isle, Florida* for the fiscal ended September 30, 2007, 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, 2008. We determined that these two reports are in agreement.
- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information of the *City of Belle Isle, Florida* and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

McDermitt Davis & Company, LLC

January 21, 2009

Status of Prior Year Comments

1. Payroll Taxes Payable - At September 30, 2007, payroll taxes payable has a debit balance. Payroll taxes payable should have a credit balance equal to amount that is due to be deposited the following month. In addition, we noted differences in every quarter where wages per the general ledger were higher than those reported on the Form 941.

Recommendation:

We recommend that the City implement procedures to insure that amounts reported on Form 941 agree to the general ledger and that the payroll taxes payable accounts always zero out after tax deposits are made.

Corrective Action:

The City implemented procedures to balance payroll taxes, and zero out liability account. No further recommendation is needed.

2. Back Dating of Transactions - During the year, some transactions were back-dated to previous months after the bank reconciliations were done. This caused differences between the printed bank reconciliations and the general ledger balance in the system for the previous month end.

Recommendation:

Users should not be allowed to post transactions to a prior month after that month has been closed. The bank reconciliation should be finalized only after all month end journal entries and adjustments have been made.

Corrective Action:

The City is now closing out each month after all month end entries have been made, and entries cannot be posted back to a closed month.

3. Accounts Receivable – Accounts receivable and revenue relating to state revenues were overstated at September 30, 2007 This was caused because accruals being done each month did not always match what was actually received in the following month.

Recommendation:

We recommend that the City consider recording revenues as they are received during the year and do accruals only at year end.

Corrective Action:

The City implemented procedures to reconcile state revenues and receivables to the FOCUS report monthly. No further recommendation is needed.

Current Year Comments

1. Balanced Trial Balance- The current financial software system does not provide trial balances that balance at the fund level, since all prior year net income or loss is closed to one account.

Recommendation:

We recommend either a new system that will allow for the City to set up three separate self balancing funds, or that a journal entry be done after all audit entries are posted to balance the fund balance for all three funds to that of the audited financials.

2. Payroll approval- We noted no documentation that either the City Manager or other supervisors are reviewing time cards or the payroll register for accurate hours worked.

Recommendation:

We recommend that supervisors sign off on time cards to verify hours worked. We also recommend that the City Manager sign off on the payroll register prior to authorizing the direct deposit to verify and document approval of the payroll.



CITY OF BELLE ISLE, FLORIDA

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

February 18, 2009

Department of Financial Services
Bureau of Accounting
200 E. Gaines St.
Tallahassee, FL 32399

Re: City of Belle Isle YE September 30, 2008 Audited Financials
Management Letter

Dear Auditor General,

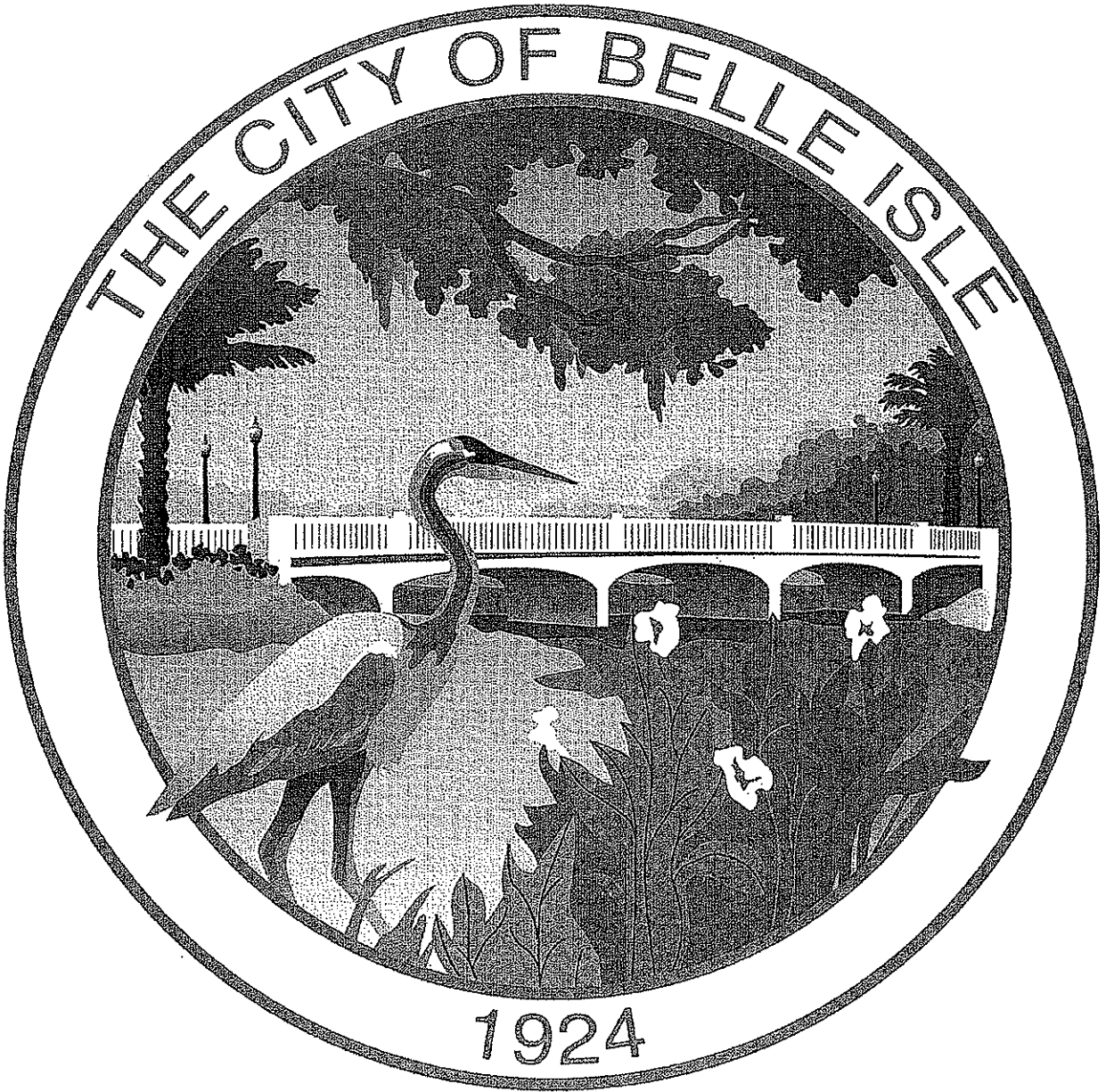
The City of Belle Isle has address and corrected the following comments.

- **Balanced Trial Balance** – The City posted Journal Entry to balance the fund balance for all three Funds; General Fund, Stormwater Fund and Traffic Impact Fund. Monthly journal entry will reconcile fund balance to financials.
- **Payroll Approval** – Payroll register is reviewed for accurate hours worked. Supervisor will sign off each time card and payroll register to document approval of the payroll.

Sincerely,

Belinda L. Bateman
City Manager

Cc; Kelly Learey CPA, McDirmit Davis
Lucy Ramos, Finance Director



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MCDIRMIT  DAVIS
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

Honorable Mayor and City Commissioners
City of Belle Isle, Florida

We have audited the financial statements of the governmental activities and each major fund, of the *City of Belle Isle, Florida* as of and for the year ended September 30, 2008, and have issued our report thereon dated January 21, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated October 17, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. As part of our audit, we considered the internal control of the *City of Belle Isle, Florida*. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the *City of Belle Isle, Florida* compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter dated December 2, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the *City of Belle Isle, Florida* are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 21, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,

McDermitt Davis & Company, LLC

January 21, 2009



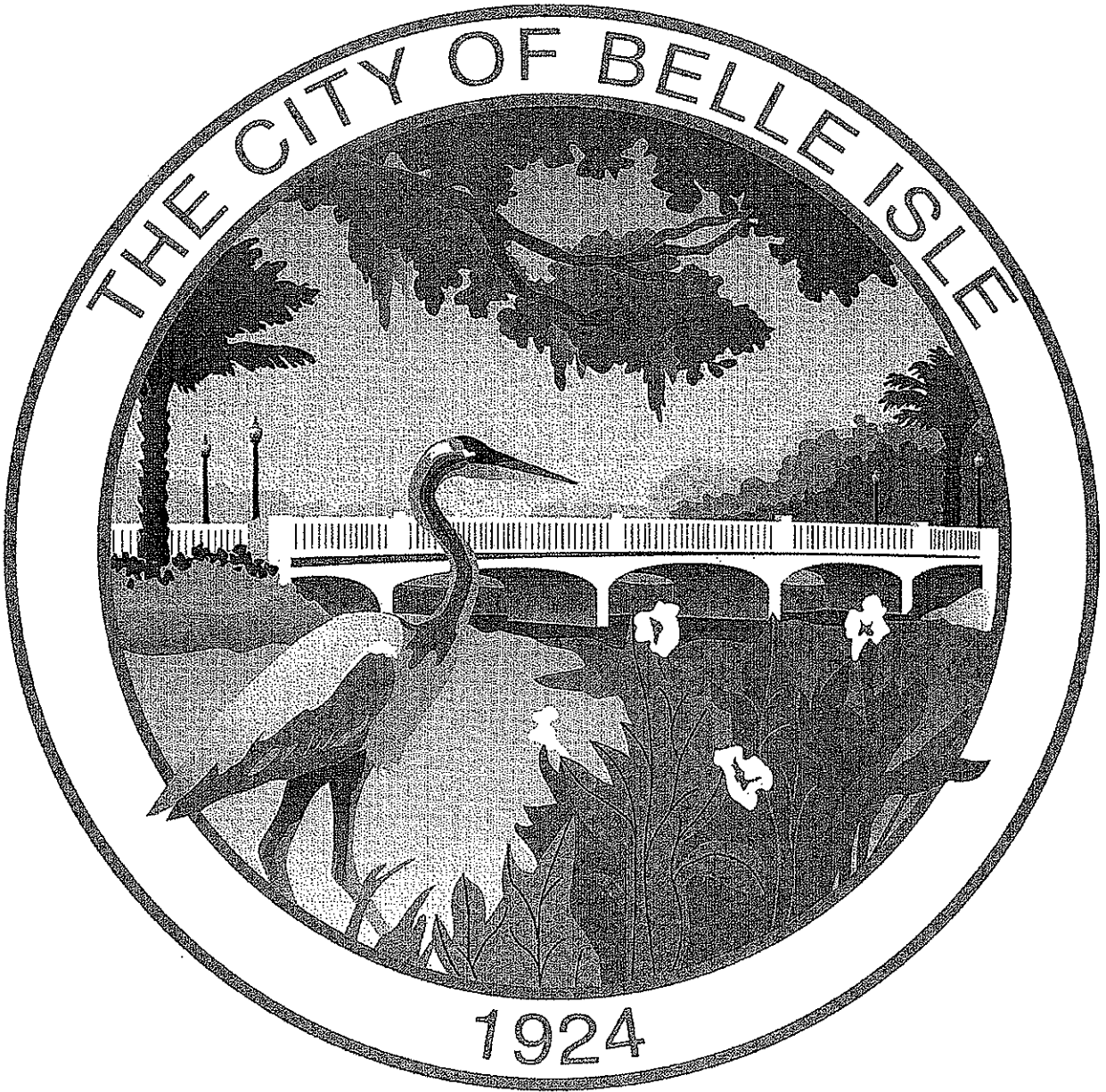
CITY OF BELLE ISLE, FLORIDA

1600 Nela Avenue
P.O. Box 593135 • Belle Isle, Florida 32859
(407) 851-7730 • FAX 240-2222

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

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

Belinda Bateman
City Manager



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