

TOWN OF BELLEAIR, FLORIDA

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2010

**Prepared by the
Department of Finance**

TOWN OF BELLEAIR, FLORIDA

COMMISSION - MANAGER FORM OF GOVERNMENT

TOWN COMMISSION

Gary Katica, Mayor

Stephen Fowler, Commissioner

Tom Shelly, Commissioner

Michael Wilkinson, Commissioner

Kevin Piccarreto, Commissioner

Town Manager

Micah Maxwell

Assistant Town Manager/Finance Director

J. P. Murphy

Town Clerk

Donna Carlen

INTRODUCTORY SECTION

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TOWN OF BELLEAIR, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Table of Contents	i
Letter of Transmittal	vi
Government Finance Officers Association	
Certificate of Achievement	xii
Town of Belleair Organization	xiii
Listing of Town of Belleair Officials	xiv

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19

TOWN OF BELLEAIR, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION (CONTINUED)</u>	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	20
Statement of Net Assets - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Statement of Fiduciary Net Assets - Fiduciary Fund	27
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	28
Notes to Financial Statements	29
Combining and Individual Fund Financial Statements and Schedules	
Non-Major Governmental Funds:	
Combining Balance Sheet - Non-Major Governmental Funds	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	68
Major Capital Projects Funds - Budget and Actual - From Inception:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Projects Fund	69

TOWN OF BELLEAIR, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

TABLE OF CONTENTS

Page

FINANCIAL SECTION (CONTINUED)

Combining and Individual Fund Financial Statements and Schedules (Continued)

Enterprise Funds:

Schedule of Revenues, Expenses and Changes in Net Assets -

Budget and Actual:

Water Enterprise Fund 70

Wastewater Management Enterprise Fund 71

Solid Waste Management Enterprise Fund 72

Capital Assets Used in the Operation of Governmental Funds:

Comparative Schedules by Source 73

Comparative Schedules by Function and Activity 74

Schedule of Changes by Function and Activity 76

TOWN OF BELLEAIR, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
 <u>STATISTICAL SECTION</u> 	
Financial Trends:	
Net Assets by Component	77
Changes in Net Assets	78
Program Revenues by Functions/Programs	80
Fund Balances of Governmental Funds	81
Changes in Fund Balances of Governmental Funds	82
General Governmental Expenditures by Function	83
Graph of General Government Expenditures by Function	84
General Governmental Revenues by Source	85
General Governmental Tax Revenues by Source	85
Graph of General Governmental Revenues by Source	86
Graph of General Governmental Tax Revenues by Source	87
 Revenue Capacity:	
Assessed and Estimated Actual Value of Taxable Property	88
Assessed Valuations, Millage and Taxes Levied and Collected	89
Property Tax Rates - Direct and All Overlapping Governments (per \$1,000)	90
Principal Property Taxpayers	91
Property Levies and Collections	92
 Debt Capacity:	
Percentage of Annual General Debt Service to General Governmental Expenditures -	
General Obligation Bonded Debt and Mortgage Note	93
Percentage of Net General Bonded Debt to Taxable Assessed Valuation	
and Net Bonded Debt Per Capita	94
Computation of Overlapping Debt - General Obligation Bonds	95

TOWN OF BELLEAIR, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

TABLE OF CONTENTS

Page

STATISTICAL SECTION (CONTINUED)

Demographic and Economic Information:

Demographic Statistics	96
Principal Employers	97

Operating Information:

Full Time Equivalent Town Government Employees by Function	98
Operating Indicators by Function	99
Capital Asset Statistics	100
Property Value, Construction and Bank Deposits	101
Miscellaneous Statistical Data	102
Schedule of Insurance in Force	103
Water, Wastewater Management and Solid Waste Management Funds - Statistical Data	104
Water Fund - Service Efforts and Accomplishments	105
Solid Waste Management Fund - Service Efforts and Accomplishments	109

TOWN OF BELLEAIR, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

TABLE OF CONTENTS

Page

OTHER REPORTS

Report on Compliance and on Internal Control over Financial Reporting based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	111
Management Letter	113
Management Memorandum:	
Management Memorandum on Review of Internal Control Structure	116
Management's Response	120

LETTER OF TRANSMITTAL

TOWN OF BELLEAIR

MAYOR:
GARY H. KATICA

COMMISSIONERS:
STEPHEN FOWLER
TOM SHELLY
MICHAEL WILKINSON
KEVIN PICCARRETO

TOWN MANAGER:
MICAH MAXWELL



INC. 1925

901 PONCE DE LEON BOULEVARD
BELLEAIR, FLORIDA 33756-1096

PHONE (727) 888-3788
FAX (727) 888-3778
WWW.TOWNOFBELLEAIR.COM

July 23, 2010

To the Honorable Mayor, Town Commission, and Citizens of the Town of Belleair, Florida

State law requires that all general-purpose local governments publish within one year 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 generally accepted, in the United States of America, auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Belleair, Florida for the fiscal year ended September 30, 2010

This report consists of management's representations concerning the finances of the Town of Belleair, 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 Town of Belleair, Florida 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 presentation of the Town of Belleair, Florida's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Belleair, Florida'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 Town of Belleair, Florida's financial statements have been audited by Davidson, Jamieson & Cristini, P.L., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Belleair, Florida for the fiscal year ended September 30, 2010, 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 Town of Belleair, Florida's financial statements for the fiscal year ended September 30, 2010, 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 Town of Belleair, Florida's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Belleair, Florida was incorporated in 1925, and was chartered under Chapter 10335, Special Laws of Florida, with a Mayor form of government. The Town of Belleair, Florida currently occupies a land area of 2.5 square miles and serves a population of 4,145 according to University of Florida's Estimates of Population for 2009. The Town of Belleair, Florida is empowered to levy a property tax on both real and personal properties located within its boundaries.

The Town of Belleair's charter was changed in 1973 to provide for a town manager type of government, and in 1997, due in part to additional provisions in the charter which strengthened the authority of the town manager, was officially recognized as a commission-manager form of government by the International City Managers Association. Policy-making and legislative authority are vested in a governing commission consisting of the mayor and four other members. The town commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The town's manager is responsible for carrying out the policies and ordinances of the town commission, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The commission is elected on a non-partisan basis. Commission members serve two-year staggered terms, with two commissioner members elected every two years. The mayor is elected to serve a two-year term. The mayor and commission members are elected at large.

The Town of Belleair, Florida provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational activities and cultural events. The Town of Belleair, Florida also provides water and solid waste services. These departments are enterprise funds and are included in this report.

The town annually publishes a five-year financial strategic plan that serves as the foundation for the Town of Belleair, Florida's financial planning and control. This strategic plan is also the basis for the town's annual budget. All departments of the Town of Belleair, Florida are required to submit requests for new services or products in March of each year to the manager. These along with an assumed increase in recurring costs are the basis for the strategic plan. In May budget requests are submitted to the town manager. The town manager uses these requests as the starting point for developing a proposed budget. The town manager then presents this proposed budget to the council for review prior to July 31st. 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 Town of Belleair,

Florida's fiscal year. The appropriated budget is prepared by fund (e.g., general), and department (e.g., recreation). Department heads may request transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the town commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 20 as part of the basic financial statements for the governmental funds. There are no budget-to-actual comparisons for funds other than the general fund. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., the capital projects funds).

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 Town of Belleair, Florida operates.

Local economy. The Town is mostly a residential community with three 18-hole golf courses. However, the region has a varied manufacturing and industrial base. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include; computer hardware, software manufacturers, electrical controls, several financial and insurance institutions. The Town of Belleair, Florida currently has a challenging economic environment and local indicators point to continued downward fluctuation in the real estate market. In addition, the numbers of foreclosures are increasing in town. The town is feeling the effects of the economy as the number of delinquent utility customers is on the rise. In addition to increased utility delinquency, the town has seen a dramatic increase in the number of code enforcement cases regarding vacant properties.

The Belleview Biltmore hotel remains closed for renovation, resulting in job losses, and significant decreases in water revenue for the town. Each year that the hotel property remains closed results in a \$200,000 dollar negative impact to the water fund. The Belleview Biltmore Hotel and the Town of Belleair were joint parties in litigation regarding the plan review of the Hotel's Renovation and Construction. The case languished in court for much of the year, during which the investors that were secured to construct the project withdrew their funding. The Hotel property was later sold to another investment group, who is exploring many different land use options. At the time of this report no development plans have been submitted.

The region (which includes the Town of Belleair, Florida and the surrounding unincorporated area within the same county) has a population base of approximately one million people, with three surrounding counties playing a vital role in the region's economy.

Long-term financial planning. The Town of Belleair, Florida has long range plans for infrastructure improvements (streets, drainage, and water system). The town's long-range financial plan has close to 20 million dollars in streets and drainage improvements scheduled throughout

Belleair over the next five years. The most immediate of which is a 5 million dollar bluff reclamation project which combines roadway improvements and the reconstruction of an eroding natural bluff also known as Hallett Park. The Town has secured grant funding once the project commences of 2.5 million dollars from the state regulatory agency SWFMD to help construct the project. Other large projects include a 1 million dollar Belleview Boulevard project which provide roadway and drainage improvements in the north part of town.

The water enterprise fund has scheduled more than \$900,000 worth of improvements in the treatment and distribution system. Many of the distribution system improvements are scheduled to coincide with the street improvements thus increasing efficiency and reducing cost. The wastewater treatment and collections system has been sold to Pinellas County, Florida. In large measure this was decided upon due to the overwhelming federal and state mandates relating to the treatment of sewage. In order for the Town of Belleair to comply with these mandates rates would have had to be increased significantly.

Relevant financial policies. The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 45 “*Accounting and Financial Reporting by Employers for Postemployment Benefits (OPEB) Other Than Pensions*” for its governmental activities and proprietary fund types. This statement establishes standards for the measurement, recognition and display of OPEB expense/expenditures and related liabilities (assets), note disclosures and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The town finances the OPEB benefits on a pay-as- you go basis, but recognizes the cost of the benefits in the period when the employee’s service is being received by the town. At the time of this transmittal the town had no general retirees receiving OPEB benefits, though it is expected that three eligible employees will retire at the end of next fiscal year.

The Town of Belleair, Florida sponsors defined benefit pension plans for its public safety (sworn police officers) employees as is provided for under chapters 185 of state statute. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the Town of Belleair, Florida must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the Town of Belleair, Florida fully funds each year’s annual required contribution to the pension plan as determined by the actuary.

The Town of Belleair, Florida also provides a money purchase defined contribution retirement benefit for its non-public safety employees. This benefit is provided through the International City/County Managers Association Retirement Corporation. If the employee elects to contribute at least three percent (3%) to the plan the town will contribute nine percent (9%). The Town of Belleair, Florida has no obligation in connection with employee benefits offered through this plan beyond its contribution to the employees’ plan.

In addition to the implementation of GASB statement No. 45, the Town has adopted GASB statement No. 54, regarding “*Fund Balance Reporting and Governmental Fund Type Definitions*”. The objective of this Statement is to enhance the usefulness of fund balance information by

providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This statement also provides for additional classification as *restricted*, *committed*, *assigned*, and *unassigned* based on the relative strength of the constraints that control how specific amounts can be spent. The first financial statements reflecting these changes will occur during the Annual Financial Audit of the fiscal year 2010-2011.

As stated earlier, the town develops a five year strategic plan which aids the town in establishing conservative estimates of ongoing revenues and expenditures. The town's revenue estimates are developed on based on historical trends, local economic projections and reasonable assumptions of future conditions. The town maintains, as permitted by State law, a diverse revenue base to mitigate the effects of short term fluctuations in any one revenue. The town commission is considering the addition of two new funding sources, a storm-water fee and a utility tax. The proceeds of which will directly fund capital projects and drainage improvements.

In conjunction with its review of its revenues, the town calculates the full direct cost of activities supported by user fees and considers such information while establishing user fees and other charges for service. Similarly, the town's expenditures are estimated based of the prior year's expense while considering potential increases as well as efficient decreases. The town is legally mandated to have a balanced budget in all funds.

The town's fund balance policy currently maintains a minimum unreserved undesignated (or unobligated) fund balance for the general fund of \$750,000. To the extent that unreserved, undesignated fund balance exceeds \$750,000, the town may draw upon the fund balance to provide funding for capital projects or provide funding for nonrecurring expenses. During this fiscal period the general fund transferred \$1,089,465 to the Infrastructure fund for the purposes of funding such capital projects as Bayview-Manatee Roadway improvements and the Southwest Roadway project.

In the proprietary funds (water, solid waste, and wastewater funds) the budgeted unreserved, undesignated, cash reserve is set at \$250,000 dollars. This is the first year that the water fund has dropped below that the minimum, and the subsequent year's budget has been adjusted to increase the fund balance to be in compliance with the policy. All of the other proprietary funds currently have an unreserved, undesignated, cash reserve in excess of \$250,000.

Cash temporarily idle during the year was primarily invested in the state's investment pool previously known as the state board of administration pool, now called the Florida PRIME fund. To address ongoing diversification concerns, town staff is currently investigating additional investment vehicles in which to place these dollars. Once such move that occurred during the fiscal year 2010-2011 included withdrawing the corpus of the FLPRIME FUND A account dollars and depositing them in a fully insured SunTrust Municipal NOW account. Additionally, the town has revised its

written investment policy strictly mandating the kinds of acceptable risk the town will incur. This policy dictates where investments can be made, what percentage of cash can be invested and who has the authority to make investments.

The town participates in a pool of self-insurers for its health care, property & casualty, and pollution lines. By being a member of the Public Risk Management (PRM) pools the town has been able to contain its costs by spreading the risk amongst all other members of the pool; increases or decreases are resultant as a function of a deviation factor for losses of the pool. Annually the town evaluates its risk in a variety of areas including workers' compensation and potential natural disasters. The Town in collaboration with the PRM staff have conducted several risk assessments and subsequently implemented many changes as they relate to work place safety. An employee safety committee inspects work areas and makes recommendations to improve safety. Employee accident prevention training has been implemented to minimize accident-related losses. The town has won numerous safety awards including a most recent "Vehicle Accident Free" awarded by the town's insurance pool.


Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Belleair, Florida for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2009. This was the nineteenth consecutive year that the town has 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 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 departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the commission for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Belleair, Florida's finances.

Respectfully submitted,



Town Manager



Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Belleair
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

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.

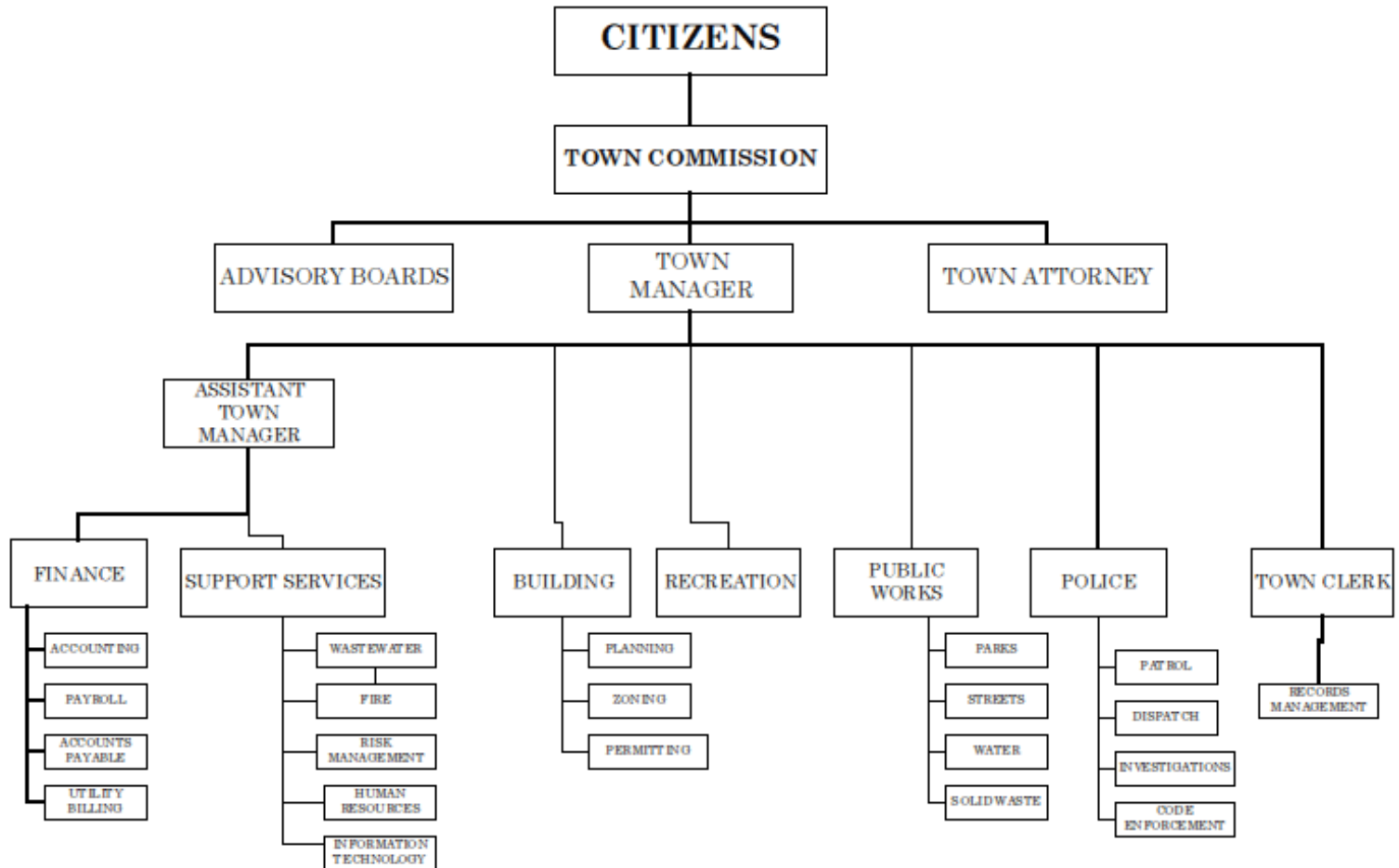


President

Executive Director

TOWN OF BELLEAIR

October 1, 2010



TOWN OF BELLEAIR, FLORIDA

LISTING OF TOWN OFFICIALS

ELECTED OFFICIALS

Mayor	Gary M. Katica
Commissioner	Stephen Fowler
Commissioner	Kevin Piccarreto
Commissioner	Michael Wilkinson
Commissioner	Tom Shelly

APPOINTED OFFICIALS

Town Manager	Micah Maxwell
Town Attorney	David Ottinger

DEPARTMENT HEADS AND SUPERVISORS

Assistant Town Manager/Finance Director	J. P. Murphy
Fleet Maintenance/Solid Waste Management	Chip Zimmerman
Police	Thomas Edwards
Streets/Parks	Robin Zimmerman
Public Utilities - Water	David Brown
Recreation	John R. Yevich
Town Clerk	Donna Carlen

FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Combining and Individual Fund Financial Statements

INDEPENDENT AUDITOR'S REPORT

Davidson, Jamieson & Cristini, P.L.
Certified Public Accountants

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
(727)734-5437 or 736-0771
FAX (727) 733-3487

Members of the Firm
John N. Davidson, CPA, CVA
Harry B. Jamieson, CPA
Richard A. Cristini, CPA, CPPT, CGFM

Member
American Institute of
Certified Public Accountants
Florida Institute of
Certified Public Accountants

The Honorable Mayor
and Town Commission
Town of Belleair, Florida

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of the Town of Belleair, Florida, as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants 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, assessing the accounting principles used and the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the budgetary comparison and the aggregate remaining fund information of the Town of Belleair, Florida, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Mayor
and Town Commission

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2011 on our consideration of the Town of Belleair, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

The *accompanying management's discussion and analysis* on pages 3 through 13 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The *accompanying introductory section, combining nonmajor fund financial statements, schedules and statistical tables* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining, nonmajor fund financial statements* and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The *introductory section and statistical tables* 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.

Davidson, Jamison & Cristine, P.L.

September 16, 2011

MANAGEMENT'S DISCUSSION
AND ANALYSIS

Management's Discussion and Analysis

This narrative overview and analysis of the Town of Belleair's financial statements for the fiscal year ended September 30, 2010, provides readers with a comprehensive picture of the town's fiscal health, and its financial administration. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page vi of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Town of Belleair, Florida exceeded its liabilities at the close of the most recent fiscal year by \$33,666,687 (*net assets*). Of this amount, \$4,855,796 (*Unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$1,140,003. One area of significant change regarding assets was the demolition of the wastewater treatment plant
- As of the close of the current fiscal year, the Town of Belleair, Florida's governmental (general) fund reported an actual ending fund balance of \$4,507,152 a decrease of \$1,312,042 in comparison with the beginning fund balance. The decrease is due largely to transfers from the general fund to the infrastructure fund of \$1,089,465
- The Town of Belleair, Florida has no debt.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Belleair, Florida's basic financial statements. The Town of Belleair, Florida's basic financial statements consists of three elements: 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 Town of Belleair, Florida's finances, in a manner similar to those one may observe for a private-sector business.

The statement of net assets presents information on all of the Town of Belleair'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 Town of Belleair 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).

Both of the government-wide financial statements distinguish functions of the Town of Belleair, Florida that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Belleair include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the Town of Belleair include water and solid waste funds. A third business type activity (waste water) was sold to Pinellas County in 2004, though billing for wastewater services is still managed by the town.

The government-wide financial statements include the Town of Belleair, Florida itself (known as the *primary government*). Financial information for the fiduciary fund (police officers' pension plan) is reported separately from the financial information represented for the primary government itself. The water and solid waste funds, although business type funds, function as departments of the Town of Belleair, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found beginning on page fourteen 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 Town of Belleair, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Belleair can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating 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 Town of Belleair maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital project fund, both of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these

non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found beginning on page sixteen of this report.

Proprietary funds. The town maintains one kind of proprietary fund. *Enterprise funds* which are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The town uses enterprise funds to account for its water and solid waste funds. The other kind of proprietary fund is an *internal service fund*, an accounting device used to accumulate and allocate costs internally. This type of proprietary fund is not used within the Town of Belleair.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater and solid waste funds, all of which are considered to be major funds of the town.

The basic proprietary fund financial statements can be found beginning on page twenty-one of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Belleair's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found beginning on page twenty-six of this report.

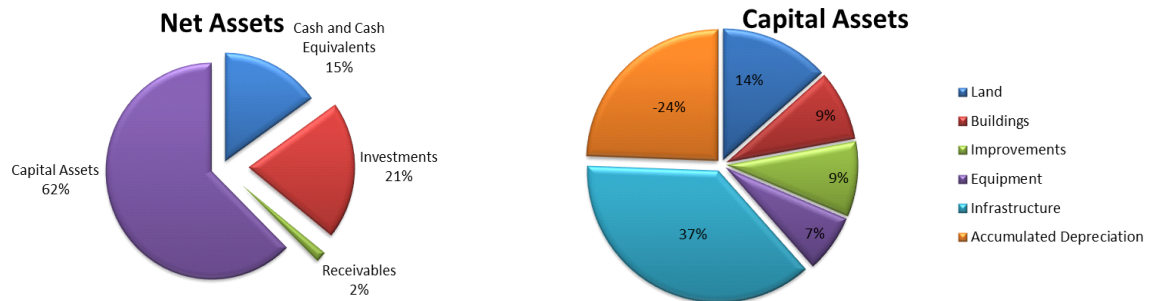
Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-66 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Belleair's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page sixty-one of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented beginning on page sixty-seven. Combining and individual fund statements and schedules can be found on pages 67-76 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Town of Belleair, Florida, assets exceeded liabilities by \$33,666,687 at the close of the most recent fiscal year.



By far the largest portion of the Town of Belleair's net assets (sixty-two percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The town uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Belleair, Florida's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 10,847,769	\$ 11,297,814	\$2,919,090	\$2,070,776	\$ 13,766,859	\$ 13,368,590
Capital assets	18,612,877	19,122,641	2,043,694	2,894,524	20,656,571	22,017,165
Total assets	29,460,646	30,420,455	4,962,784	4,965,300	34,423,430	35,385,755
Long-term liabilities outstanding	228,428	167,581	49,935	85,154	278,363	252,735
Other liabilities	260,893	238,557	217,487	87,773	478,380	326,330
Total liabilities	489,321	406,138	267,422	172,927	756,743	579,065
Net assets:						
Invested in capital assets						
net of related debt	18,612,877	19,122,641	2,919,090	2,894,524	21,531,967	22,017,165
Restricted	5,710,035	4,918,345	1,568,889	1,611,695	7,278,924	6,530,040
Unrestricted	4,648,413	5,973,331	207,383	286,154	4,855,796	6,259,485
Total net assets	<u>\$ 28,971,325</u>	<u>\$ 30,014,317</u>	<u>\$4,695,362</u>	<u>\$4,792,373</u>	<u>\$ 33,666,687</u>	<u>\$ 34,806,690</u>

An additional portion of the Town of Belleair's net assets (seventeen percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$4,855,796) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities in the town represent a significant portion of its unrestricted net assets (ninety-six percent).

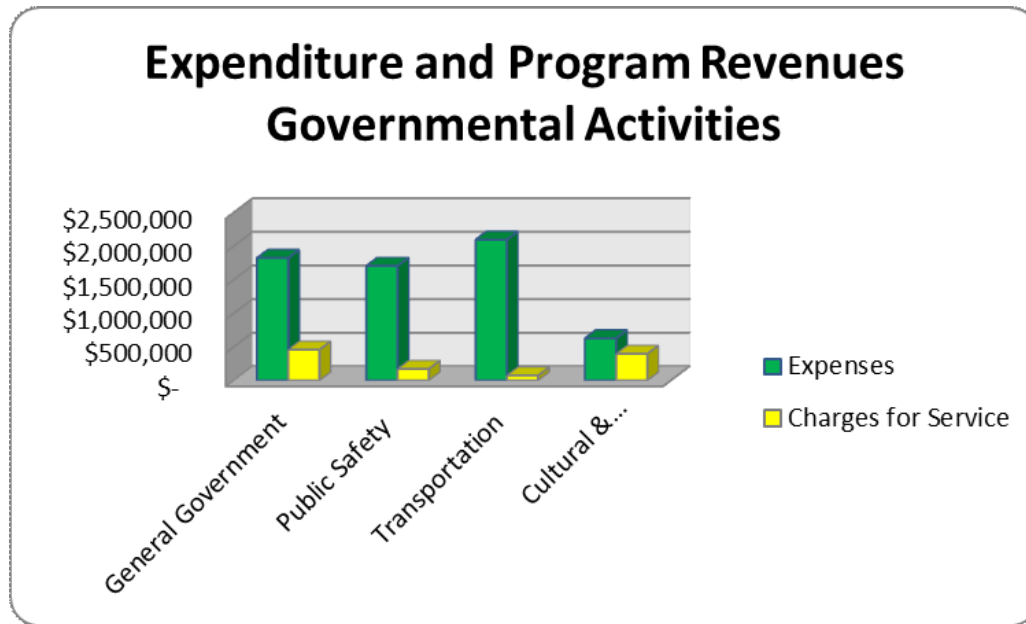
Town of Belleair, Florida's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,096,623	\$ 759,833	\$ 2,378,345	\$ 2,516,190	\$ 3,474,968	\$ 3,276,023
Capital grants and contributions	540	2,534,079	-	-	540	2,534,079
Total program revenues	1,097,163	3,293,912	2,378,345	2,516,190	3,475,508	5,810,102
General revenues:						
Taxes	4,401,569	4,822,937	-	-	4,401,569	4,822,937
Capital contributions	-	-	-	2,345	0	2,345
Other	124,463	131,795	13,441	47,085	137,904	178,880
Total general revenues	4,526,032	4,954,732	13,441	49,430	4,539,473	5,004,162
Total revenues	5,623,195	8,248,644	2,391,786	2,565,620	8,014,981	10,814,264
Expenses:						
General government	1,837,143	2,159,122	-	-	1,837,143	2,159,122
Public safety	1,717,806	1,812,338	-	-	1,717,806	1,812,338
Transportation	2,111,298	1,216,164	-	-	2,111,298	1,216,164
Culture and recreation	631,840	752,449	-	-	631,840	752,449
Water	-	-	1,228,616	1,382,515	1,228,616	1,382,515
Wastewater	-	-	838,632	991,631	838,632	991,631
Solid Waste	-	-	789,649	760,528	789,649	760,528
Total expenses	6,298,087	5,940,073	2,856,897	3,134,674	9,154,984	9,074,747
Increase in net assets before transfers	(674,892)	2,308,571	(465,111)	(569,054)	(1,140,003)	1,739,517
Transfers	(368,100)	367,730	368,100	(367,730)	-	-
Increase in net assets	(1,042,992)	2,676,301	(97,011)	(936,784)	(1,140,003)	1,739,517
Net assets, Beginning	30,014,317	27,338,016	4,792,373	5,729,157	34,806,690	33,067,173
Net assets, Ending	\$ 28,971,325	\$ 30,014,317	\$ 4,695,362	\$ 4,792,373	\$ 33,666,687	\$ 34,806,690

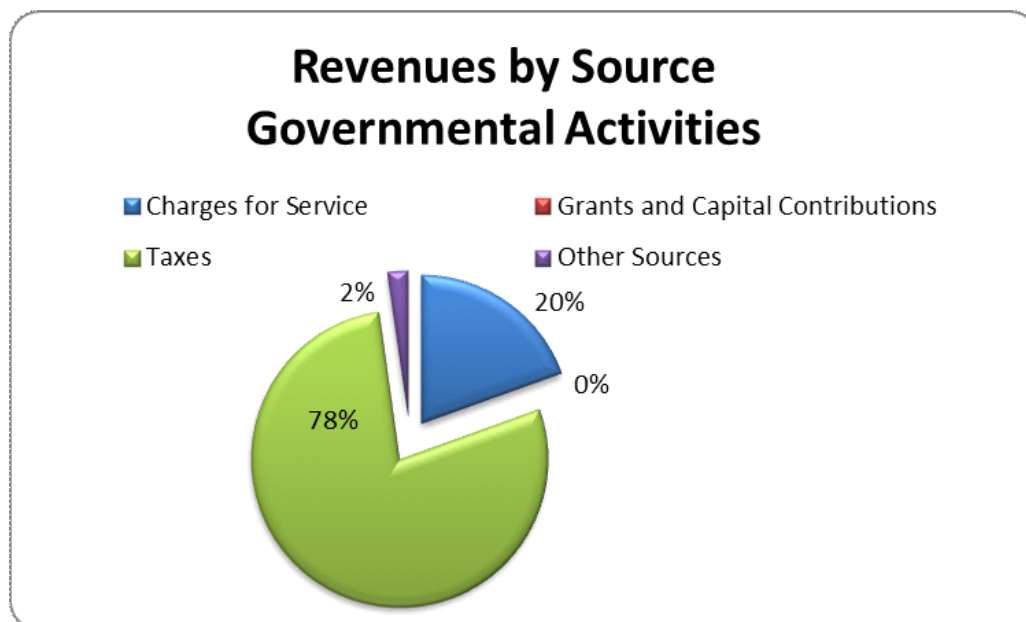
- The net change in assets in governmental activities decreased by \$1,042,992 during the year. The net change in assets in business-type activities decreased by \$97,011, largely due to transfers from the general fund to stabilize the enterprise funds while the Belleview Biltmore Hotel remained closed. Expenses in general government increased by \$358,014 due increased costs related to ongoing litigation, increased fuel costs and increased insurance costs. The increases in transportation expenditure of \$895,134 are due to several roadway projects beginning and completing construction in the current year. Additionally the engineering for the Bayview-Manatee Restoration project continued in this year. On an encouraging note, charges for services for recreation increased to \$395,636 due to additional program and camp offerings and more efficient use of the Dimmitt Community Center.

- The \$137,845 decrease of revenue in business type activities is largely due to the trailing effects of water restrictions and a general decline in irrigation. As usage declines, so do the revenues in both the water and wastewater funds. As previously mentioned, the closing of a major hotel continues to significantly affect water revenues. The Water department has begun efforts to more accurately capture water usage by way of an automated meter reading system and a program of replacing older, less accurate meters. In doing so, the Water department expects to collect increased revenue by minimizing water loss.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



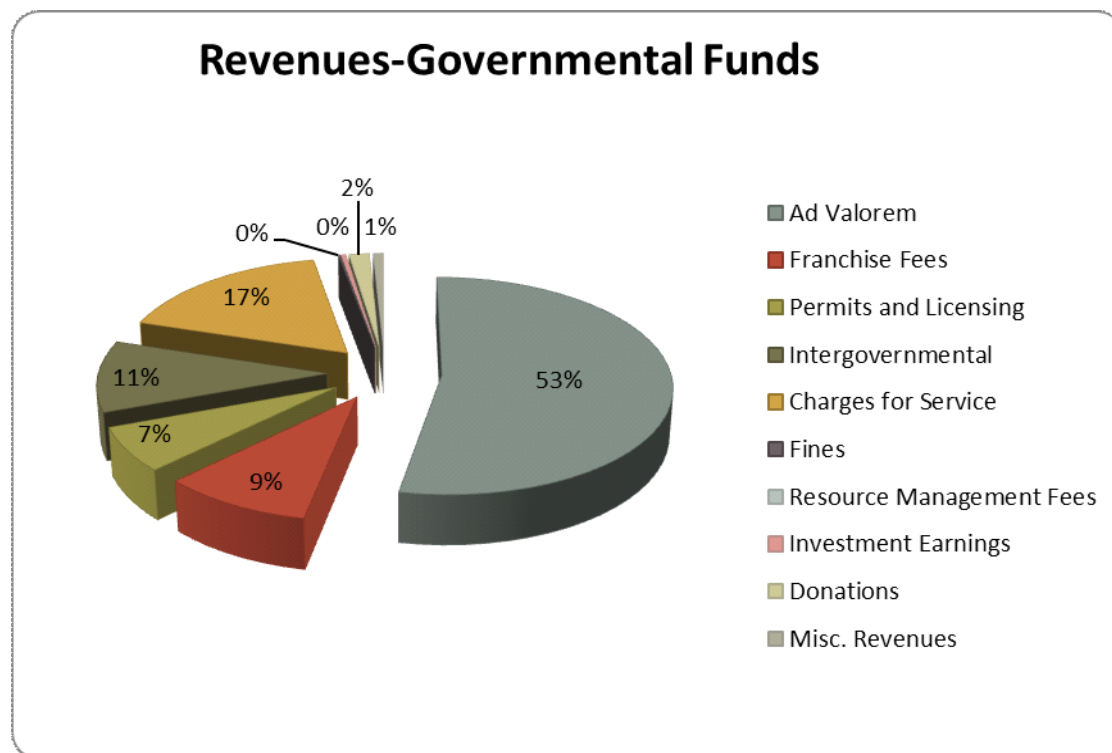
Business-type activities. Business-type activities represent fourteen percent of the town's net assets. Expenses for the Water fund decreased by \$153,899 due in part to the decreased number of plant improvements and a stabilization of the recently installed chlorination system. Solid waste operating expenses increased slightly by \$29,121 mostly due to increases in the number of tons of waste disposed this year. The wastewater system is run by Pinellas County and charges for services are passed through to Pinellas County.

Financial Analysis of the Government’s Funds

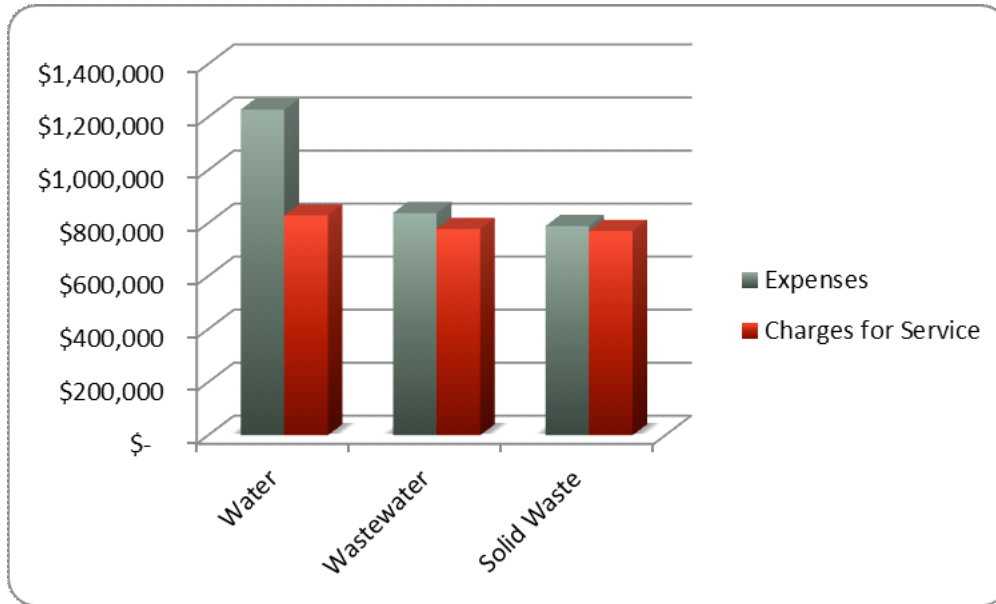
As noted earlier, the town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Government funds. The focus of the town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the town’s financing requirements. In particular, *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.

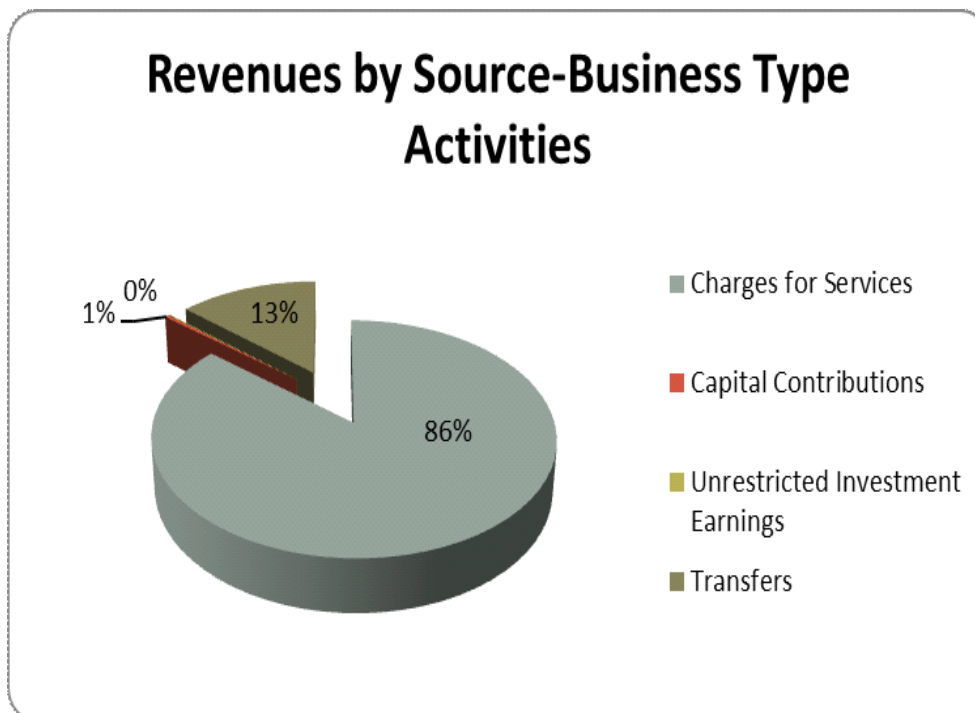
Revenues- Total Governmental Funds



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



As of the end of the current fiscal year, the Town of Belleair's governmental funds reported combined ending total fund balances of \$10,647,405 a decrease of \$464,773 in comparison with the prior year. Much of the decrease is due to a \$200,000 interfund transfer to the Water fund. Approximately ninety-nine percent of the total fund balances for governmental funds (\$10,647,405)/(\$10,582,611), constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$64,794). Continuing this year, revenue from a commission approved infrastructure mil totaled \$685,142, is to be used specifically for infrastructure projects.

The general fund is the principal operating fund of the town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,486,941 while total fund balance reached \$4,507,152. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents ninety-eight percent of total general fund expenditures, while total fund balance represents one hundred three percent of that same amount. The fund balance of the town's general fund decreased by \$1,312,042 during the current fiscal year, as the Town Commission approved the transfer of \$1,318,265 dollars to other funds for capital equipment replacement, infrastructure projects and water plant repairs. General fund expenditures increased by \$320,422 over the previous years, aside from inflation, other factors to this include increased fuel costs, double digit increases on insurance renewals and continued investment in information technology infrastructure.

Proprietary fund. The Town of Belleair's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water, wastewater and solid waste funds at the end of the year amounted to \$1,776,272. A reduction of \$121,577 over the prior year. Other factors concerning the finances of these three funds have already been addressed in the discussion of the town's business-type activities. Of special note, the unrestricted fund balance for the water fund is \$32,416, \$217,584 below its policy mandated unrestricted reserve level of \$250,000. The town manager is to inform the commission of the short fall and has two years to bring the unrestricted fund balance levels into compliance with policy. Funds have been budgeted in the proceeding year to transfer existing dollars from the wastewater management fund to the water fund to address the shortfall.

Special revenue funds. The Town of Belleair's special revenue funds encompass the local option gas tax, parks and public district revenue enhancement, transportation impact fee, and capital equipment funds. The overall fund balance of these funds is \$813,318.

Capital projects fund. The Town of Belleair capital project fund is the infrastructure fund which is intended to fund the acquisition or construction of capital assets. This funds' increase of \$930,990 resulted from the absolution of two general fund loans to the Infrastructure fund. Additionally, expenditures in the Infrastructure fund decreased by \$78,956, because many projects were in the final engineering phase and not ready for construction as of September 30, 2010..

**Town of Belleair, Florida's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 5,636,015	\$ 5,636,015	\$ 22,950	\$ 22,950	\$ 5,658,965	\$ 5,658,965
Building and system	3,341,898	3,341,898	308,532	308,532	3,650,430	3,650,430
Improvements other than buildings	290,511	287,522	3,582,133	3,582,133	3,872,644	3,869,655
Machinery and equipment	1,543,127	1,428,110	1,440,567	1,211,449	2,983,694	2,639,559
Construction in progress	-	-	-	-	-	0
Infrastructure	15,645,010	15,651,292	-	-	15,645,010	15,651,292
Accumulated depreciation	(7,843,684)	(7,222,226)	(2,435,092)	(2,230,540)	(10,278,776)	(9,452,766)
Total	<u>\$ 18,612,877</u>	<u>\$ 19,122,611</u>	<u>\$ 2,919,090</u>	<u>\$ 2,894,524</u>	<u>\$ 21,531,967</u>	<u>\$22,017,135</u>

Additional information on the town's capital assets can be found in note 7 on pages 49-51 of this report.

Long-term debt. At the end of the current fiscal year, the town had no long-term debt obligations other than the accrued leave and other post-employment benefits (OPEB) reported as follows:

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Compensated absences	\$ 242,116	\$ 220,502	\$ 66,581	\$ 74,581	\$ 308,697	\$ 295,083
OPEB	46,841	-	-	-	46,841	-
Total	<u>\$ 288,957</u>	<u>\$ 220,502</u>	<u>\$ 66,581</u>	<u>\$ 74,581</u>	<u>\$ 355,538</u>	<u>\$ 295,083</u>

Economic Factors and Next Year's Budgets and Rates

- Local and national economic conditions continue to be unfavorable. Of most concern includes large decreases in property values, increased foreclosures and poor investment returns
- Property value estimates are forecasted to be 11 percent lower than the year prior (\$350,000) ad valorem deficit for governmental activities
- The unemployment rate for Pinellas County, Florida is currently 11.8 percent, which was up from 11.3 percent in 2009.
- The Belleview Biltmore Hotel remains closed and its value is deteriorating. This means a loss of revenue to all proprietary funds as well as ad valorem revenue. The Town must prepare for the likely event it may never reopen again as a hotel.

Economic Factors and Next Year's Budgets and Rates (Continued)

- Inflationary trends in the region compare healthy to the national indices.
- The town will have to utilize a roll forward rate to assess millage or face severe cuts to general services
- Increased consumer goods costs

All of these factors were considered in preparing the Town of Belleair's budget for the 2010-2011 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$4,486,941. It is intended that this use of available fund balance and investments remaining in the wastewater fund (\$1,406,680) will help defray the capital revenue needs resulting from several roadway projects throughout the town that will cost the town around twenty million dollars over the next twenty years.

Request for Information

This financial report is designed to provide a general overview of the Town of Belleair's finances for all those with an interest in such matters. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the town's finance department, 901 Ponce de Leon Boulevard, Town of Belleair, Florida, 33756. The town's web address is <http://www.townofbelleair-fl.gov>

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

This section contains the following subsections:

Government-Wide Financial Statements

Statement of Net Assets
Statement of Activities

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds
Reconciliation of the Balance Sheet to the Statement of
Net Assets - Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities -
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual:
General Fund

Proprietary Fund Financial Statements

Statement of Net Assets - Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Assets -
Proprietary Funds
Statement of Cash Flows - Proprietary Funds

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Assets - Fiduciary Funds
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds

Notes to Financial Statements

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 5,195,775	\$ 18,246	\$ 5,214,021
Investments	5,477,299	1,640,701	7,118,000
Receivables (net of allowance for uncollectibles)	174,695	384,747	559,442
Capital Assets:			
Land	5,636,015	22,950	5,658,965
Buildings and improvements	3,341,898	308,532	3,650,430
Improvements other than buildings	290,511	3,582,133	3,872,644
Equipment	1,543,127	1,440,567	2,983,694
Infrastructure	15,645,010	-	15,645,010
Accumulated depreciation	(7,843,684)	(2,435,092)	(10,278,776)
TOTAL ASSETS	29,460,646	4,962,784	34,423,430
LIABILITIES			
Accounts payable	55,909	122,312	178,221
Accrued salaries and wages	144,455	48,369	192,824
Non Current Liabilities:			
Due Within One Year:			
Compensated absences	60,529	16,646	77,175
Due In More Than One Year:			
Compensated absences	228,428	49,935	278,363
Deposits	-	30,160	30,160
TOTAL LIABILITIES	489,321	267,422	756,743
NET ASSETS			
Invested in capital assets	18,612,877	2,919,090	21,531,967
Restricted for:			
Capital equipment replacement	383,300	1,568,889	1,952,189
Capital projects	5,326,735	-	5,326,735
Unrestricted	4,648,413	207,383	4,855,796
TOTAL NET ASSETS	\$ 28,971,325	\$ 4,695,362	\$ 33,666,687

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental Activities:						
General government	\$ 1,837,143	\$ 457,775	\$ -	\$ (1,379,368)	\$ -	\$ (1,379,368)
Public Safety	1,717,806	170,508	540	(1,546,758)	-	(1,546,758)
Transportation	2,111,298	72,704	-	(2,038,594)	-	(2,038,594)
Culture and recreation	631,840	395,636	-	(236,204)	-	(236,204)
Total governmental activities	6,298,087	1,096,623	540	(5,200,924)	-	(5,200,924)
Business-Type Activities:						
Water	1,228,616	829,194	-	-	(399,422)	(399,422)
Wastewater management	838,632	778,319	-	-	(60,313)	(60,313)
Solid waste management	789,649	770,832	-	-	(18,817)	(18,817)
Total business-type activities	2,856,897	2,378,345	-	-	(478,552)	(478,552)
Total primary government	\$ 9,154,984	\$ 3,474,968	\$ 540	(5,200,924)	(478,552)	(5,679,476)
General Revenues:						
Property taxes				3,114,150	-	3,114,150
Franchise fees				436,393	-	436,393
Unrestricted						
Intergovernmental						
revenues:						
State revenue sharing				85,640	-	85,640
Communication services tax				202,368	-	202,368
Half-cent sales tax				198,117	-	198,117
Local option gas tax				52,577	-	52,577
Infrastructure sales surtax				305,641	-	305,641
Other taxes				6,683	-	6,683
Capital contributions				-	-	-
Unrestricted investment earnings				19,669	10,311	29,980
Miscellaneous				104,794	3,130	107,924
Transfers				(368,100)	368,100	-
Total General Revenues and transfers				4,157,932	381,541	4,539,473
Changes in Net Assets				(1,042,992)	(97,011)	(1,140,003)
Net Assets - beginning of year				30,014,317	4,792,373	34,806,690
Net Assets - end of year				\$ 28,971,325	\$ 4,695,362	\$ 33,666,687

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

ASSETS	<u>General</u>	<u>Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 630	\$ 4,477,662	\$ 717,483	\$ 5,195,775
Investments	4,570,162	802,847	104,290	5,477,299
Receivables (net of allowance for uncollectibles:				
Taxes:				
Franchise fees	43,233	-	-	43,233
Accounts	10,672	-	-	10,672
Intergovernmental:				
State	65,639	-	-	65,639
County	-	46,684	8,467	55,151
TOTAL ASSETS	\$ 4,690,336	\$ 5,327,193	\$ 830,240	\$ 10,847,769

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts payable	\$ 38,729	\$ 458	\$ 16,722	\$ 55,909
Accrued payroll	144,455	-	-	144,455
Total liabilities	183,184	458	16,722	200,364
Fund balances:				
Reserved for:				
Encumbrances	20,211	44,583	-	64,794
Unreserved, reported in:				
General fund	4,486,941	-	-	4,486,941
Special revenue funds	-	-	813,518	813,518
Capital projects funds	-	5,282,152	-	5,282,152
Total fund balances	4,507,152	5,326,735	813,518	10,647,405
Total liabilities and fund balances	\$ 4,690,336	\$ 5,327,193	\$ 830,240	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Governmental funds.	18,612,877
Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the Governmental funds.	(288,957)

Net assets of governmental activities (page 15) **\$ 28,971,325**

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

REVENUES	General	Infrastructure	Other Governmental Funds	Total Governmental Funds
Taxes:				
Property	\$ 2,429,008	\$ 685,142	\$ -	\$ 3,114,150
Franchise	436,393	-	-	436,393
Licenses and permits	303,606	-	-	303,606
Intergovernmental	486,126	305,641	52,577	844,344
Charges for services	786,853	-	-	786,853
Fines	6,163	-	-	6,163
Resource management fees	-	-	2,579	2,579
Investment earnings	17,146	2,100	423	19,669
Contributions and donations	72,790	15	-	72,805
Miscellaneous	36,633	-	-	36,633
Total Revenues	4,574,718	992,898	55,579	5,623,195
 EXPENDITURES				
Current:				
General government	1,722,371	-	-	1,722,371
Public safety	1,692,031	-	-	1,692,031
Transportation	560,951	1,151,373	-	1,712,324
Culture and recreation	593,142	-	-	593,142
Total expenditures	4,568,495	1,151,373	-	5,719,868
Excess (deficiency) of revenues over (under) expenditures	6,223	(158,475)	55,579	(96,673)
 OTHER FINANCING SOURCES (USES):				
Transfers in	53,000	1,089,465	125,700	1,268,165
Transfers out	(1,371,265)	-	(265,000)	(1,636,265)
Total other financing sources (uses)	(1,318,265)	1,089,465	(139,300)	(368,100)
Net change in fund balances	(1,312,042)	930,990	(83,721)	(464,773)
Fund balances, October 1	5,819,194	4,395,745	897,239	11,112,178
Fund balances, September 30	\$ 4,507,152	\$ 5,326,735	\$ 813,518	\$ 10,647,405

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 17)	\$ (464,773)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays did not exceed depreciation in the current period	(509,764)
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.	<u>(68,455)</u>
Change in net assets of governmental activities (page 15)	\$ <u><u>(1,042,992)</u></u>

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET-POSITIV (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Taxes:				
Property	\$ 2,381,000	\$ 2,381,000	\$ 2,429,008	\$ 48,008
Franchise	345,100	345,100	436,393	91,293
Licenses and permits	310,800	310,800	303,606	(7,194)
Intergovernmental	498,000	498,000	486,126	(11,874)
Charges for services	807,900	807,900	786,853	(21,047)
Fines	1,000	1,000	6,163	5,163
Investment earnings	60,000	60,000	17,146	(42,854)
Contributions and donations	71,900	71,900	72,790	890
Miscellaneous	11,550	11,550	36,633	25,083
TOTAL REVENUES	4,487,250	4,487,250	4,574,718	87,468
EXPENDITURES:				
Current:				
General government:				
Commission	2,400	2,400	2,414	14
Manager	1,048,000	1,175,200	1,221,145	(45,945)
Town clerk	187,400	187,400	182,686	4,714
Finance and administration	146,400	146,400	150,141	(3,741)
Comprehensive planning	163,700	163,700	165,985	(2,285)
Total general government	1,547,900	1,675,100	1,722,371	(47,271)
Public safety:				
Police	1,224,300	1,265,800	1,256,829	8,971
Fire	453,000	453,000	435,202	17,798
Total public safety	1,677,300	1,718,800	1,692,031	26,769
Transportation:				
Streets	579,900	579,900	560,951	18,949
Culture and recreation:				
Recreation	489,700	613,850	593,142	20,708
Total culture and recreation	489,700	613,850	593,142	20,708
TOTAL EXPENDITURES	4,294,800	4,587,650	4,568,495	19,155

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010
(CONTINUED)

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 192,450	\$ (100,400)	\$ 6,223	\$ 106,623
OTHER FINANCING SOURCES (USES):				
Transfers in:				
Capital equipment Replacement Fund	62,000	62,000	53,000	(9,000)
Transfers out:				
Capital Equipment Replacement Fund	(81,800)	(81,800)	(81,800)	-
Infrastructure Fund	(200,000)	(200,000)	(1,089,465)	(889,465)
Water Fund	(200,000)	(200,000)	(200,000)	
Sale of capital assets	500	500		(500)
Total other financing sources (uses)	(419,300)	(419,300)	(1,318,265)	(898,965)
NET CHANGE IN FUND BALANCE	(226,850)	(519,700)	(1,312,042)	(792,342)
FUND BALANCE, OCTOBER 1	5,819,194	5,819,194	5,819,194	-
FUND BALANCE, SEPTEMBER 30	\$ 5,592,344	\$ 5,299,494	\$ 4,507,152	\$ (792,342)

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2010

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

ASSETS

	<u>Water</u>	<u>Waste- Water Management</u>	<u>Solid Waste Management</u>	<u>Totals</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ 18,046	\$ 100	\$ 100	\$ 18,246
Investments		1,368,398	272,303	1,640,701
Accounts receivable (net of allowance for uncollectible accounts)	<u>132,949</u>	<u>131,039</u>	<u>120,759</u>	<u>384,747</u>
TOTAL CURRENT ASSETS	150,995	1,499,537	393,162	2,043,694
NONCURRENT ASSETS:				
Capital Assets:				
Land	22,950	-	-	22,950
Buildings	308,532	-	-	308,532
Improvements other than buildings	3,577,493	-	4,640	3,582,133
Equipment	<u>625,342</u>	<u>-</u>	<u>815,225</u>	<u>1,440,567</u>
	4,534,317	-	819,865	5,354,182
Less accumulated depreciation	<u>2,022,495</u>	<u>-</u>	<u>412,597</u>	<u>2,435,092</u>
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>2,511,822</u>	<u>-</u>	<u>407,268</u>	<u>2,919,090</u>
TOTAL ASSETS	<u>\$ 2,662,817</u>	<u>\$ 1,499,537</u>	<u>\$ 800,430</u>	<u>\$ 4,962,784</u>

See Notes to Financial Statements

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2010

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

LIABILITIES AND FUND EQUITY

	<u>Water</u>	<u>Waste- Water Management</u>	<u>Solid Waste Management</u>	<u>Totals</u>
CURRENT LIABILITIES:				
Accounts payable	\$ 17,219	\$ 92,857	\$ 12,236	\$ 122,312
Accrued payroll	27,989	-	20,380	48,369
Compensated absences	<u>10,803</u>	<u>-</u>	<u>5,843</u>	<u>16,646</u>
TOTAL CURRENT LIABILITIES	56,011	92,857	38,459	187,327
NONCURRENT LIABILITIES:				
Compensated absences	32,408	-	17,527	49,935
Utility deposits	<u>30,160</u>	<u>-</u>	<u>-</u>	<u>30,160</u>
TOTAL NONCURRENT LIABILITIES	<u>62,568</u>	<u>-</u>	<u>17,527</u>	<u>80,095</u>
TOTAL LIABILITIES	118,579	92,857	55,986	267,422
NET ASSETS:				
Invested in capital assets	2,511,822	-	407,268	2,919,090
Unrestricted	<u>32,416</u>	<u>1,406,680</u>	<u>337,176</u>	<u>1,776,272</u>
TOTAL NET ASSETS	<u>\$ 2,544,238</u>	<u>\$ 1,406,680</u>	<u>\$ 744,444</u>	<u>\$ 4,695,362</u>

See Notes to Financial Statements

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	Water	Waste- Water Management	Solid Waste Management	Totals
OPERATING REVENUES:				
Charges for sales and services	\$ 829,194	\$ 778,319	\$ 770,832	\$ 2,378,345
Total operating revenues	829,194	778,319	770,832	2,378,345
OPERATING EXPENSES:				
Personal services	575,989	-	313,041	889,030
Materials and supplies	438,877	838,632	265,301	1,542,810
Utilities	77,927	-	798	78,725
Garbage and trash disposal	-	-	141,780	141,780
Depreciation	135,823	-	68,729	204,552
Total operating expenses	1,228,616	838,632	789,649	2,856,897
OPERATING INCOME (LOSS)	(399,422)	(60,313)	(18,817)	(478,552)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	2,949	5,202	2,160	10,311
Loss on disposal of fixed assets	-	-	-	0
Other income	-	-	3,130	3,130
Total nonoperating revenues	2,949	5,202	5,290	13,441
Income (loss) before contributions and transfers	(396,473)	(55,111)	(13,527)	(465,111)
Capital contributions - tap fees		-	-	0
Transfers in	202,000	-	210,000	412,000
Transfers out	(15,900)	-	(28,000)	(43,900)
CHANGE IN NET ASSETS	(210,373)	(55,111)	168,473	(97,011)
TOTAL NET ASSETS, OCTOBER 1	2,754,611	1,461,791	575,971	4,792,373
TOTAL NET ASSETS, SEPTEMBER 30	\$ 2,544,238	\$ 1,406,680	\$ 744,444	\$ 4,695,362

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

(CONTINUED)

	Business-Type Activities - Enterprise Funds			
	Water	Waste- Water Management	Solid Waste Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 836,453	\$ 772,063	\$ 776,451	\$ 2,384,967
Payments to supplies for goods and services	(506,523)	(745,775)	(408,825)	(1,661,123)
Payments to employees for services	(586,256)	-	(310,021)	(896,277)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(256,326)	26,288	57,605	(172,433)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	202,000	-	210,000	412,000
Transfers to other funds	(15,900)	-	(28,000)	(43,900)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	186,100	-	182,000	368,100
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of capital assets	(5,555)	-	(223,563)	(229,118)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(5,555)	-	(223,563)	(229,118)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(9,009)	(37,453)	(22,780)	(69,242)
Proceeds from sales and maturities of investments	70,669	5,963	4,578	81,210
Interest on investments	2,949	5,202	2,160	10,311
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	64,609	(26,288)	(16,042)	22,279
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,172)	-	-	(11,172)
CASH AND CASH EQUIVALENTS, OCTOBER 1	29,218	100	100	29,418
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	\$ 18,046	\$ 100	\$ 100	\$ 18,246

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Waste- Water Management</u>	<u>Solid Waste Management</u>	<u>Totals</u>
<hr/>				
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
<hr/>				
Operating income (loss):	\$ (399,422)	\$ (60,313)	\$ (18,367)	\$ (478,102)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	135,823	-	68,729	204,552
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	7,259	(6,256)	5,619	6,622
Increase (decrease) in accounts payable	9,339	92,857	(1,396)	100,800
Increase (decrease) in accrued payroll	(4,390)	-	5,143	753
Increase (decrease) in compensated absences	(5,877)	-	(2,123)	(8,000)
Increase (decrease) in utility deposits	942	-	-	942
Total adjustments	<u>143,096</u>	<u>86,601</u>	<u>75,972</u>	<u>305,669</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u><u>(256,326)</u></u>	\$ <u><u>26,288</u></u>	\$ <u><u>57,605</u></u>	\$ <u><u>(172,433)</u></u>

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUND

SEPTEMBER 30, 2010

Assets

	<u>Public Safety</u> <u>Pension Fund</u>
Receivables:	
Participant contributions	\$ 1,252
Due from broker	245
Interest and dividends	<u>6,292</u>
Total receivables	7,789
Investment at fair value:	
U. S. Government securities	139,777
U. S. Government agency securities	97,993
Short-term investments, fixed	174,608
Domestic stock	878,818
Corporate bonds	273,506
Equity mutual funds	111,307
Temporary investments	<u>28,384</u>
Total investments	1,704,393
Prepaid expenses	<u>2,284</u>
Total assets	1,714,466

Liabilities

Accounts payable	<u>8,210</u>
Plan net assets held in trust for pension benefits	\$ <u><u>1,706,256</u></u>

See Notes to Financial Statements.

TOWN OF BELLEAIR, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Public Safety Pension Fund</u>
ADDITIONS:	
Contributions:	
Employer	\$ 64,792
Plan members	<u>41,516</u>
Total contributions	106,308
Intergovernmental revenue:	
State excise tax rebate	45,234
Investment earnings (loss):	
Net realized and unrealized appreciation (depreciation) in fair value of investments	109,187
Interest and dividends	<u>36,628</u>
Investment earnings (loss)	145,815
Less investment expenses	<u>34,875</u>
Net investment earnings (loss)	<u>110,940</u>
Total additions (reductions)	262,482
DEDUCTIONS:	
Benefits	33,541
Refunds of contributions	8,920
Administrative expenses	<u>16,905</u>
Total deductions	<u>59,366</u>
Change in net assets	203,116
Plan net assets held in trust for pension benefits, October 1	<u>1,503,140</u>
Plan net assets held in trust for pension benefits	<u>\$ 1,706,256</u>

See Notes to Financial Statements.

NOTES TO
FINANCIAL STATEMENTS

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies

The Town of Belleair (town) maintains its accounting records in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the town's accounting policies are described below:

Reporting Entity - The town is a political subdivision of the State of Florida, located in Pinellas County in the west central portion of the state. The town was incorporated in 1925 under the provisions of the Laws of Florida, Chapter 10335 and since that time has operated under the same charter. The town is approximately 2.5 square miles in area. The town is a full service municipality providing its citizens with a full complement of municipal services. In addition, the town owns and operates three utilities including: a water production and distribution system; a wastewater collection and treatment system; and a solid waste removal system.

In evaluating how to define the Town of Belleair, Florida (the primary government), for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14.

This governmental accounting standard requires that this financial statement present the Town of Belleair (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The town's pension trust fund is included in these financial statements as a pension trust fund.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

Police Officers' Pension Fund - The town's police officers participate in the police officers' pension plan. The plan was created by the town commission under Florida Statutes Chapter 185 to provide pension services solely to the town, functions for the benefit of these employees and is governed by a five-member pension board. Two police officers, two town residents and a fifth member elected by the other four members constitute the pension board. The town and the plan participants are obligated to fund all plan costs based upon actuarial valuations. The town is authorized to establish benefit levels and the board of pension trustees approves the actuarial assumptions used in the determination of contribution levels.

Employees' 401 (K) Fund - The town's full-time employees not covered under the policemen's and firefighters' pension plan participate in the Employees' 401(K) Plan. The plan is governed by a four-member retirement plan committee. The town manager, the mayor and two representatives of the town's finance committee constitute the retirement plan committee. The plan provides that the town will match the participants' contributions with an employer contribution of nine percent of earnings. The participants are required to contribute at least three percent of their compensation to be eligible for the matching contribution.

Complete custodial statements of the above individual funds can be obtained from: Town of Belleair, finance director's office, 901 Ponce de Leon Boulevard, Belleair, Florida 33756.

Government-wide and fund financial statements - As discussed more fully in Note 20 the town has adopted the provisions of GASB Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." The government-wide financial statements required under this statement (the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Fiduciary funds (i.e. the pension trust fund) are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the same page or the page following each statement, which briefly explains the adjustments necessary to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

The town's fiduciary funds are presented in the fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third-party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

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

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

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

The town reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *infrastructure fund* accounts for the capital projects funded by the infrastructure sales surtax.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

The town reports the following major proprietary funds:

Water fund - to account for the assets, operation and maintenance of the town-owned water system.

Wastewater management - to account for the assets, operation and maintenance of the town-owned sewer system.

Solid waste management - accounts for the assets, operation and maintenance of the town-owned refuse disposal system.

Additionally, the town reports the following fund type:

Pension fund - accounts for the activities of the public safety employees' pension plan, which accumulates resources for pension benefit payments to qualified public safety employees.

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

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

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the town's water, wastewater management and solid waste management enterprise funds are charges to customers for sales and services. The town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, Liabilities, and Net Assets or Equity:

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

The town's investment policy is to maintain funds in investments which yield the highest possible efficiency and return within the limitations established by Florida Statutes, Chapter 166.261. Provisions of those statutes authorize the town to invest in:

- a) Florida State Board of Administration Local Government Pooled Investment Fund.
- b) Bonds, notes or other obligations of the United States or for which the credit of the United States is pledged for the payment thereof.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

- c) Interest-bearing time deposits, savings accounts or collective investment funds in banks or savings and loan associations organized under the laws of the United States.
- d) Obligations of the federal farm credit banks and the Federal Home Loan Mortgage Corporation.
- e) Obligations of the Federal National Mortgage Association and the Government National Mortgage Association.

Investments in fixed income securities are stated at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Florida State Board of Administration Local Government Pooled Investment Fund has met the criteria to be considered a “2A-7 like” Investment Fund as defined by GASB Statement No. 31. Therefore, amortized cost may be used for valuation. The fair value of the town’s investment in this pool is determined by the pool’s share price (account balance).

Investments held by the town’s police officers’ pension plan are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

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

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All tax, accounts and intergovernmental receivables, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles including those for the water, wastewater and solidwaste management enterprise funds.

Property Taxes - Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the county property appraiser and county tax collector.

The tax levy of the town is established by the town commission prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the town's millages into the total tax levy, which includes the Pinellas County School Board tax requirements. The town is permitted by state law to levy taxes up to ten mills of assessed valuation, exclusive of taxes levied for the payment of bonds. The 2010 millage rate assessed by the town was 4.5605.

All property is reassessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the executive director of the state department of revenue for review to determine if the rolls meet all of the appropriate requirements of state statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the tax collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

Because of the Pinellas County Tax Collector's Office efficient system for selling tax certificates and remitting the proceeds to the town, any delinquent or uncollected property taxes at year end are immaterial. The town's tax calendar is as follows:

Valuation Date:	January 1
Levy Date:	November 1
Due Date:	March 31, succeeding year
Lien Date:	April 1, succeeding year

Franchise Fees - The town's franchise fees are based on payments to the town which equal a percentage of the grantees' gross revenues net of any customer credits. The town's current grantees include the electric and the natural gas utilities.

Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, seawalls and stormlines), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. 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.

During the fiscal year ended September 30, 2003 the town elected to implement the retroactive addition of infrastructure assets acquired prior to October 1, 2002.

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. Interest incurred, if any, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	45 - 55
Building improvements	20 - 30
Improvements other than buildings	45 - 55
Machinery and equipment	5 - 15
Infrastructure	45 - 60

Compensated absences - It is the town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

Regular, full-time, permanent employees earn vacation and sick leave starting with the first day of employment.

Vacation leave is earned based on years of continuous and creditable service as follows:

<u>Years of Service</u>	<u>Total Days Per Year</u>
1 to 5	10
5 to 15	15
15 years and over	20

A maximum of thirty days vacation leave may be carried over from one year to the next. An employee who has served one year or more and who voluntarily terminates employment with the Town is paid for any unused vacation leave accumulated to the time of termination.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

Sick leave is earned at the rate of eight hours for each month of service and shall be cumulative up to a maximum of two hundred forty hours for union employees and four hundred eighty hours for non-union employees. Each year employees have the option of receiving a lump-sum payment for sick leave earned in excess of eighty hours. Upon termination, providing the employee has two continuous years of service and that termination is not a dismissal, the employee is entitled to a lump-sum payment for all accrued unused sick leave.

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported in long-term debt. No expenditure is reported for these amounts. Vested or accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

Fund equity - In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation 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.

Net assets - Net assets of the government-wide and proprietary funds are categorized as invested in capital assets net of related debt or unrestricted. The first category represents net assets related to capital assets.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

Comparative data/reclassifications - Comparative total data for the prior year have been presented only for individual pension funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Subsequent Events - Management has adopted the provisions set forth in GASB Statement No. 56 and FASB ASU No. 2010-09, *Subsequent Events*, and considered subsequent events through the date of the audit report which is the date that the financial statements were available to be issued.

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. The detail of this \$288,957 difference is as follows:

Compensated absences	\$ 242,116
Other post-employment benefits (OPEB)	<u>46,841</u>
Net adjustment to reduce <i>fund balance - total Governmental funds</i> to arrive at <i>net assets - Governmental activities</i>	<u>\$ 288,957</u>

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses.” The details of this \$509,764 difference are as follows

Capital outlay	\$ (117,976)
Depreciation expense	<u>627,740</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net assets of governmental activities	\$ <u><u>509,764</u></u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$68,455 difference are as follows:

Compensated absences	\$ 21,614
Other post-employment benefits (OPEB)	<u>46,841</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>68,455</u></u>

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

3. Stewardship, Compliance, and Accountability

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the enterprise funds and are controlled on a fund and department level. The town adopts project-length budgets for its infrastructure capital projects fund. All annual appropriations lapse at fiscal year end.

In accordance with the requirements of Section 4.04(c) of the town's charter, budgetary data for the town's enterprise funds have been reported in the combining and individual fund section of this report. The town manager is authorized to transfer budget amounts within departments; however, any revision that alters the total expenditures of any department or fund must be approved by the town commission.

On or before May 31 of each year, all departments of the town submit requests for appropriation to the town manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the town commission for review before August 1. The town commission holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the town manager or the revenue estimates must be changed by an affirmative vote of a majority of the town commission.

Expenditures may not legally exceed budgeted appropriations at the departmental level. During the year one supplementary appropriation was necessary.

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

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

3. Stewardship, Compliance, and Accountability (Continued)

Excess of expenditures (expenses) over revenues - The following funds had an operating deficit for the fiscal year ended September 30, 2010 summarized as follows:

Fund	Operating Deficit
Infrastructure	\$ <u>158,475</u>
Water	\$ <u>396,473</u>
Waste Water Management	\$ <u>55,111</u>

The town's board of commissioners will use the available fund balances in the above funds to cover these deficits.

4. Deposits

At year-end the carrying amount of the town's deposits was \$5,214,021 and the bank balance was \$5,152,988. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the act require that public deposits may only be made at qualified public depositories. The act requires each qualified public depository to deposit with the state treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

5. Investments

Investments that are not evidenced by securities that exist in physical or book-entry form include investments in open-ended mutual funds and pools managed by other governments.

	Fair Value	Bond Rating	Weighted Average Duration (Years)
Investments in risk category one:			
MBS - FASMA, 6.00%, due 10/01/2037	\$ 1,297,000	AAA	Daily
Investments not subject to categorization:			
U.S. Government Securities and Agencies	237,770	AAA	Daily
Corporate bonds	448,114	AAA	Daily
Common Stock	878,818	N/A	N/A
Equity mutual funds	111,307	N/A	N/A
Temporary investments	28,384	N/A	N/A
Florida State Board of Administration Local Government Pooled Investment Fund (SBA)	5,821,000	Not Rated	N/A
Total investments	\$ 8,822,393		

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The town manages its exposure to fair value losses arising from increasing interest rates through its adopted investment policies. The town limits the effective duration of its investment portfolio through the adoption of nationally recognized risk measure bench marks.

Credit Risk - Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with chapter 218 of the Florida Statutes the town's investment guidelines limit its fixed income investments to a quality rating of 'A' or equivalent as rated by one or more recognized bond rating service at the time of purchase. Fixed income investments which are downgraded to 'BAA' or equivalent must be liquidated within a reasonable period of time not to exceed twelve months. Fixed income investments which are downgraded below 'BAA' shall be liquidated immediately.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

5. Investments (Continued)

Custodial Credit Risk - Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Plan requires all securities to be held by a third party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a “delivery vs. payment” basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. The investments in mutual funds are considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

The town has adopted a written investment policy in accordance with Florida Statute 218(16). That statute is intended to minimize interest rate, credit and custodial risk by directing the town to invest only in authorized investments summarized as follows:

- (a) The Local Government Surplus Funds Trust Fund or any Intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.
- (d) Direct obligations of the United States Treasury.
- (e) Federal agencies and instrumentalities.
- (f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

5. Investments (Continued)

The investment in the MBS-FNMA 30 year conventional represents the purchase of a security as a part of an overnight repurchase agreement under a bank sweep account contract. Terms of the master repurchase agreement permit investment only in U.S. government or agency securities. At September 30, 2010 this investment was held by the town's bank in the town's name and is recorded in the general fund.

Investments in common stock, U.S. government and agency bonds are assets of the town's police officers' pension plan and are traded on a national securities exchange and are valued at the last reported sales price on the last business day of the year.

The federated treasury fund is also an asset of the town's police officers' pension plan. The fair value of this investment was determined by the funds' share price as of September 30, 2010.

The State Board of Administration (SBA) was established on June 21, 1928, pursuant to chapter 14486, 1929, Laws of Florida. The SBA was subsequently created as a constitutional body corporate on January 1, 1943, under the provisions of senate joint resolution No. 324, 1941; approved by the electorate in November 1942. The SBA is composed of the Governor, as chairman, the state treasurer, as treasurer, and the state Comptroller, as Secretary, and provides the following services by law: (1) investment of funds of the Florida Retirement System (FRS); (2) administration of debt service funds; (3) investment of trust and agency funds; and (4) distribution of the "second gas tax."

The local government pooled investment fund is governed by ch. 19-7 of the Florida Administrative Code, which identifies the rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the local government pooled investment fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

Since the Florida State Board of Administration (SBA) local government pooled investment fund typically owns a substantial amount of treasury bills and notes, the fund has utilized security lending programs to generate supplemental income. This income is used to pay a significant portion of the fees associated with the fund which otherwise would

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

5. Investments (Continued)

have to be paid from regular fund earnings. Any residual is used to build the fund's reserve on behalf of participants. Both of these goals have been accomplished without impacting the regular earnings in the fund with no change in the fund's investment strategy. The investment in the Florida SBA pool is carried at the pool's share price at September 30, 2010. The Florida SBA is a 2a-7 like pool.

During the fiscal year ended September 30, 2010 the fund reported that 6% of the fund was held in securities that were in default, had defaulted or were extended; 8% of the fund was held in securities that were under stress due to credit issues and 86% of the fund was held in high quality money market investments. In an effort to strengthen the fund's liquidity, the fund was divided into two parts:

Fund A contained all money-market appropriate assets and

Fund B consisted of assets in default, impaired or held significant credit risk.

The SBA Board adopted the following operating policy:

1. Shareholders were allowed to redeem (with no fees) from Fund A, the greater of
 - a) up to 37% of their holdings or
 - b) \$4 million
2. Establish a public-private partnership to allow shareholders to borrow cash against their shares.
3. Shareholders that need additional funds and were not able to make use of the credit facility may redeem Fund A shares subject to redemption fees.
4. Fund B shares are not liquid nor are they tradable.

The SBA Board expects that all of the Fund B securities will eventually be paid in full.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

6. Receivables

Receivables at of September 30, 2010 for the government’s individual major funds and nonmajor, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are summarized as follows:

	<u>General</u>	<u>Infra- structure</u>	<u>Water</u>	<u>Waste- Water Management</u>	<u>Solid Waste Management</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Taxes	\$ 43,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,233
Accounts	10,672	-	157,949	146,039	130,759	-	445,419
Intergovernmental	<u>65,639</u>	<u>46,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,467</u>	<u>120,790</u>
Gross receivables	119,544	46,684	157,949	146,039	130,759	8,467	609,442
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>15,000</u>	<u>10,000</u>	<u>-</u>	<u>50,000</u>
Net total receivables	<u>\$ 119,544</u>	<u>\$ 46,684</u>	<u>\$ 132,949</u>	<u>\$ 131,039</u>	<u>\$ 120,759</u>	<u>\$ 8,467</u>	<u>\$ 559,442</u>

As the operator of three utilities, (water, wastewater management and solid waste management enterprise funds) the town grants credit to their customers, substantially all of whom are town residents.

Revenues of the water, wastewater and solid waste funds are reported net of uncollectible amounts. There were no uncollectible amounts related to revenues that were written off during the fiscal year ended September 30, 2010.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

7. Capital Assets

Capital asset activity for the year ended September 30, 2010 was as follows:

	Balance October 1, 2009	Increases	Decreases	Balance September 30, 2010
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 5,636,015	\$ -	\$ -	\$ 5,636,015
Total capital assets, not being depreciated	5,636,015	-	-	5,636,015
Capital assets, being depreciated:				
Buildings	3,341,898	-	-	3,341,898
Improvements other than buildings	287,552	2,959	-	290,511
Machinery and Equipment	1,428,110	115,017	-	1,543,127
Infrastructure	<u>15,651,292</u>	<u>-</u>	<u>6,282</u>	<u>15,645,010</u>
Total capital assets, being depreciated	20,708,852	117,976	6,282	20,820,546
Less accumulated depreciation for:				
Buildings	(490,707)	(95,040)	-	(585,747)
Improvements other than buildings	(118,708)	(13,098)	-	(131,806)
Machinery and equipment	(638,276)	(127,641)	-	(765,917)
Infrastructure	<u>(5,974,535)</u>	<u>(391,961)</u>	<u>6,282</u>	<u>(6,360,214)</u>
Total accumulated depreciation	<u>(7,222,226)</u>	<u>(627,740)</u>	<u>6,282</u>	<u>(7,843,684)</u>
Total capital assets, being depreciated, net	<u>13,486,626</u>	<u>(509,764)</u>	<u>-</u>	<u>12,976,862</u>
Governmental activities capital assets, net	<u>\$ 19,122,641</u>	<u>\$ (509,764)</u>	<u>\$ -</u>	<u>\$ 18,612,877</u>

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

7. Capital Assets (Continued)

	Balance October 1, 2009	Increases	Decreases	Balance September 30, 2010
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 22,950	\$ -	\$ -	\$ 22,950
Total capital assets, not being depreciated	22,950	-	-	22,950
Capital assets, being depreciated:				
Buildings	308,532	-	-	308,532
Improvements other than buildings	3,582,133	-	-	3,582,133
Machinery and Equipment	1,211,449	229,118	-	1,440,567
Total capital assets, being depreciated	5,102,114	229,118	-	5,331,232
Less accumulated depreciation for:				
Buildings	(223,835)	(7,304)	-	(231,139)
Improvements other than buildings	(1,224,977)	(95,486)	-	(1,320,463)
Machinery and equipment	(781,728)	(101,762)	-	(883,490)
Total accumulated depreciation	(2,230,540)	(204,552)	-	(2,435,092)
Total capital assets, being depreciated, net	2,871,574	24,566	-	2,896,140
Business-type activities capital assets, net	\$ 2,894,524	\$ 24,566	\$ -	\$ 2,919,090

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

7. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$	138,103
Public safety		50,847
Streets		389,199
Culture and recreation		<u>49,591</u>
Total depreciation expenses - governmental activities	\$	<u><u>627,740</u></u>

Business-type activities:

Water	\$	135,823
Wastewater		-
Solid waste		<u>68,729</u>
Total depreciation expense - business-type activities	\$	<u><u>204,552</u></u>

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

8. Interfund Transfers

Transfers were made from the capital equipment replacement fund to subsidize the budgeted acquisition of capital asset additions for the fiscal year ended September 30, 2010.

The remaining transfers were made to cover budgeted expenses/expenditures for 2010.

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 53,000	\$ 1,371,265
Nonmajor governmental funds	125,700	265,000
Infrastructure fund	1,089,465	-
Water fund	202,000	15,900
Solid waste management fund	<u>210,000</u>	<u>28,000</u>
Total	<u>\$ 1,680,165</u>	<u>\$ 1,680,165</u>

During the fiscal year ended September 30, 2010 the Town's Commission approved a resolution providing for the forgiveness of the advance from General Fund to the Infrastructure Fund. As of September 30, 2010 the outstanding balance of the advance was \$889,465. The amount was reclassified as a transfer in the current period.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

9. Intra-Governmental Charges

The costs of certain general and administrative functions of the town are recorded and controlled in the general fund. These administrative costs have been allocated to the town's enterprise funds for the year ended September 30, 2010, as shown in the following table:

Enterprise Fund	Administrative Costs Allocated
Water	\$ 266,000
Solid Waste Management	188,400
Total	\$ 454,400

10. Long-Term Debt

Long-term debt includes accrued leave as of September 30, 2010:

During the fiscal year ended September 30, 2010, the following changes occurred in liabilities reported in long-term debt:

	Balance October 1	Additions	Reductions	Balance September 30	Due Within One Year
Governmental activities:					
Accrued leave	\$ 220,502	\$ 109,687	\$ 88,073	\$ 242,116	\$ 60,529
Other post-employment benefits (OPEB)	-	46,841	-	46,841	-
Total Government activities	220,502	156,528	88,073	288,957	60,529
Business-type activities:					
Accrued leave	\$ 74,581	\$ 46,516	\$ 54,516	\$ 66,581	\$ 16,646

Compensated absences are generally liquidated by the general fund for governmental activities.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

11. Lease Commitments

The town currently leases certain equipment under a five year noncancellable operating lease. Total lease expense for 2010 was \$7,715. The following is a schedule of future minimum annual lease payments required by this lease.

<u>Year</u>	<u>Amount</u>
2011	\$ 7,715
2012	7,715
2013	<u>1,929</u>
Total	<u>\$ 17,359</u>

12. Risk Management

The town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In an effort to reduce the rising costs of commercial insurance, the Town purchases all of its insurance coverages, except for health coverage, from Public Risk Management of Florida (PRM). The town does not retain any risk of loss as a member of the PRM program which operates as any commercial insurance carrier.

The PRM program is structured under a protected self-insured retention insurance program with the following retention levels:

· Property	\$200,000
· Liability	\$200,000
· Errors and Omissions	\$200,000
· Workers' Compensation	\$650,000
· Crime	\$ 25,000

This is a “protected self-insurance retention program,” not a self-funded program with insurance.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

12. Risk Management (Continued)

Specific excess insurance provides coverage to losses above the self-insured retention. A loss fund which is funded 100% by the program's members on a pro-rata basis pays the self insured retention amounts.

In the event that the loss fund (\$12,000,000) is exhausted, stop loss insurance is provided. The only deductible payable by members is \$500 for property, inland marine, automobile physical damage and crime. Members' contributions are allocated into three categories as follows:

- insurance premiums
- loss fund (paid annually as part of the town's insurance premium)
- administrative costs

The excess insurance carriers and their coverage areas are summarized as follows:

<u>Carrier</u>	<u>Coverage</u>
Princeton E45	excess property
Liberty Mutual	excess workers' compensation
American Safety Indemnity	excess liability

The PRM program provides specified insurance coverages for 143 school systems and local governmental entities. The major benefits of such a pooling approach include:

- 1) Broader insurance coverage through mass purchasing power;
- 2) The reduction of insurance costs, with some measure of cost stabilization;
- 3) The availability of insurance from year to year; and
- 4) The development of a loss prevention program common to all members.

As indicated above, the town continues to carry commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

13. Contingent Liabilities

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

The town is involved in certain ongoing construction projects. Management's estimate of the costs of these projects through the next two fiscal years ending September 30, 2012 is between \$6,500,000 and \$7,500,000. The funding for these projects will come from the countywide one percent infrastructure sales surtax.

The town did not receive federal grant funds during the fiscal year ended September 30, 2010, and is not, therefore, subject to the program compliance audit by the grantee under the Office of Management and Budget circular a-133, "Audits of States, Local Governments and Non-profit Organizations".

The town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the town.

The town has not entered into any operating leases with scheduled rent increases as of September 30, 2010.

14. Employee Retirement System

The town maintains a single employer, defined benefit pension plan (police officers' pension plan) which covers all of its police officers as well as a defined contribution 401(k) plan which covers substantially all of the town's remaining general employees.

Police Officers' Pension Fund

Plan Description:

The following brief description of the Town of Belleair police officers' retirement plan (plan) is provided for general information purposes only. Participants should refer to the plan ordinance for more complete information.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

14. Employee Retirement System (Continued)

The plan is a single employer defined benefit pension plan covering all full-time sworn police officers of the Town of Belleair, Florida (town). Participation in the plan is required as a condition of employment. Originally established by town ordinance in 1977 and amended in 1986, 1993, 1995, 1997, 2000, 2002 and 2007 the plan provides for pension, death and disability benefits. The plan is subject to provisions of chapter 185 of the State of Florida statutes.

The plan in accordance with the above statute, is governed by a five member pension board. Two police officers who are elected by a majority of the members of the plan, two are residents of the town who are appointed by the town commission and a fifth member elected by the other four members constitute the pension board. The town and the plan participants are obligated to fund all plan costs based upon actuarial valuations. The town is authorized to establish benefit levels and the board of trustees approve the actuarial assumptions used in the determination of contribution levels.

Police Officers Pension Fund (continued)

Plan Description (continued)

Current membership in the plan is comprised of all full-time sworn police officers of the Town of Belleair and is summarized as follows:

<u>Group</u>	<u>September 30, 2009</u>
Retirees and beneficiaries currently receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	5
Active plan members:	
Fully vested	2
Nonvested	9

Officers who retire at the age 55 and the completion of five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3.50 percent of their average final compensation times their years of credited service. Cost of living adjustments are not provided. The plan permits early retirement at age 50 and the completion of ten years of credited service. Benefits vest upon completing ten years of credited service.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

14. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

The plan also provides death and disability benefits. The death benefit is the greater of the officer's accumulated contributions or his accrued benefit. Disability payments will be equal to 3.50 percent of the officers' average annual compensation times his years of credited service but shall not be less than 42 percent of his average monthly compensation as of his disability retirement date.

The plan has not issued a stand-alone financial report for the fiscal year ended September 30, 2010.

Basis of accounting:

Basis of accounting is the method by which revenues and expenses are recognized in the accounts and are reported in the financial statements. The accrual basis of accounting is used for the plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Plan member contributions are recognized in the period in which the contributions are due. Town contributions to the plan, as calculated by the plan's actuary, are recognized as revenue when due and the town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Funding policy:

Police officer contribution rates are established at 6.0 percent of salary. Accumulated officer contributions plus investment earnings allocations are refunded if an officer leaves covered employment after five years of credited service. Interest is not paid on contributions of terminated officers with less than five years of credited service. A State excise tax (rebate) collected from the town's residents by the State of Florida is restricted to fund the plan under Florida Statutes, chapter 185. This rebate has been included in the general fund's revenues and expenditures for the fiscal year ended September 30, 2010. Contributions are received from the town in amounts sufficient to fund the plan at an actuarially determined rate specified by state statute, chapter 185. The plan's administrative costs are financed through investment earnings. The plan has no undue investment concentrations.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

14. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Funding policy (continued):

The town's annual pension cost and net pension obligation for the year ended September 30, 2010 is as follows:

Annual required contributions	\$ 64,792
Interest on net pension obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual pension cost	64,792
Contributions made	<u>64,792</u>
Increase (decrease) in net pension obligation	-
Net Pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	\$ <u><u>-</u></u>

The annual required contribution for the current year was determined as part of the September 30, 2009 (most recent) actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumptions included (a) 8.0% reinvestment rate of return (net of administrative expenses) and (b) projected salary increases of 7.0% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

14. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Funding policy (continued):

The remaining amortization period at September 30, 2009 was 28 years. The plan's three year trend information is summarized as follows:

Three Year Trend Information

<u>Fiscal year ended</u>	<u>Annual postemployment benefit cost</u>	<u>Percentage of annual postemployment benefit cost</u>	<u>Net pension obligation</u>
9/30/08	\$ 11,517	100.0	-
9/30/09	41,000	100.0	-
9/30/10	64,792	100.0	-

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

14. Employee Retirement System (Continued)

Police Officers Pension Fund (continued)

Funding Policy (continued):

The Plan's table of required supplementary information is presented below:

Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (A)</u>	<u>Actuarial accrued liability (aal)- frozen entry age (B)</u>	<u>Unfunded aal (uaal) (B-A)</u>	<u>Funded ratio (A/B)</u>	<u>Covered payroll (C)</u>	<u>UAAL as a percentage of covered payroll (B-A)/C)</u>
9/30/00	\$ 1,093,344	\$ 1,377,358	\$ 284,014	79.38%	\$ 423,410	67.08 %
9/30/01	1,165,515	1,441,694	276,179	80.85	509,419	54.21
9/30/02	1,194,248	1,471,418	277,170	81.16	453,220	61.16
9/30/03	1,283,408	1,549,499	266,091	82.83	434,923	61.18
9/30/04	1,327,405	1,589,741	262,336	83.50	457,189	57.38
9/30/05	1,450,679	1,708,017	257,338	84.93	421,946	60.99
9/30/06	1,635,030	1,891,182	256,152	86.46	346,638	73.90
9/30/07	1,790,859	2,215,983	425,124	80.82	423,592	100.36
9/30/08	1,856,863	2,283,580	426,717	81.31	604,845	70.55
9/30/09	1,813,120	2,236,907	422,787	81.09	626,886	67.44

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

14. Employee Retirement System (Continued)

Year ended <u>September 30</u>	Schedule of employer contributions	
	Annual required contribution	Percentage contributed
2001	\$ 31,020	100.0%
2002	24,405	100.0
2003	21,277	100.0
2004	15,973	100.0
2005	33,250	100.0
2006	20,718	100.0
2007	6,133	100.0
2008	11,517	100.0
2009	41,000	100.0
2010	64,792	100.0

Notes to the required schedules

The information presented in the required supplementary schedules presented above was determined as part of the actuarial valuations at the dated indicated. Additional information as of the latest (September 30, 2009) actuarial valuation follows:

Valuation date	September 30, 2009
Actuarial cost method	Frozen entry age
Amortization method	Level percent
Remaining amortization period	28 years closed
Asset valuation method	4 year smoothed market
Actuarial assumptions:	
investments rate of return	8.0%
post retirement benefit increases	None
projected salary increases	7.0%
inflation rate	3.0%

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

14. Employee Retirement System (Continued)

Employees' 401(k) fund

The town provides retirement benefits for all of its full-time employees not covered under the policemen officers' pension plan through a defined contribution 401(k) plan administered by the ICMA Retirement Corporation as a third party administrator and investment advisor under their prototype profit-sharing plan and trust agreement. At September 30, 2010 there were 39 plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of employment. The plan requires that participants contribute at least three percent (but not to exceed fourteen percent or the maximum amount allowed by the Internal Revenue Code whichever is greater) of their compensation which, if made, will be matched by a nine percent town contribution. The town's contributions for each employee (and interest allocated to the employee's account) are fully vested after three years of continuous service. Town contributions for, and interest forfeited by, employees who leave employment before three years of service are used to reduce the town's current-period contribution requirement. Plan provisions and contribution requirements are established and may be amended by the town commission.

The town's total payroll in fiscal year 2010 was \$2,623,741. The town's contributions were calculated using the participants' salary amount of \$1,650,933. Both the town and the covered employees made the required contributions in addition to certain voluntary participant contributions summarized as follows:

	<u>Contribution amount</u>	<u>Percentage of current covered payroll</u>
Required:		
town	\$ 148,584	9.0 %
employee	49,528	3.0
Voluntary:		
employee	<u>66,540</u>	<u>4.0</u>
Total contributions	<u>\$ 264,652</u>	<u>16.0 %</u>

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

14. Employee Retirement System (Continued)

Employees' 401(k) Plan (Continued)

During the fiscal year ended September 30, 2001 the 401(k) plan was amended to increase the amount that the town will contribute to the plan from 6% of earnings to 9% of earnings for each plan year starting with the first pay period commencing after October 1, 2001.

The 401(k) plan has not issued a stand alone financial report for the fiscal year ended September 30, 2010.

15. Deferred Compensation Plan

The town maintains a deferred compensation plan (plan) under the provisions of section 457 of the Internal Revenue Code, as amended. This law stipulates that all assets and income of the plan must be held in trust for the exclusive benefit of the plan participants and their beneficiaries. The town's plan is administered by the international city management association retirement corporation and provides the plan participants with the option to invest in thirteen different registered investment funds (mutual funds). Although the town is the trustee of the plan, the town has no administrative involvement and performs no investing function for the plan and has not therefore, reported the plan in this financial report.

16. Post-Employment Health Care Benefits

In addition to the pension benefits described in Note 14, the town provides postretirement health care benefits in accordance with an employment policy adopted for the town's seven full-time department heads during the year ended September 30, 1993. Under terms of this policy, department heads who retire from the town on or after attaining age fifty-five with at least twenty-five years of service will receive family medical coverage (medical, dental and hospitalization) until age sixty-five at which time a medicare supplement will be provided until the age of seventy. The town will pay for this supplemental coverage for the employee and his or her spouse, at the rate in effect at the time of the employee's retirement with the employee paying any increased cost after that date. During the year ended September 30, 2010 the town had no employee eligible to receive these benefits. These postemployment benefits are financed on a pay-as-you-go basis. The town incurred no costs for these benefits during the year ended September 30, 2010.

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

16. Post-Employment Health Care Benefits (Continued)

Except for the department heads who qualify for postretirement health care benefits (as previously discussed), the town provides no funding for any portion of the premiums after retirement. However, the town recognizes that there is an “implicit subsidy” arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund as an irrevocable trust has not been established to fund the plan. The plan does not issue a separate financial report.

Annual OPEB Cost and Net OPEB Obligation

The town’s annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The Town’s annual OPEB cost for its plan for the current year is as follows:

	<u>Annual OPEB Cost</u>
Annual required contribution (ARC)	\$ 46,841
Interest on net OPEB obligation	-
Adjustment to ARC	<u>-</u>
Annual OPEB cost	46,841
Contributions made (pay-as-you-go basis)	<u>-</u>
Increase in net OPEB obligation	46,841
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u>\$ 46,841</u>

TOWN OF BELLEAIR, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

16. Post-Employment Health Care Benefits (Continued)

Required Supplementary Information

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2009, was as follows:

	<u>Funded Status</u>
Actuarial accrued liability	\$ 483,120
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability	<u>\$ 483,120</u>
Funded ratio	<u>0%</u>
Covered payroll	<u>\$ N/A</u>
Unfunded actuarial accrued liability as a percentage of coverage payroll	<u>N/A</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the status of the plan and the annual required contributions of the Town are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation there is no prior year information.

NONMAJOR
COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS
AND SCHEDULES

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to finance particular activities and are created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by legal, regulatory or administrative action to pay for certain activities with some form of continuing revenues.

Park and Public District Enhancement Fund - to account for the receipt of fees in lieu of the replacement of trees removed from Town property as required by the Town's Land Development Code. All fees collected must be used for landscape planning, tree and other plantings and maintenance of public properties.

Local Option Gas Tax Fund - to account for proceeds from the local option gas tax as levied by the Pinellas County, Florida Board of County Commissioners.

Transportation Impact Fee Fund - to account for proceeds from the transportation impact fee as levied by the Pinellas County, Florida Board of County Commissioners.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of capital facilities other than those financed by proprietary funds and trust funds.

Capital equipment replacement fund - To account for the planned acquisition of equipment, tools, and vehicles. The general fund and enterprise funds will transfer the funding for these purchases to the capital equipment replacement fund.

TOWN OF BELLEAIR, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	Special Revenue				Capital Projects	Total
	Public District Enhancement	Local Option Gas Tax	Transportation Impact Fee	Total	Capital Equipment Replacement	Nonmajor Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 34,818	\$ 239,265	\$ 60,100	\$ 334,183	\$ 383,300	\$ 717,483
Investments	4,159	99,176	955	104,290	-	104,290
Receivables (net of allowance for uncollectible accounts):						
County	-	8,467	-	8,467	-	8,467
TOTAL ASSETS	\$ 38,977	\$ 346,908	\$ 61,055	\$ 446,940	\$ 383,300	\$ 830,240
 <u>LIABILITIES AND FUND BALANCES</u>						
Accounts payable	\$ 16,722	\$ -	\$ -	\$ 16,722	\$ -	\$ 16,722
TOTAL LIABILITIES	16,722	-	-	16,722	-	16,722
 <u>FUND BALANCES</u>						
FUND BALANCES:						
Unreserved, undesignated	22,255	346,908	61,055	430,218	383,300	813,518
TOTAL FUND BALANCES	22,255	346,908	61,055	430,218	383,300	813,518
TOTAL LIABILITIES AND FUND BALANCES	\$ 38,977	\$ 346,908	\$ 61,055	\$ 446,940	\$ 383,300	\$ 830,240

TOWN OF BELLEAIR, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue				Capital Projects	Total Nonmajor Governmental Funds
	Park and Public District Enhancement	Local Option Gas Tax	Transportation Impact Fee	Total	Capital Equipment Replacement	
Revenues:						
Intergovernmental	\$ -	\$ 52,577	\$ -	\$ 52,577	\$ -	\$ 52,577
Resource management fees	2,579	-	-	2,579	-	2,579
Interest earned	11	324	88	423	-	423
TOTAL REVENUES	2,590	52,901	88	55,579	-	55,579
EXPENDITURES:						
Current:						
Culture and recreation	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,590	52,901	88	55,579	-	55,579
OTHER FINANCING SOURCES (USES):						
Transfers in:						
General Fund	-	-	-	-	81,800	81,800
Water	-	-	-	-	15,900	15,900
Solid Waste Management Fund	-	-	-	-	28,000	28,000
Transfers out:						
Solid waste management fund	-	-	-	-	(210,000)	(210,000)
General Fund	-	-	-	-	(53,000)	(53,000)
Water Fund	-	-	-	-	(2,000)	(2,000)
Total other financing sources and (uses)	-	-	-	-	(139,300)	(139,300)
NET CHANGE IN FUND BALANCES	2,590	52,901	88	55,579	(139,300)	(83,721)
FUND BALANCES, OCTOBER 1	19,665	294,007	60,967	374,639	522,600	897,239
FUND BALANCES, SEPTEMBER 30	\$ 22,255	\$ 346,908	\$ 61,055	\$ 430,218	\$ 383,300	\$ 813,518

CAPITAL PROJECTS FUND -
BUDGET AND ACTUAL - FROM INCEPTION

Infrastructure fund

To account for proceeds from the Pinellas County, Florida one-cent sales surtax collections, other governmental resources and grant revenues used for the acquisition or construction of capital assets identified in the town's five-year capital improvement plan.

TOWN OF BELLEAIR, FLORIDA

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

CAPITAL PROJECTS FUND

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Infrastructure Fund			
	Project Authorization	Prior Years	Current Year	Total to Date
REVENUES:				
Taxes:				
Property	\$ 800,000	\$ 2,334,409	\$ 685,142	\$ 3,019,551
Intergovernmental:				
Infrastructure sales surtax	3,700,000	3,365,341	305,641	3,670,982
Interest earned	-	184,099	2,100	186,199
Contributions, Community Center	-	869,245	15	869,260
TOTAL REVENUES	4,500,000	6,753,094	992,898	7,745,992
EXPENDITURES:				
Capital outlay:				
Manager	800,000	709,597	-	709,597
Finance and administration	50,000	88,159	-	88,159
Streets	5,100,000	3,443,113	1,151,373	4,594,486
Culture and recreation	3,200,000	2,975,302	-	2,975,302
Debt service:				
Interest	-	115,821	-	115,821
TOTAL EXPENDITURES	9,150,000	7,331,992	1,151,373	8,483,365
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,650,000)	(578,898)	(158,475)	(737,373)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund	5,000,000	4,199,206	1,089,465	5,288,671
Local Option Gas Tax	900,000	189,800	-	189,800
Water Fund	500,000	448,838	-	448,838
Equipment Replacement Fund	100,000	20,000	-	20,000
Total other financing sources (uses)	6,500,000	4,857,844	1,089,465	5,947,309
NET CHANGE IN FUND BALANCE	\$ 1,850,000	\$ 4,278,946	930,990	\$ 5,209,936
FUND BALANCE, OCTOBER 1			4,395,745	
FUND BALANCE, SEPTEMBER 30			\$ 5,326,735	

ENTERPRISE FUNDS

Enterprise funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges.

water fund - to account for the assets, operation and maintenance of the town-owned water system.

wastewater management - to account for the assets, operation and maintenance of the town-owned sewer system.

solid waste management fund - to account for the assets, operation and maintenance of the town-owned refuse disposal system.

TOWN OF BELLEAIR, FLORIDA

WATER ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
OPERATING REVENUES:			
Charges for sales and services	\$ 936,300	\$ 829,194	\$ (107,106)
Total operating revenues	936,300	829,194	(107,106)
OPERATING EXPENSES:			
Personal services	562,300	575,989	(13,689)
Materials and supplies	400,300	438,877	(38,577)
Utilities	75,500	77,927	(2,427)
Depreciation	114,500	135,823	(21,323)
Total operating expenses	1,152,600	1,228,616	(76,016)
OPERATING INCOME (LOSS)	(216,300)	(399,422)	(183,122)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	12,050	2,949	(9,101)
Gain (loss) on disposal of capital assets	-	-	-
Total nonoperating revenues	12,050	2,949	(9,101)
Income (loss) before contributions and transfers	(204,250)	(396,473)	(192,223)
Capital contributions - tap fees			-
Transfers in	414,700	202,000	(212,700)
Transfers out	(15,900)	(15,900)	-
CHANGE IN NET ASSETS	194,550	(210,373)	(404,923)
NET ASSETS, OCTOBER 1	2,754,611	2,754,611	-
NET ASSETS, SEPTEMBER 30	\$ 2,949,161	\$ 2,544,238	\$ (404,923)

TOWN OF BELLEAIR, FLORIDA

WASTEWATER MANAGEMENT ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
OPERATING REVENUES:			
Charges for sales and services	\$ -	\$ 778,319	\$ 778,319
OPERATING EXPENSES:			
Materials and supplies	-	838,632	838,632
Utilities	-	-	-
Depreciation	-	-	-
Total operating expenses	<u>-</u>	<u>838,632</u>	<u>838,632</u>
OPERATING INCOME (LOSS)	-	(60,313)	(60,313)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	-	5,202	5,202
Other income	-	-	-
Loss on disposal of fixed assets	-	-	-
Rental income	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>5,202</u>	<u>5,202</u>
Income (loss) before contributions and transfers	-	(55,111)	(55,111)
Capital contributions - tap fees	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	-	(55,111)	(55,111)
NET ASSETS, OCTOBER 1	<u>-</u>	<u>1,461,791</u>	<u>1,461,791</u>
NET ASSETS, SEPTEMBER 30	<u>\$ -</u>	<u>\$ 1,406,680</u>	<u>\$ 1,406,680</u>

TOWN OF BELLEAIR, FLORIDA

SOLID WASTE MANAGEMENT ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
OPERATING REVENUES:			
Charges for sales and services	\$ 788,900	\$ 770,832	\$ (18,068)
Total operating revenues	788,900	770,832	(18,068)
OPERATING EXPENSES:			
Personal services	351,800	313,041	38,759
Materials and supplies	477,000	265,301	211,699
Utilities	300	798	(498)
Garbage and trash disposal	129,100	141,780	(12,680)
Depreciation	54,000	68,729	(14,729)
Total operating expenses	1,012,200	789,649	222,551
OPERATING INCOME (LOSS)	(223,300)	(18,817)	204,483
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	20,100	2,160	(17,940)
Gain on disposal of capital assets	-	-	-
Other income	3,400	3,130	(270)
Total nonoperating revenues	23,500	5,290	(18,210)
Income (loss) before transfers	(199,800)	(13,527)	186,273
Transfers in	210,000	210,000	-
Transfers out	(28,000)	(28,000)	-
CHANGE IN NET ASSETS	(17,800)	168,473	186,273
NET ASSETS, OCTOBER 1	575,971	575,971	-
NET ASSETS, SEPTEMBER 30	\$ 558,171	\$ 744,444	\$ 186,273

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

TOWN OF BELLEAIR, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE(1)

SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Governmental Funds Capital Assets:		
Land	\$ 5,636,015	\$ 5,636,015
Buildings and improvements	3,341,898	3,341,898
Improvements other than buildings	290,511	287,552
Equipment	1,543,127	1,428,110
Infrastructure	<u>15,645,010</u>	<u>15,651,292</u>
Total Governmental Funds Capital Assets	\$ <u>26,456,561</u>	\$ <u>26,344,867</u>
Governmental Funds Capital Assets by Source:		
General Fund	\$ 19,346,636	\$ 19,234,942
Special revenue funds	76,546	76,546
Capital projects fund	7,002,310	7,002,310
Federal revenue sharing entitlements	<u>31,069</u>	<u>31,069</u>
Total Governmental Funds Capital Assets	\$ <u>26,456,561</u>	\$ <u>26,344,867</u>

(1) This schedule presents only the capital asset balances related to governmental funds.

TOWN OF BELLEAIR, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY FUNCTION AND ACTIVITY(1)

SEPTEMBER 30, 2010 AND 2009

Function and Activity	#						
	Total	Land	Buildings and Improvements	Improvements Other Than Buildings	Equipment	Construction in Progress	Infra- structure
General Government:							
Manager	\$ 216,924	\$ -	\$ -	\$ 98,851	\$ 118,073	\$ -	\$ -
Finance and Administration	3,949,860	3,185,475	418,248	19,562	326,575	-	-
Comprehensive Planning	44,247	-	-	-	44,247	-	-
Town Clerk	53,681	-	-	-	53,681	-	-
Total general government	4,264,712	3,185,475	418,248	118,413	542,576	-	-
Public Safety:							
Police	509,848	-	-	-	509,848	-	-
Transportation:							
Streets	17,287,085	1,598,000	-	-	44,075	-	15,645,010
Culture and Recreation:							
Parks	961,890	749,300	-	36,804	175,786	-	-
Recreation	3,433,026	103,240	2,923,650	135,294	270,842	-	-
Total culture and recreation	4,394,916	852,540	2,923,650	172,098	446,628	-	-
Total governmental funds							
Capital Assets	\$ 26,456,561	\$ 5,636,015	\$ 3,341,898	\$ 290,511	\$ 1,543,127	\$ -	\$ 15,645,010

(1) This schedule represents only the capital asset balances related to governmental funds.

TOWN OF BELLEAIR, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY FUNCTION AND ACTIVITY(1)

SEPTEMBER 30, 2010 AND 2009

Function and Activity	2009						
	Total	Land	Buildings and Improvements	Improvements Other Than Buildings	Equipment	Construction in Progress	Infra-structure
General Government:							
Manager	\$ 150,293	\$ -	\$ -	\$ 95,892	\$ 54,401	\$ -	\$ -
Finance and Administration	3,949,860	3,185,475	418,248	19,562	326,575	-	-
Comprehensive Planning	44,247	-	-	-	44,247	-	-
Town Clerk	53,681	-	-	-	53,681	-	-
Total general government	4,198,081	3,185,475	418,248	115,454	478,904	-	-
Public Safety:							
Police	458,503	-	-	-	458,503	-	-
Transportation:							
Streets	17,293,367	1,598,000	-	-	44,075	-	15,651,292
Culture and Recreation:							
Parks	961,890	749,300	-	36,804	175,786	-	-
Recreation	3,433,026	103,240	2,923,650	135,294	270,842	-	-
Total culture and recreation	4,394,916	852,540	2,923,650	172,098	446,628	-	-
Total governmental funds							
Capital Assets	\$ 26,344,867	\$ 5,636,015	\$ 3,341,898	\$ 287,552	\$ 1,428,110	\$ -	\$ 15,651,292

(1) This schedule represents only the capital asset balances related to governmental funds.

(2) The Public works function was transferred to the finance and administrative functions in 2006.

TOWN OF BELLEAIR, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY⁽¹⁾

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets October 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets September 30, 2010</u>
General Government:				
Manager	\$ 150,293	\$ 66,631	\$ -	\$ 216,924
Finance and Administration	3,949,860	-	-	3,949,860
Comprehensive Planning	44,247	-	-	44,247
Town Clerk	<u>53,681</u>	<u>-</u>	<u>-</u>	<u>53,681</u>
Total general government	4,198,081	66,631	-	4,264,712
Public Safety:				
Police	458,503	51,345	-	509,848
Transportation:				
Streets	17,293,367	-	6,282	17,287,085
Culture and Recreation:				
Parks	961,890	-	-	961,890
Recreation	<u>3,433,026</u>	<u>-</u>	<u>-</u>	<u>3,433,026</u>
Total culture and recreation	<u>4,394,916</u>	<u>-</u>	<u>-</u>	<u>4,394,916</u>
Total governmental funds Capital Assets	<u>\$ 26,344,867</u>	<u>\$ 117,976</u>	<u>\$ 6,282</u>	<u>\$ 26,456,561</u>

⁽¹⁾ This schedule represents only the capital asset balances related to governmental funds.

STATISTICAL SECTION

This part of the Town of Belleair, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Content	Page
Financial Trends	77
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time</i>	
Revenue Capacity	88
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	93
<i>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 debt in the future.</i>	
Demographic and Economic Information	96
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	98
<i>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.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

COMMENTS ON THE STATISTICAL SECTION

September 30, 2010

The following statistical tables recommended by GASB Statement No. 44 are not included for the reasons stated below:

A table on ratios of outstanding debt by type, ratios of general bonded debt outstanding, and pledged revenue coverage has been omitted because the town has no general obligation or revenue bonded debt.

A table on the computation of legal debt margin has been omitted because the constitution of the state of florida, florida statutes 200.181 and the charter of the town of belleair, florida set no legal debt margin.

Additional schedules which are felt to be useful to various users, principally investors, underwriters, and rating agencies, have been included in this section.

FINANCIAL TRENDS

TOWN OF BELLEAIR, FLORIDA

NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
 (accrual basis of accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental activities:									
Invested in capital assets	\$ 18,612,877	\$ 19,122,641	\$ 16,867,388	\$ 17,263,828	\$ 17,516,350	\$ 15,085,179	\$ 15,074,947	\$ 14,260,154	^(A) \$ 5,051,046
Restricted	5,710,035	4,918,345	5,141,934	3,876,735	1,894,861	4,308,732	2,793,722	3,648,850	2,762,587
Unrestricted	<u>4,648,413</u>	<u>5,973,331</u>	<u>5,328,694</u>	<u>4,921,633</u>	<u>5,099,843</u>	<u>3,109,709</u>	<u>3,480,596</u>	<u>2,311,371</u>	<u>2,680,957</u>
Total governmental activities net assets	\$ <u>28,971,325</u>	\$ <u>30,014,317</u>	\$ <u>27,338,016</u>	\$ <u>26,062,196</u>	\$ <u>24,511,054</u>	\$ <u>22,503,620</u>	\$ <u>21,349,265</u>	\$ <u>20,220,375</u>	\$ <u>10,494,590</u>
Business-type activities:									
Invested in capital assets	\$ 2,919,090	\$ 2,894,524	\$ 3,421,613	\$ 3,603,775	\$ 3,676,800	\$ 3,779,912	\$ 3,859,778	\$ 4,815,372	\$ 5,000,804
Restricted	1,568,889	1,611,695	1,873,027	1,863,083	1,854,843	1,871,379	1,858,341	1,368,780	1,418,216
Unrestricted	<u>207,383</u>	<u>286,154</u>	<u>434,517</u>	<u>465,073</u>	<u>541,188</u>	<u>429,893</u>	<u>351,940</u>	<u>838,938</u>	<u>838,514</u>
Total business-type activities net assets	\$ <u>4,695,362</u>	\$ <u>4,792,373</u>	\$ <u>5,729,157</u>	\$ <u>5,931,931</u>	\$ <u>6,072,831</u>	\$ <u>6,081,184</u>	\$ <u>6,070,059</u>	\$ <u>7,023,090</u>	\$ <u>7,257,534</u>
Primary government:									
Invested in capital assets,	\$ 21,531,967	\$ 22,017,165	\$ 20,289,001	\$ 20,867,583	\$ 21,193,150	\$ 18,865,091	\$ 18,934,725	\$ 19,075,526	\$ 10,051,850
Restricted	7,278,924	6,530,040	7,014,961	5,739,818	3,749,704	6,180,111	4,652,063	5,017,630	4,180,803
Unrestricted	<u>4,855,796</u>	<u>6,259,485</u>	<u>5,763,211</u>	<u>5,386,706</u>	<u>5,641,031</u>	<u>3,539,602</u>	<u>3,832,536</u>	<u>3,150,309</u>	<u>3,519,471</u>
	\$ <u>33,666,687</u>	\$ <u>34,806,690</u>	\$ <u>33,067,173</u>	\$ <u>31,994,107</u>	\$ <u>30,583,885</u>	\$ <u>28,584,804</u>	\$ <u>27,419,324</u>	\$ <u>27,243,465</u>	\$ <u>17,752,124</u>

^(A) Infrastructure and related accumulated depreciation recorded during the year ended September 30, 2003.

TOWN OF BELLEAIR, FLORIDA

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS

(accrual basis of accounting)

EXPENSES	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental Activities:									
General government	\$ 1,837,143	\$ 2,159,122	\$ 1,430,491	\$ 1,403,027	\$ 1,339,000	\$ 1,152,848	\$ 955,606	\$ 1,450,454	\$ 971,747
Public safety	1,717,806	1,812,338	1,684,888	1,557,471	1,388,992	1,414,252	1,318,255	1,132,411	1,052,417
Physical environment	-	-	-	202,014	203,180	255,654	230,581	342,194	291,356
Transportation	2,111,298	1,216,164	786,846	751,716	995,527	824,760	638,212	733,293	369,020
Culture and recreation	<u>631,840</u>	<u>752,449</u>	<u>879,286</u>	<u>770,902</u>	<u>381,368</u>	<u>479,921</u>	<u>403,642</u>	<u>409,043</u>	<u>348,672</u>
Total governmental activities expenses	<u>6,298,087</u>	<u>5,940,073</u>	<u>4,781,511</u>	<u>4,685,130</u>	<u>4,308,067</u>	<u>4,127,435</u>	<u>3,546,296</u>	<u>4,067,395</u>	<u>3,033,212</u>
Business-type activities:									
Water	1,228,616	1,382,515	1,082,206	1,112,227	971,174	860,178	996,212	772,684	819,727
Waste water management	838,632	991,631	964,857	987,112	868,249	879,470	1,745,710	966,374	1,082,582
Solid waste management	<u>789,649</u>	<u>760,528</u>	<u>749,590</u>	<u>776,201</u>	<u>728,258</u>	<u>764,875</u>	<u>727,725</u>	<u>646,885</u>	<u>650,394</u>
Total business-type activities expenses	<u>2,856,897</u>	<u>3,134,674</u>	<u>2,796,653</u>	<u>2,875,540</u>	<u>2,567,681</u>	<u>2,504,523</u>	<u>3,469,647</u>	<u>2,385,943</u>	<u>2,552,703</u>
Total primary government expenses	<u>\$ 9,154,984</u>	<u>\$ 9,074,747</u>	<u>\$ 7,578,164</u>	<u>\$ 7,560,670</u>	<u>\$ 6,875,748</u>	<u>\$ 6,631,958</u>	<u>\$ 7,015,943</u>	<u>\$ 6,453,338</u>	<u>\$ 5,585,915</u>
PROGRAM REVENUES									
Governmental activities:									
Charges for services	\$ 1,096,623	\$ 759,833	\$ 766,857	\$ 645,755	\$ 571,174	\$ 617,350	\$ 547,632	\$ 601,397	\$ 634,113
Capital grants and contributions	<u>540</u>	<u>2,534,079</u>	<u>163,832</u>	<u>102,745</u>	<u>80,575</u>	<u>317,656</u>	<u>127,000</u>	<u>67,815</u>	<u>96,825</u>
Total governmental activities program revenues	1,097,163	3,293,912	930,689	748,500	651,749	935,006	674,632	669,212	730,938
Business-type activities:									
Charges for services:									
Water	829,194	986,824	954,185	964,856	948,461	879,131	855,313	745,977	962,006
Waste water management	778,319	803,723	826,863	792,362	794,649	806,338	870,112	1,119,463	959,625
Solid waste management	<u>770,832</u>	<u>725,643</u>	<u>720,799</u>	<u>720,268</u>	<u>671,744</u>	<u>670,546</u>	<u>646,824</u>	<u>626,833</u>	<u>663,753</u>
Total business-type activities revenues	<u>2,378,345</u>	<u>2,516,190</u>	<u>2,501,847</u>	<u>2,477,486</u>	<u>2,414,854</u>	<u>2,356,015</u>	<u>2,372,249</u>	<u>2,492,273</u>	<u>2,585,384</u>
Total primary government program revenues	<u>\$ 3,475,508</u>	<u>\$ 5,810,102</u>	<u>\$ 3,432,536</u>	<u>\$ 3,225,986</u>	<u>\$ 3,066,603</u>	<u>\$ 3,291,021</u>	<u>\$ 3,046,881</u>	<u>\$ 3,161,485</u>	<u>\$ 3,316,322</u>
NET (EXPENSE) REVENUE									
Governmental activities	\$ (5,200,924)	\$ (5,940,073)	\$ (3,850,822)	\$ (3,936,630)	\$ (3,656,318)	\$ (3,192,429)	\$ (2,871,664)	\$ (3,398,183)	\$ (2,302,274)
Business-type activities	<u>(478,552)</u>	<u>(3,134,674)</u>	<u>(294,806)</u>	<u>(398,054)</u>	<u>(152,827)</u>	<u>(148,508)</u>	<u>(1,097,398)</u>	<u>106,330</u>	<u>32,681</u>
Total primary government net expense	<u>\$ (5,679,476)</u>	<u>\$ (9,074,747)</u>	<u>\$ (4,145,628)</u>	<u>\$ (4,334,684)</u>	<u>\$ (3,809,145)</u>	<u>\$ (3,340,937)</u>	<u>\$ (3,969,062)</u>	<u>\$ (3,291,853)</u>	<u>\$ (2,269,593)</u>

TOWN OF BELLEAIR, FLORIDA

CHANGES IN NET ASSETS (CONTINUED)

LAST NINE FISCAL YEARS

(accrual basis of accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental Activities:									
Taxes:									
Property taxes	\$ 3,114,150	\$ 3,448,485	\$ 3,426,619	\$ 3,599,002	\$ 3,093,832	\$ 2,728,143	\$ 2,483,582	\$ 2,401,886	\$ 2,168,680
Utility taxes	-	-	-	34,699	348,180	320,261	312,579	177,292	-
Franchise fees	436,393	438,850	401,851	411,183	67,866	23,728	234,354	66,789	294,593
Intergovernmental revenues:									
Infrastructure sale surtax	305,641	355,186	395,810	410,122	430,999	387,885	367,300	345,606	337,496
Sales taxes	198,117	198,650	235,242	222,439	246,400	249,764	251,272	199,732	216,665
Communications									
service tax	202,368	237,782	224,192	207,663	198,808	195,761	190,278	205,223	170,703
Other taxes	59,260	58,694	62,393	52,932	53,702	47,423	48,671	49,102	58,156
State revenue sharing	85,640	85,290	94,298	100,959	109,340	102,403	73,609	69,468	63,851
Investment earnings	19,669	63,857	232,747	405,157	304,726	182,920	73,229	82,835	97,379
Miscellaneous	104,794	67,938	16,195	70,032	11,779	64,496	14,780	16,433	20,218
Gain on sale of capital assets	-	-	3,395	684	120	-	-	-	168
Transfers	(368,100)	367,730	33,900	(27,100)	48,000	44,000	(49,100)	365,538	118,400
Lawsuit, Settlement	-	-	-	-	750,000	-	-	-	-
Total governmental activities	<u>4,157,932</u>	<u>5,322,462</u>	<u>5,126,642</u>	<u>5,487,772</u>	<u>5,663,752</u>	<u>4,346,784</u>	<u>4,000,554</u>	<u>3,979,904</u>	<u>3,546,309</u>
Business-type activities:									
Capital contributions	-	2,345	4,325	7,280	5,575	1,480	3,740	4,131	4,970
Investment earnings	10,311	31,912	104,608	191,078	155,153	88,389	41,527	20,633	52,739
Gain on sale of capital assets	-	-	-	5,760	-	6,353	-	-	(6,458)
Miscellaneous	3,130	15,173	17,019	25,916	31,746	107,411	50,000	-	-
Transfers	<u>368,100</u>	<u>(367,730)</u>	<u>(33,900)</u>	<u>27,100</u>	<u>(48,000)</u>	<u>(44,000)</u>	<u>49,100</u>	<u>(365,538)</u>	<u>(118,400)</u>
Total business-type activities	<u>381,541</u>	<u>(318,300)</u>	<u>92,052</u>	<u>257,134</u>	<u>144,474</u>	<u>159,633</u>	<u>144,367</u>	<u>(340,774)</u>	<u>(67,149)</u>
Total primary government	<u>\$ 4,539,473</u>	<u>\$ 5,004,162</u>	<u>\$ 5,218,694</u>	<u>\$ 5,744,906</u>	<u>\$ 5,808,226</u>	<u>\$ 4,506,417</u>	<u>\$ 4,144,921</u>	<u>\$ 3,639,130</u>	<u>\$ 3,479,160</u>
CHANGE IN NET ASSETS									
Governmental activities	\$ (1,042,992)	\$ 2,676,301	\$ 1,275,820	\$ 1,551,142	\$ 2,007,434	\$ 1,154,355	\$ 1,128,890	\$ 581,721	\$ 1,244,035
Business-type activities	<u>(97,011)</u>	<u>(936,784)</u>	<u>(202,754)</u>	<u>(140,920)</u>	<u>(8,353)</u>	<u>8,843</u>	<u>(953,031)</u>	<u>(234,444)</u>	<u>(34,468)</u>
Total primary government	<u>\$ (1,140,003)</u>	<u>\$ 1,739,517</u>	<u>\$ 1,073,066</u>	<u>\$ 1,410,222</u>	<u>\$ 1,999,081</u>	<u>\$ 1,163,198</u>	<u>\$ 175,859</u>	<u>\$ 347,277</u>	<u>\$ 1,209,567</u>

TOWN OF BELLEAIR, FLORIDA

PROGRAM REVENUES BY FUNCTIONS/PROGRAM

LAST NINE FISCAL YEARS

(accrual basis of accounting)

	PROGRAM REVENUES								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>FUNCTIONS/PROGRAMS</u>									
Governmental Activities:									
General government	\$ 457,775	\$ 362,674	\$ 426,495	\$ 472,487	\$ 467,305	\$ 348,899	\$ 298,382	\$ 193,857	\$ 319,846
Public safety	170,508	106,999	110,808	16,163	43,549	113,406	106,280	167,436	153,956
Physical environment	-	-	-	1,120	1,120	26,518	12,346	50,596	33,244
Transportation	72,704	43,392	23,354	22,163	22,163	40,834	83,956	108,423	41,571
Culture and recreation	395,636	246,768	206,200	236,567	117,612	405,349	173,668	148,900	182,321
Subtotal governmental activities	<u>1,096,623</u>	<u>759,833</u>	<u>766,857</u>	<u>748,500</u>	<u>651,749</u>	<u>935,006</u>	<u>674,632</u>	<u>669,212</u>	<u>730,938</u>
Business-type activities:									
Water	829,194	986,824	954,185	964,856	948,461	879,131	855,313	745,977	962,006
Waste water management	778,319	803,723	826,863	792,362	794,649	806,338	870,112	1,119,463	959,625
Solid waste management	770,832	725,643	720,799	720,268	671,744	670,546	646,824	626,833	663,753
Subtotal business-type activities	<u>2,378,345</u>	<u>2,516,190</u>	<u>2,501,847</u>	<u>2,477,486</u>	<u>2,414,854</u>	<u>2,356,015</u>	<u>2,372,249</u>	<u>2,492,273</u>	<u>2,585,384</u>
Total primary government	<u>\$ 3,474,968</u>	<u>\$ 3,276,023</u>	<u>\$ 3,268,704</u>	<u>\$ 3,225,986</u>	<u>\$ 3,066,603</u>	<u>\$ 3,291,021</u>	<u>\$ 3,046,881</u>	<u>\$ 3,161,485</u>	<u>\$ 3,316,322</u>

TOWN OF BELLEAIR, FLORIDA

FUND BALANCES OF
GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund:									
Reserved	\$ 20,211	\$ 966,411	\$ 896,082	\$ 919,832	\$ 878,907	\$ 848,246	\$ 820,112	\$ 811,082	\$ 877,832
Designated	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	<u>4,486,941</u>	<u>4,852,783</u>	<u>4,287,714</u>	<u>3,893,786</u>	<u>4,084,893</u>	<u>2,164,942</u>	<u>2,600,416</u>	<u>1,442,622</u>	<u>1,706,793</u>
Total general fund	<u>\$ 4,507,152</u>	<u>\$ 5,819,194</u>	<u>\$ 5,183,796</u>	<u>\$ 4,813,618</u>	<u>\$ 4,963,800</u>	<u>\$ 3,013,188</u>	<u>\$ 3,420,528</u>	<u>\$ 2,253,704</u>	<u>\$ 2,584,625</u>
All Other Governmental Funds:									
Reserved, reported in:									
Capital projects fund	\$ 44,583	\$ 1,129,632	\$ -	\$ 184,025	\$ 782,842	\$ 3,108,753	\$ 1,402,371	\$ 1,974,270	\$ 7,103
Unreserved, reported in:									
Special revenue fund	813,518	897,239	957,668	293,769	279,443	267,528	231,417	225,276	232,061
Capital projects fund	<u>5,282,152</u>	<u>3,266,113</u>	<u>4,504,934</u>	<u>3,692,710</u>	<u>1,112,019</u>	<u>1,184,649</u>	<u>1,391,351</u>	<u>1,674,580</u>	<u>2,755,484</u>
Total all other governmental funds	<u>\$ 6,140,253</u>	<u>\$ 5,292,984</u>	<u>\$ 5,462,602</u>	<u>\$ 4,170,504</u>	<u>\$ 2,174,304</u>	<u>\$ 4,560,930</u>	<u>\$ 3,025,139</u>	<u>\$ 3,874,126</u>	<u>\$ 2,994,648</u>

TOWN OF BELLEAIR, FLORIDA

CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
REVENUES									
Taxes	\$ 3,114,150	\$ 3,448,485	\$ 3,426,619	\$ 3,599,002	\$ 3,093,832	\$ 2,728,143	\$ 2,483,582	\$ 2,401,886	\$ 2,168,680
Utility taxes	-	-	-	34,699	348,180	320,261	312,579	177,292	-
Franchise fees	436,393	438,850	401,851	411,183	67,866	23,728	234,354	66,789	294,593
Licenses, fees and permits	303,606	272,733	325,853	205,706	230,182	276,377	241,269	231,478	213,465
Intergovernmental	844,344	935,577	1,011,936	991,670	1,040,249	1,036,119	931,130	869,976	848,548
Charges for services	786,853	460,481	432,463	425,383	293,553	320,091	269,207	333,671	349,435
Fines and forfeits	6,163	8,254	8,542	14,668	23,687	15,059	34,989	32,368	37,601
Contributions and donations	72,805	90,439	163,832	101,745	79,575	317,816	127,000	67,815	96,825
Interest earnings	19,669	78,836	247,150	405,157	318,054	195,727	85,527	94,674	108,763
Resource management fees	2,579	-	-	3,445	1,589	2,580	2,167	3,035	31,935
Miscellaneous	36,633	71,968	16,192	70,032	33,942	14,693	14,780	16,433	20,218
Total revenues	<u>5,623,195</u>	<u>5,805,623</u>	<u>6,034,438</u>	<u>6,262,690</u>	<u>5,530,709</u>	<u>5,250,594</u>	<u>4,736,584</u>	<u>4,295,417</u>	<u>4,170,063</u>
EXPENDITURES									
General government	1,722,371	2,092,080	1,545,964	1,369,451	1,363,178	1,133,106	984,352	1,397,970	960,459
Public safety	1,692,031	1,755,475	1,707,072	1,573,869	1,391,192	1,371,725	1,319,614	1,099,641	1,037,183
Physical environment	-	-	-	194,188	201,592	246,309	215,248	328,152	292,742
Transportation	1,712,324	835,118	406,027	380,419	662,930	580,937	1,470,222	851,140	651,426
Culture and recreation	593,142	701,794	735,991	858,480	3,132,634	821,263	378,211	423,656	364,927
Debt service:									
Interest	-	14,979	14,403	13,849	13,317	12,804	12,300	11,839	11,384
Total expenditures	<u>5,719,868</u>	<u>5,399,446</u>	<u>4,409,457</u>	<u>4,390,256</u>	<u>6,764,843</u>	<u>4,166,144</u>	<u>4,379,947</u>	<u>4,112,398</u>	<u>3,318,121</u>
Excess of revenues over (under) expenditures	(96,673)	406,177	1,624,981	1,872,434	(1,234,134)	1,084,450	356,637	183,019	851,942
OTHER FINANCING SOURCES (USES)									
Lawsuit settlement	-	-	-	-	750,000	-	-	-	-
Sale of equipment	-	25,003	3,395	684	120	-	10,300	-	168
Transfers in	1,268,165	239,600	212,600	945,100	291,200	1,574,708	554,700	1,193,238	421,100
Transfers out	(1,636,265)	(205,000)	(178,700)	(972,200)	(243,200)	(1,530,708)	(603,800)	(827,700)	(302,700)
Total other financing sources (uses)	<u>(368,100)</u>	<u>59,603</u>	<u>37,295</u>	<u>(26,416)</u>	<u>798,120</u>	<u>44,000</u>	<u>(38,800)</u>	<u>365,538</u>	<u>118,568</u>
Net change in fund balances	<u>\$ (464,773)</u>	<u>\$ 465,780</u>	<u>\$ 1,662,276</u>	<u>\$ 1,846,018</u>	<u>\$ (436,014)</u>	<u>\$ 1,128,450</u>	<u>\$ 317,837</u>	<u>\$ 548,557</u>	<u>\$ 970,510</u>
Debt service as a percentage of noncapital expenditures	<u>0.00%</u>	<u>0.28%</u>	<u>0.33%</u>	<u>0.32%</u>	<u>0.28%</u>	<u>0.31%</u>	<u>0.28%</u>	<u>0.29%</u>	<u>0.34%</u>

TOWN OF BELLEAIR, FLORIDA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Physical Environment	Transportation	Culture and Recreation	Debt Service	Total
2001	\$ 852,813	\$ 1,100,493	\$ 203,043	\$ 901,603	\$ 359,251	\$ -	3,417,203
2002	960,459	1,037,183	292,742	651,426	364,927	11,384	3,318,121
2003	1,397,970	1,099,641	328,152	851,140	423,656	11,839	4,112,398
2004	984,352	1,319,614	215,248	1,470,222	378,211	12,300	4,379,947
2005	1,133,106	1,371,725	246,309	580,937	821,263	12,804	4,166,144
2006	1,363,178	1,391,192	201,592	662,930	3,132,634	13,317	6,764,843
2007	1,369,451	1,573,869	194,188	380,419	858,480	13,849	4,390,256
2008	1,545,964	1,707,072	-	406,027	735,991	14,403	4,409,457
2009	2,092,080	1,755,475	-	835,118	701,794	14,979	5,399,446
2010	1,722,371	1,692,031	-	1,712,324	593,142	-	5,719,868

⁽¹⁾ Includes general, special revenue and capital projects.

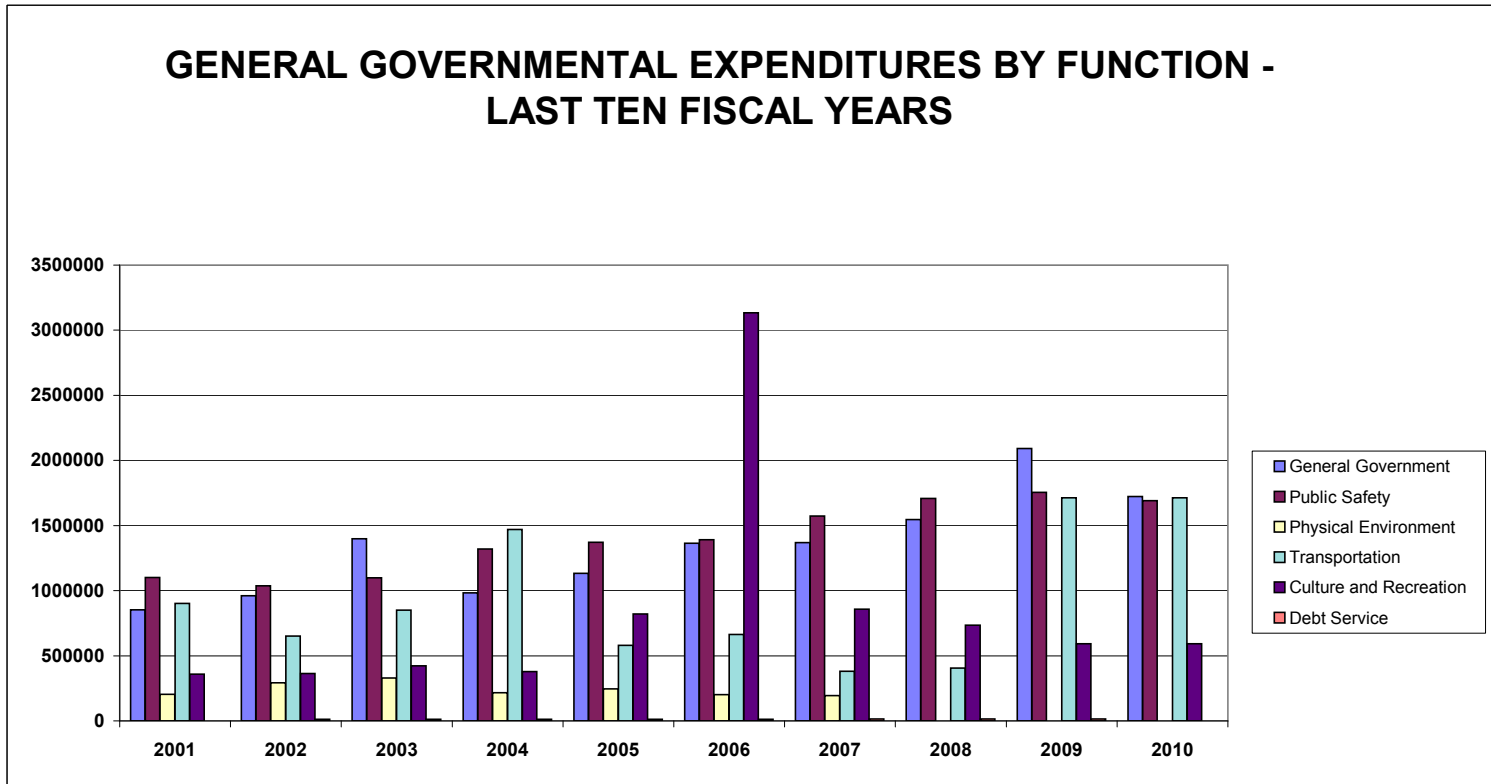
⁽²⁾ Includes expenditures for certain general government drainage system improvements.

⁽³⁾ Includes an attorney's fee settlement in a lawsuit for \$84,000.

⁽⁴⁾ Infrastructure expenditures reduced as Phase I of Belleair Creek Project was completed at the beginning of the 1995 fiscal year.

⁽⁵⁾ Mechanical department services outsourced in 2008.

TOWN OF BELLEAIR, FLORIDA



TOWN OF BELLEAIR, FLORIDA

GENERAL GOVERNMENTAL REVENUES BY SOURCE⁽¹⁾
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	License and Permits	Intergovernmental	Charge for Services	Fines	Resource Management Fees	Interest	Contributions and Donations	Miscellaneous	Total
2001	\$ 2,223,393	\$ 188,399	\$ 686,152	\$ 340,764	\$ 26,852	\$ 200	\$ 220,017	\$ -	105,546	3,791,323
2002	2,463,273	213,465	848,548	349,435	37,601	31,935	108,763	96,825 ⁽⁴⁾	20,218	4,170,063
2003	2,645,967	231,478	869,976	333,671	32,368	3,035	94,674	67,815 ⁽⁴⁾	16,433	4,295,417
2004	3,030,515	241,269	931,130	269,207	34,989	2,167	85,527	127,000	14,780	4,736,584
2005	3,072,132	276,377	1,036,119	320,091	15,059	2,580	195,727	317,816	14,693	5,250,594
2006	3,509,878	230,182	1,040,249	293,553	23,687	1,589	318,054	79,575	33,942	5,530,709
2007	4,044,884	205,706	991,670	425,383	14,668	3,445	405,157	101,745	70,032	6,262,690
2008	3,828,470	325,883	1,011,936	432,463	8,542	-	247,150	163,832	16,192	6,034,468
2009	3,887,335	272,733	935,577	460,481	8,254	25	78,836	90,439	71,943	5,805,623
2010	3,550,543	303,606	844,344	786,853	6,163	2,579	19,669	72,805	36,633	5,623,195

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE⁽²⁾⁽³⁾
LAST TEN FISCAL YEARS

Fiscal Year	Property Tax	Utility Tax	Franchise Fees	Total
2001	\$ 1,876,673	\$ -	\$ 346,720	#####
2002	2,168,680	-	294,593	#####
2003	2,401,886	177,292 ⁽⁵⁾	66,789 ⁽⁵⁾	#####
2004	2,483,582	312,579	234,354 ⁽⁶⁾	#####
2005	2,728,143	320,261	23,728	#####
2006	3,093,832	348,180	67,866	#####
2007	3,599,002	34,699 ⁽⁷⁾	411,183	#####
2008	3,426,619	-	401,851	#####
2009	3,448,485	-	438,850	#####
2010	3,114,150	-	436,393	#####

(1) Includes general, special revenue and capital projects.

(2) Includes general fund.

(3) Includes debt service funds prior to 1992.

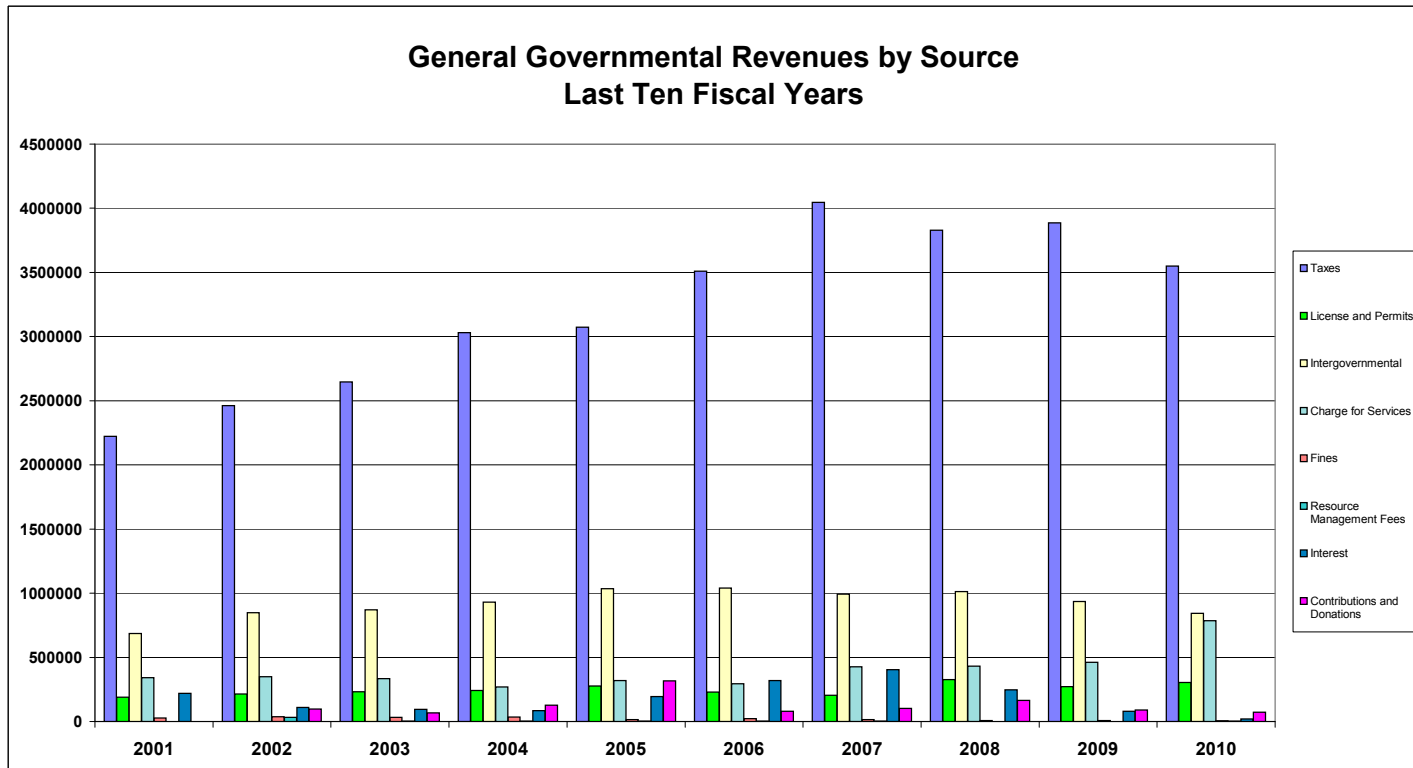
(4) Public contributions to community center construction campaign.

(5) The town passed an ordinance assessing a utility tax on the electric utility provider during the fiscal year ended September 30, 2003. The franchise fee on that provider expired during this time.

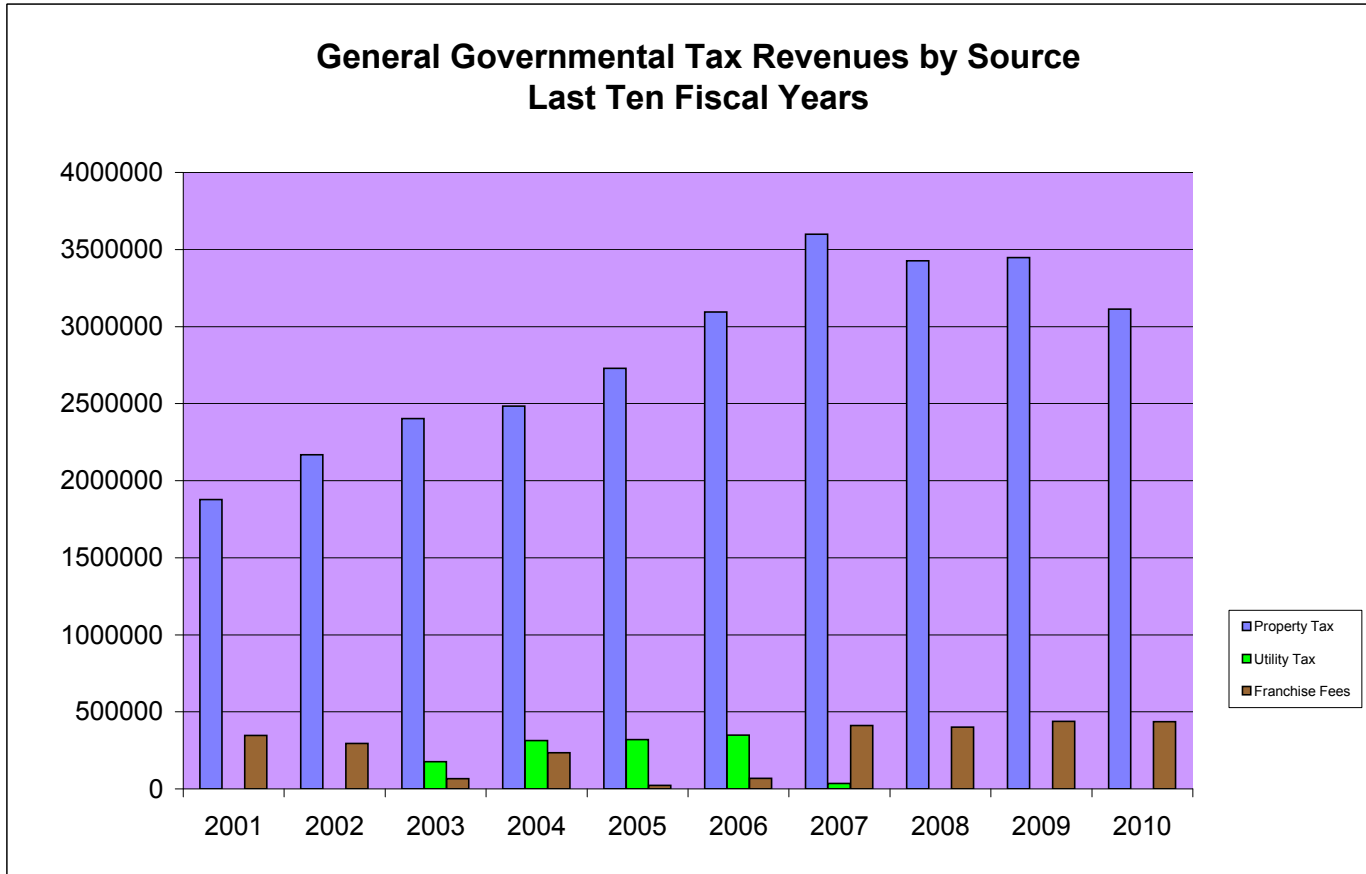
(6) Town received withheld franchise fees from Progress Energy.

(7) Town rescinded the utility tax ordinance effective October 2006.

TOWN OF BELLEAIR, FLORIDA



TOWN OF BELLEAIR, FLORIDA



REVENUE CAPACITY

TOWN OF BELLEAIR, FLORIDA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Valuations						Assessed Values to Estimated Market	Percentage		Total Direct Tax Rate
	Real Property		Personal Property	Total Taxable	Total Exempt	Total All		Yearly Increases		
	Residential	Commercial						Taxable	Total	
2001	\$ 476,071,900	\$ 31,384,600	\$ 9,675,990	\$ 425,735,860	\$ 91,396,630	\$ 517,132,490	100 %	6.6	7.8	4.5552
2002	551,936,100	32,949,100	10,195,110	471,248,210	123,832,100	595,080,310	100	10.1	15.1	4.7616
2003	638,936,100	33,687,100	10,404,420	514,972,040	168,055,580	683,027,620	100	9.2	14.7	4.7616
2004	695,186,700	34,314,800	10,465,720	551,123,640	188,843,580	739,967,220	100	7.0	8.3	4.6389
2005	797,305,100	38,359,200	10,787,000	608,350,730	238,100,570	846,451,300	100	10.4	14.4	4.6389
2006	938,319,900	42,108,800	9,886,110	689,353,860	300,960,950	990,314,810	100	13.3	16.9	4.6389
2007	1,143,928,500	52,210,100	8,933,060	800,688,388	404,403,272	1,205,071,660	100	13.9	17.8	4.6389
2008	1,172,994,800	52,926,700	9,810,300	839,447,822	396,283,978	1,235,731,800	100	4.6	0.7	4.2118
2009	872,679,953	47,687,999	7,657,863	768,079,157	226,438,136	928,795,222	100	(10.2)	0.08	4.5605
2010	716,297,247	42,395,511	6,544,496	621,660,713	143,576,541	765,237,254	100	(11.4)	(22.40)	5.1465

Source: Pinellas County Property Appraiser.

TOWN OF BELLEAIR, FLORIDA

ASSESSED VALUATIONS, MILLAGE AND TAXES LEVIED AND COLLECTED
LAST TEN FISCAL YEARS

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total valuations	\$ 517,132,490	\$ 595,080,310	\$ 683,027,620	\$ 739,967,220	\$ 846,451,300	\$ 990,314,810	\$ 1,205,071,660	\$ 1,235,731,800	\$ 928,795,222	\$ 765,237,254
Real estate exemptions:										
Government exemption	5,184,060	5,426,460	5,512,460	5,531,560	7,708,560	8,259,160	13,059,647	13,002,360	11,947,320	10,926,288
Institutional exemption	6,156,770	6,652,440	6,800,720	6,941,920	7,454,410	7,627,590	8,373,220	8,494,170	9,060,366	8,153,630
Assessment differential (F.S. 193.155) ⁽³⁾	37,581,600	69,096,300	113,377,300	134,220,200	180,338,500	242,471,900	342,770,405	332,272,121	61,521,867	98,321,464
Individual or homestead exemptions	42,474,200	42,656,900	42,365,100	42,149,900	42,599,100	42,602,300	40,200,000	42,515,327	78,186,512	78,914,247
Total exemptions and adjustments	<u>91,396,630</u>	<u>123,832,100</u>	<u>168,055,580</u>	<u>188,843,580</u>	<u>238,100,570</u>	<u>300,960,950</u>	<u>404,403,272</u>	<u>396,283,978</u>	<u>160,716,065</u>	<u>143,576,541</u>
Total taxable valuation	\$ <u>425,735,860</u>	\$ <u>471,248,210</u>	\$ <u>514,972,040</u>	\$ <u>551,123,640</u>	\$ <u>608,350,730</u>	\$ <u>689,353,860</u>	\$ <u>800,668,388</u>	\$ <u>839,447,822</u>	\$ <u>768,079,157</u>	\$ <u>621,660,713</u>
Millage levied	<u>4.5552</u>	<u>4.7616</u>	<u>4.7616</u>	<u>4.6389</u>	<u>4.6389</u>	<u>4.6389</u>	<u>4.6389</u>	<u>4.2118</u>	<u>4.5605</u>	<u>5.1465</u>
Total taxes levied	\$ 1,939,311	\$ 2,243,895	\$ 2,455,262	\$ 2,556,607	\$ 2,822,078	\$ 3,197,844	\$ 3,714,221	\$ 3,535,586	\$ 3,502,825	\$ 3,199,377
Less: Adjustments and discounts	<u>62,638</u>	<u>75,215</u>	<u>53,377</u>	<u>73,026</u>	<u>93,935</u>	<u>104,012</u>	<u>115,219</u>	<u>108,967</u>	<u>54,340</u>	<u>85,227</u>
Net taxes levied	\$ <u>1,876,673</u>	\$ <u>2,168,680</u>	\$ <u>2,401,885</u>	\$ <u>2,483,581</u>	\$ <u>2,728,143</u>	\$ <u>3,093,832</u>	\$ <u>3,599,002</u>	\$ <u>3,426,619</u>	\$ <u>3,448,485</u>	\$ <u>3,114,150</u>
Net collected ⁽¹⁾⁽²⁾	\$ <u>1,876,673</u>	\$ <u>2,168,680</u>	\$ <u>2,401,885</u>	\$ <u>2,483,581</u>	\$ <u>2,728,143</u>	\$ <u>3,093,832</u>	\$ <u>3,599,002</u>	\$ <u>3,426,619</u>	\$ <u>3,448,485</u>	\$ <u>3,114,150</u>

Source: Pinellas County Property Appraiser

⁽¹⁾ Florida Statutes provide for a discount of up to four percent for early payment of ad valorem taxes. All unpaid taxes become delinquent on April 1, and are sold at auction on June 1 of each year as tax certificates. The Town, after all tax certificates are sold, has fully collected all ad valorem revenues

⁽²⁾ Net collected includes penalties or late payments.

⁽³⁾ Florida Statutes provide for a three percent maximum increase in annual taxable property values.

TOWN OF BELLEAIR, FLORIDA

PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS (PER \$1,000)
LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Town of Belleair:										
Operating	4.5552	4.7616	4.7616	4.6389	4.6389	4.6389	4.6389	4.2118	4.5605	5.1465
Debt service	-	-	-	-	-	-	-	-	-	-
Total Town millage	4.5552	4.7616	4.7616	4.6389	4.6389	4.6389	4.6389	4.2118	4.5605	5.1465
Pinellas County School Board:										
Operating	8.4330	8.4870	8.4490	8.1220	8.1220	8.3900	8.2100	7.7310	8.3460	8.3400
Pinellas County										
Operating	6.0040	6.1410	6.1410	6.1410	6.1410	6.1410	5.4700	4.8730	4.8108	4.8108
Debt service	-	-	-	-	-	-	-	-	-	-
Total County millage	6.0040	6.1410	6.1410	6.1410	6.1410	6.1410	5.4700	4.8730	4.8108	4.8108
County-wide millage set by other taxing authorities:										
-Pinellas Suncoast Transit Authority	0.6501	0.6501	0.6319	0.6377	0.6377	0.6377	0.6074	0.5601	0.5601	0.5601
-Pinellas County Planning Council	0.0225	0.0225	0.0225	0.0220	0.0220	0.0218	0.0195	0.0170	0.0125	0.0125
-Juvenile Welfare Board	0.8117	0.8117	0.8117	0.8117	0.8117	0.8117	0.7963	0.7384	0.7915	0.7915
-South West Florida Water Management District	0.4220	0.4220	0.4220	0.4220	0.4220	0.4220	0.4220	0.3866	0.3866	0.3770
-Pinellas Anclote River Basin	0.4010	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.3701	0.3200	0.2600
-EMS	0.7470	0.6600	0.6600	0.6600	0.6600	0.6600	0.6300	0.5832	0.5832	0.5832
Total County-wide millage	3.0533	2.9663	2.9481	2.9340	2.9514	2.9530	2.8752	2.6554	2.6539	2.5843
TOTAL	\$ 22.0455	\$ 22.3559	\$ 22.2997	\$ 21.8359	\$ 21.8533	\$ 22.1229	\$ 21.1941	\$ 19.4712	\$ 20.3712	\$ 20.8816

Source: Pinellas County Tax Collector

TOWN OF BELLEAIR, FLORIDA

PRINCIPAL PROPERTY TAXPAPERS
CURRENT YEAR AND SIX YEARS AGO

Principal Property Taxpayers	2010				2004		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value		Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Belleview Biltmore Resort, Ltd.	1	\$ 13,365,282	2.15%	Belleview Biltmore Resort, Ltd.	1	\$ 10,706,500	1.76 %
Belleview Country Club	2	9,902,429	1.59%	Belleview Country Club	2	8,658,600	1.42
Muma, Leslie M	3	7,603,356	1.22%	Bollea, Terry G.	3	5,537,400	0.81
St. Louis, James	4	7,044,393	1.13%	McGill, William H., Jr.	4	5,021,500	0.83
Bolla, Terry Gene	5	6,186,944	1.00%	Willadel	5	4,857,900	0.80
Heye, Hans F	6	5,684,441	0.91%	Muma, Leslie	6	3,885,100	0.64
Rinker, Mary E	7	3,906,669	0.63%	Doyle, Rosaleen J.	7	3,584,600	0.59
Acunto, Richard	8	3,198,116	0.51%	Rinker, Marshall	8	3,504,500	0.58
Boesch, Gary	9	3,194,643	0.51%	Doyle, Daniel	9	3,200,800	0.53
Thomas, Fred A.	10	3,180,063	0.51%	Morgan, Larry C	10	3,016,200	0.50
TOTAL		<u>\$ 63,266,336</u>	<u>10.16%</u>			<u>\$ 51,973,100</u>	<u>8.46 %</u>

Source: Pinellas County Property Appraiser.

Note: Data covering the year of the implementation of GASB No. 40 which was available in lieu of the data nine years prior to the current year.

TOWN OF BELLEAIR, FLORIDA
PROPERTY LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS

Fiscal Year	Total Assessed Valuation	Taxable Assessed Valuation	Levy	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 595,088,310	\$ 471,248,210	\$ 2,243,895	\$ 2,081,939	93%	\$ 86,741	\$ 2,168,680	97%
2003	683,027,620	514,972,040	2,455,262	2,359,403	96%	42,483	2,401,886	98%
2004	739,967,220	551,123,640	2,556,607	2,459,528	96%	24,054	2,483,582	97%
2005	846,451,300	608,350,730	2,822,078	2,728,143	97%	-	2,728,143	97%
2006	990,314,810	689,353,860	3,197,844	2,093,832	97%	18,360	3,093,832	97%
2007	1,205,071,660	800,668,388	3,714,221	3,563,643	97%	35,359	3,599,002	97%
2008	1,235,731,800	839,447,822	3,535,586	3,426,619	96%	-	3,426,619	97%
2009	928,795,222	768,079,157	3,502,825	3,448,485	98%	-	3,448,485	98%
2010	765,237,254	621,660,713	3,199,377	3,114,150	97%	-	3,114,150	97%

(1) Florida Statutes provide for a discount of up to four percent for early retirement of ad valorem taxes. All unpaid taxes become delinquent on April 1, and are sold at auction on June 1 of each year as tax certificates. The Town, after all tax certificates are sold, has fully collected all ad valorem tax revenues.

Source: Pinellas County Property Appraiser.

DEBT CAPACITY

TOWN OF BELLEAIR, FLORIDA

PERCENTAGE OF ANNUAL GENERAL DEBT SERVICE TO
GENERAL GOVERNMENTAL EXPENDITURES -
GENERAL OBLIGATION BONDED DEBT AND MORTGAGE NOTE
LAST TEN FISCAL YEARS

Fiscal Year	Debt Service					Total General Governmental Expenditures ⁽²⁾	Percentage of Debt Service to General Governmental Expenditures
	General Obligation Bonded Debt		Paying Agent Fees	Mortgage Note	Total Debt		
	Principal	Interest ⁽¹⁾					
2001	\$ -	\$ -	\$ -	\$ -	\$ -	3,417,203	- %
2002	-	-	-	-	-	3,318,121	-
2003	-	-	-	-	-	4,112,398	-
2004	-	-	-	-	-	4,379,947	-
2005	-	-	-	-	-	4,166,144	-
2006	-	-	-	-	-	6,764,843	-
2007	-	-	-	-	-	4,390,256	-
2008	-	-	-	-	-	4,409,457	-
2009	-	-	-	-	-	5,399,446	-
2010	-	-	-	-	-	5,719,868	-

⁽¹⁾ Excludes Bond issuance and other costs.

⁽²⁾ Includes general and special revenue funds.

⁽³⁾ Includes general and special revenue funds, and capital projects funds.

TOWN OF BELLEAIR, FLORIDA

PERCENTAGE OF NET GENERAL BONDED DEBT TO
TAXABLE ASSESSED VALUATION AND NET BONDED DEBT
PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Taxable Assessed Valuation	Gross General Obligation Bonded Debt	Less Sinking Fund	Net General Obligation Bonded Debt	Percent of Ne General Obligation Bonded Debt to Assessed Valuation	Net General Obligation Bonded Debt Per Capita
2001	4,067	\$ 425,735,860	\$ -	\$ -	\$ -	\$ -	-
2002	4,089	471,248,210	-	-	-	-	-
2003	4,131	514,972,040	-	-	-	-	-
2004	4,067	551,123,640	-	-	-	-	-
2005	4,107	608,350,730	-	-	-	-	-
2006	4,144	689,353,860	-	-	-	-	-
2007	4,160	800,668,388	-	-	-	-	-
2008	4,151	839,447,822	-	-	-	-	-
2009	4,145	701,587,679	-	-	-	-	-
2010	4,145	621,660,713	-	-	-	-	-

⁽¹⁾ U.S. Bureau of Census estimate and the University of Florida.

⁽²⁾ Final payment on outstanding general obligation bonds was made in February 1991.

⁽³⁾ Debt service fund was closed during the 1992 fiscal year.

TOWN OF BELLEAIR, FLORIDA

COMPUTATION OF OVERLAPPING DEBT
GENERAL OBLIGATION BONDS⁽²⁾
SEPTEMBER 30, 2010

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Net General Nonsell- Supporting Revenue Debt</u>	<u>Total</u>	<u>Percentage Applicable to Town of Belleair</u>	<u>Amount Applicable to Town of Belleair</u>
Overlapping debt:					
Pinellas County School Board ⁽¹⁾	\$ 299,955,000	\$ -	\$ 299,955,000	1.07 %	\$ 320,518
Pinellas County, Florida	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Total Overlapping debt	<u>\$ 299,955,000</u>	<u>\$ -</u>	<u>\$ 299,955,000</u>		<u>\$ 320,518</u>

RATIO:

Overall debt to 2010 taxable value	<u>1.07 %</u>
Overall debt per capita	<u>\$ 77.00</u>

(1) The Town's share is calculated based on the ratio of the 2010 County Taxable Value of \$58,280,632,666 to the Town's Taxable Value of \$621,660,713.

(2) The Town's has no direct general obligation bonded debt.

DEMOGRAPHIC AND
ECONOMIC
INFORMATION

TOWN OF BELLEAIR, FLORIDA

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Polulation⁽¹⁾</u>	<u>Total Personal Income⁽²⁾</u>	<u>Per Capita Income⁽²⁾</u>	<u>Median Age⁽²⁾</u>	<u>Education Level of Years of Formal Schooling⁽³⁾</u>	<u>School Enrollment⁽⁴⁾</u>	<u>Unemployment Rate⁽⁵⁾</u>
2001	4,067	\$ 30,000	\$ 31,658	52.7	12.5	199	3.5
2002	4,089	33,000	31,321	51.8	12.5	332	4.9
2003	4,131	34,568	31,830	52.6	12.5	174	4.6
2004	4,067	35,750	59,164	51.2	12.5	516	4.6
2005	4,107	36,415	63,267	51.4	12.5	505	4.6
2006	4,144	37,822	66,251	52.7	12.5	541	4.3
2007	4,160	41,620	70,723	51.8	12.5	562	4.8
2008	4,151	42,112	71,221	51.6	12.5	559	4.5
2009	4,145	47,778	78,242	52.7	12.5	365	4.3
2010	4,145	168,818	84,280	54.9	12.5	559	11.8

(1) U.S. Bureau of Census estimate and the University of Florida.

(2) US Census Bureau

(3) County level data, but should also approximate Town of Belleair levels. Source of data is the St. Petersburg Times Research Department.

(4) US Census Bureau via CLRsearch.com

(5) US County Data Sources Wolfram|Alpha Knowledge base, 2011

NOTE: Data is for an unspecified point each year, not specifically September 30.

TOWN OF BELLEAIR, FLORIDA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO

	<u>2010</u>			<u>2002</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Belleview Biltmore Hotel	0	-	0.0 %	307	1	31.2 %
Morton Plant Rehabilitation Center	180	1	37.4	188	2	19.1
Belleair Country Club	150	2	31.2	160	3	16.2
Town of Belleair	54	3	11.2	65	4	6.6
Belleview Biltmore Country Club	44	4	9.1	54	5	5.4
Biltmore Construction Co.	42	5	8.7	43	6	4.3
Belleair Montessori School	11	6	2.3	14	7	1.4
Carlson Wildwood Florist	-	-	0.0	9	8	0.9
	<u>481</u>		<u>100 %</u>	<u>840</u>		<u>100 %</u>

Source: Town Clerk's Office, Town of Belleair

OPERATING
INFORMATION

TOWN OF BELLEAIR, FLORIDA

FULL-TIME EQUIVALENT
TOWN EMPLOYEES BY FUNCTION
LAST NINE FISCAL YEARS

Full-Time Equivalent Employees as of September 30,									
<u>FUNCTION</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Government	10.00	11.00	11.00	11.00	12.00	11.00	11.00	11.00	10.00
Public Safety:									
Police:									
- Police Officers	13.00	13.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00
- General employees	1.00	1.00	1.00	1.00	5.50	5.50	5.00	5.00	5.00
Fire:									
- Firefighters	-	-	-	-	-	-	-	3.50	3.50
Physical Environment	7.00	7.00	7.00	7.00	6.00	2.50	2.50	2.50	3.50
Transportation	2.00	3.50	3.50	3.50	2.50	2.50	2.50	2.50	3.50
Culture and Recreation	5.00	5.00	5.00	5.00	3.00	6.50	6.00	6.00	6.00
Water	10.00	10.50	9.00	10.00	10.50	8.50	8.50	8.50	8.75
Wastewater Management	-	-	-	-	-	-	-	8.00	7.25
Solid Waste Management	6.00	6.00	6.00	6.00	6.50	6.50	7.50	7.50	7.50
Total	<u>54.00</u>	<u>57.00</u>	<u>54.50</u>	<u>55.50</u>	<u>57.00</u>	<u>54.00</u>	<u>54.00</u>	<u>65.50</u>	<u>66.00</u>

TOWN OF BELLEAIR, FLORIDA

OPERATING INDICATORS BY FUNCTION

LAST NINE FISCAL YEARS

FUNCTION	Fiscal Year Ended September 30,								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police:									
Physical arrests	146	70	72	70	115	54	52	63	51
Parking violations	9	23	1	-	-	1	46	51	4
Traffic violations	133	156	328	411	461	1,821	1,721	1,771	1,824
Transportation:									
Resurfacing	-	-	-	-	2	1	1	-	1
Pothole repaired	184	150	110	192	8	10	15	9	7
Culture and Recreation:									
Athletic permits issued	600	400	510	480	81	81	78	86	82
Water:									
New connections	3	2	8	43	2	-	2	-	-
Main breaks	8	11	6	11	7	5	5	4	5
Average consumption	692,830	807,000	911,000	895,000	917,412	908,621	918,271	855,507	923,666
Solid Waste Management:									
Refuse collected tons per/day	10.06	10.75	11.95	11.28	13.67	12.29	14.27	11.79	11.19
Recyclables collected	0.76	1.14	0.91	0.95	0.81	0.70	0.75	0.80	0.72

TOWN OF BELLEAIR, FLORIDA

CAPITAL ASSETS STATISTICS
LAST NINE FISCAL YEARS

<u>FUNCTION</u>	<u>Fiscal Year Ended September 30,</u>								
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Public Safety:									
Police:									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	5	5	4	4	4	4	4	4	4
Transportation:									
Streets (Miles)	22	22	22	22	22	22	22	22	22
Traffic signs	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Culture and Recreation:									
Park acreage	33	33	32	32	32	32	17	17	32
Parks	19	19	19	18	17	17	17	17	17
Tennis Courts	3	3	4	4	4	4	4	4	4
Community Centers	1	1	1	1	1	1	1	1	1
Water Mains (Miles)	80	80	80	80	80	80	80	80	80
Fire hydrants	135	135	135	135	141	141	141	141	141
Maximum daily capacity (thousands of gallons)	2.2 MGD	2.2 MGD	2.2 MGD	2.2 MGD	2.2 MGD	2.2 MGD	2.2 MGD	2.2 MGD	2.2 MGD
Solid Waste Management:									
Trucks	10	10	10	10	10	10	10	10	10

TOWN OF BELLEAIR, FLORIDA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Fiscal Year	New Commercial Construction		New Residential Construction		Additions, Improvements and Miscellaneous Construction		Bank Deposits ⁽²⁾ (In Thousands)
	Number of Permits	Value	Number of Permits	Value	Permits ⁽¹⁾	Value	
2001	1	\$ 580,000	11	\$ 5,877,599	822	\$ 6,373,016	\$ 13,934,690
2002	1	43,000	18	7,552,971	890	15,662,066	11,977,755
2003	1	75,676	7	6,668,898	837	16,420,995	12,576,643
2004	-	-	16	9,480,966	806	9,285,718	13,847,076
2005	2	2,325,000	12	5,498,784	1,035	13,185,574	13,754,360
2006	-	-	6	3,995,471	777	11,781,729	13,652,970
2007	-	-	7	4,763,613	657	7,168,298	13,552,327
2008	-	-	5	5,373,430	600	9,612,837	13,453,426
2009	-	-	7	6,807,298	462	5,047,852	13,789,762
2010	-	-	-	810,000	570	7,140,071	13,513,967

(1) Includes institutional, seawalls, pools, and non-valued building permits.

(2) Includes balances in commercial, savings, savings and loan, and building and loan banking institutions for Pinellas County. Data from the St. Petersburg Times Research Bureau.

(3) Significant increase is caused by destruction and rebuilding of many residential homes during the fiscal year.

TOWN OF BELLEAIR, FLORIDA

MISCELLANEOUS STATISTICAL DATA
September 30, 2010

Date of Incorporation	1925	Term of Office:
Date First Charter Adopted	1925	Mayor - 3 Years
Date Present Charter Adopted	1970	Commissioners - 3 Years
		Manager - Appointed by Commission
		Average Annual Temperature - 70.75 degrees
Form of Government: Commission-Manager		Average Annual Rainfall - 52.42 inches
Commission Composed of: Mayor and Four Commissioners		Area - 2.50 square miles

MUNICIPAL UTILITIES, SERVICES AND EVENTS

Police Protection		Parks and Recreation	
Number of Employees	21	Community Centers	1
Number of Vehicular Patrol Units	8	Playgrounds	1
Number of Law Violations:		Athletic Fields	2
Physical Arrestss	46	Parkland Acreage	33
Traffic Violations	133	Walking Trails	1
Parking Violations	9	Tennis Courts	4
		Basketball Courts	1
		Restroom Building	1
		Picnic Shelter	1
Sanitation Service System:		Transporation:	
Number of accounts	1,588	Paved Street	22 miles
Annual tonnage	3,089	Stormwater Lines	18 miles
Water System:		Cultural Facilities Available in Belleair and the Tampa Bay Area:	
Miles of Water Mains	80	Florida Gulf Coast Art Center, Inc.,	
Daily Average Consumption (MGD)	0.810	Largo, Florida	
Number of Lift Stations	0	Performing Arts Center and Theatre,	
Plant Capacity (MGD)	2.2 MGD	Clearwater, Florida	
Number of Service Collections	1,545	Bayfront Center, Mahaffey Theater,	
Deep Wells Active	7	St. Petersburg, Florida	
Number of Fire Hydrants	135	Tampa Bay Performing Arts Center,	
Number of customers	3,000	Tampa, FloridaSt. Petersburg, Florida	
Major Annual Community Events:	<u>People Attending</u>	Asolo Performing Arts Center,	
Halloween Party	500	Sarasota, Florida	
Christmas Tree Lighting	400	Ruth Eckerd Hall,	
Easter Egg Hunt	350	Clearwater, Florida	
Arbor Day Celebration			
Run for the Rec. 5k race	500		

1) Police data is for 2009 calendar year (January 1, 2010 - December 31, 2010)

TOWN OF BELLEAIR, FLORIDA

SCHEDULE OF INSURANCE IN FORCE
September 30, 2010

Term for all types of coverage listed below is from October 1, 2004 through September 30, 2010.

Type of Coverage	Policy Number	Company	Association Self-Insurance Retention (SIR)	Limited Liability (Includes SIR)	Original Premium
Stoploss Carriers:	PRM05-009-012	Public Risk Management of FL			Total for all primary and excess risk coverage -
Property			\$ 100,000	\$ 1,000,000	
General Liability/Auto Liability	10SRSNP-1000020O-PG01	American Safety	100,000	2,000,000	
Excess Workers' Compensation and Employers' Liability	WSRSWC-100003-01		650,000	1,000,000	
Employee Benefits Liability	PRM09-012		100,000	2,000,000	
Property Excess SIR in Cov Doc	Various	Various	100,000	13,413,223	
Excess Liability	NI-A3-FF-0000016-01	PESLIC		3,000,000 excess of 2,000,000 Statutory	
Excess Workers' Compensation	EW-65N-289364-019	Liberty Mutual		2,000,000	
Crime:					
Money and Securities Forgery/Alteration			25,000	500,000	
Employee Dishonesty			25,000	500,000	
Public Officials' Errors and Omissions			100,000	2,000,000	
				Aggregate 3,000,000 per member	
Travel Accident	ADDN01063091	ACE American Insurance Co.		250,000 max 10,000 medical 10,000 AD&D	
Boiler & Machinery	M5J-BM21-5834 C006-TIL-09	Travelers Property Casualty Co.		50,000,000/ 100,000 object sublimit 10,000 deductible 1,000 per occurrence	\$ 164,128
**Pollution Liability	PEC001275006	XL Insurance	25,000	1,000,000 per occurrence 10,000,000 PRM Poo 1 Annual Aggregate	3,524
**Accidental Death and Dismemberment - Police	ADDNO4823138	Ace American Insurance Co.		\$53,999.14 in fresh pursuit 178,366.96 unlawful/intentional death	1,055
		Total Premiums			\$ 168,707
		Paid to Public Risk Management & World Risk Management			\$ 168,707

**Paid to World Risk Management

TOWN OF BELLEAIR, FLORIDA

WATER, WASTEWATER MANAGEMENT AND SOLID WASTE MANAGEMENT FUNDS
STATISTICAL DATA
LAST TEN FISCAL YEARS

Fiscal Year	Number of Connections/Customers			Combined Operating Revenues	Combined Operating Expenses	Combined Operating Income (Loss)	Combined Nonoperating Revenues (Expenses)	Income (Loss) before Capital Contributions and Transfer
	Water	Wastewater Management Control	Solid Waste Management					
2001	1,498	1,362	1,405	\$ 2,467,978	\$ 2,527,298	\$ (59,320)	\$ 132,422	\$ 62,002
2002	1,500	1,362	1,505	2,585,384	2,552,703	32,681	46,281	78,962
2003	1,500	1,362	1,505	2,492,273	2,385,943	106,330	20,633	123,963
2004	1,525	- ⁽²⁾	1,505	2,372,249	2,514,010	(141,761)	(864,110)	(1,005,871)
2005	1,543	-	1,543	1,626,098	1,629,053	1,045	48,310	48,355
2006	1,502	-	1,545	2,414,854	2,567,349	(152,485)	186,567	34,072
2007	1,545	-	1,588	2,477,486	2,875,540	(398,054)	222,754	(175,300)
2008	1,545	-	1,588	2,501,847	2,796,653	(294,806)	121,627	(173,179)
2009	1,545	-	1,588	2,516,190	3,050,572	534,382	(37,017)	(571,399)
2010	1,545	-	1,588	2,378,345	2,856,897	(478,552)	13,441	(465,111)

⁽¹⁾ Includes an operating transfer to the Infrastructure Fund of \$150,000 and \$194,100 to the Equipment Replacement Fund

⁽²⁾ The town sold the wastewater system to Pinellas County in fiscal year 2006.

TOWN OF BELLEAIR, FLORIDA

WATER FUND

SERVICE EFFORTS & ACCOMPLISHMENTS

For the Fiscal Year ended September 30, 2010

OVERVIEW

During the previous year EPA regulations required the town to decrease the amount of trihalomethanes. Cost savings were realized this year by changing chemical types thus quickly and efficiently reducing the amount of trihalomethanes without further prolonged costs and equipment exchanges. The town continued its replacement of water lines throughout the town.

TOWN OF BELLEAIR, FLORIDA

WATER FUND (CONTINUED)

SERVICE EFFORTS AND ACCOMPLISHMENTS
Years ended September 30, 2010, 2009 and 2008

<u>Inputs</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
1. Total cost of operations	\$ 1,228,616	\$ 1,382,515	1,082,206
2. Cost per capita	296.41	333.54	237.29
3. Miles of pipeline	80	80	80
4. Number of treatment plants	1	1	1
5. Capacity of town's treatment plant	2.2 MGY	2.2 MGY	2.2 MGY
6. Number of employee hours	23,920	23,920	22,290
<u>Outputs</u>			
7. Miles of water pipe maintained, repaired and inspected	86	86	86
8. Feet of new line constructed	5000	5000	6
9. Number of new customers connected	0	2	3
10. Number of breaks, leaks repaired	170	111	69
11. Total gallons pumped, metered and treated	693.5 Million Gallons	301.9 Million Gallons	3.61 Billion Gallons
12. Percentage of total gallons pumped by user category:			
A. Residential	82%	82%	82%
B. Commercial	7%	7%	9%
C. Used by department	8.5%	8.5%	7%
D. Unaccounted for	2.5%	2.5%	2%
13. Percentage of total gallons pumped that were metered	100%	100%	100%
14. Number of calls about interrupted services	163	11	11

* Mg = millions of gallons

TOWN OF BELLEAIR, FLORIDA

WATER FUND (CONTINUED)

SERVICE EFFORTS AND ACCOMPLISHMENTS
Years ended September 30, 2010, 2009 and 2008

Outcomes	2010	2009	2008
15. Number of main breaks	8	11	5
16. Number of breaks, leaks per mile	0.1	5.05	0.06
17. Percentage of service interruptions cleared in goal period of time	100%	100%	100%
18. Percentage of breaks and leaks repaired within eight hours of notification	100%	100%	100%
19. Watering violations	106	196	175
20. Number of complaints	1	3	11
21. Number of days did not meet federal standards:			
A. Primary - health related	365 TTHMS	-	-
B. Secondary - aesthetic	-	-	-
C. Other	-	-	-
<hr/> <u>Explanatory</u> <hr/>			
22. Type of source of water supply and distance to source	Florida Aquifer - All wells within 0.5 miles of plant		
23. Quality of water at intake and treatments	Water quality is to specifications for the area of the Southwest Florida Water Management District		
24. Average daily demands	686,000 gal.	810,000 gal.	987,386 gal.

TOWN OF BELLEAIR, FLORIDA

WATER FUND (CONTINUED)

SERVICE EFFORTS AND ACCOMPLISHMENTS
Years ended September 30, 2010, 2009 and 2008

Pending Information

Explanatory (Continued)	2010	2009	2008
25. Billing rates			
A. Residential			
0 - 9,000 gallons	\$20.04	\$18.22	\$18.22
9,000 - 36,000 gallons	\$3.04	\$2.77	\$2.77
36,001 - 60,000 gallons	\$5.06	\$4.60	\$4.60
60,001 - 100,000 gallons	\$6.73	\$6.12	\$6.12
100,001 - 150,000 gallons	\$8.95	\$8.14	\$8.14
Over 150,001 gallons	\$11.91	\$10.83	\$ 10.83
26. Total revenue from customer billing/total cost	0.67	0.71	0.98
27. Population served ⁽¹⁾	4,145	4,145	4,160
28. Square miles served	2.0	2.0	2.0
29. Maximum daily demand	1.06	1.06	1.627
30. Treatment plant capacity	2.2 MGD	2.2 MGD	2.2 MGD
31. Holding-tank capacity (in gallons)	800,000	800,000	800,000
32. Projected water demand	1.9/2.2	1.9/2.2	1.9/2.2

PTG - Per thousand gallons
MGD - Million gallons per day

Data reflects actual town population.

TOWN OF BELLEAIR, FLORIDA

SOLID WASTE MANAGEMENET FUND

SERVICE EFFORTS & ACCOMPLISHMENTS

For the Fiscal Year ended September 30, 2010

OVERVIEW

The Town has continued its contract with the City of Clearwater for the collection of curbside recyclables. Additionally, the Town has contracted with a geographically closer disposal site for its yarwaste and debris, resulting in lower fuel costs. Disposal cost remained constant in this fiscal year. The Solid Waste Department collected 4,759 tons trash and recycled 272 tons of recyclables. The Town continued to provide residential curbside and residential side-yard collection to its residents, without the use of specialized trash scooters resulting in additional savings.

TOWN OF BELLEAIR, FLORIDA

SOLID WASTE MANAGEMENT FUND (CONTINUED)

SERVICE EFFORTS AND ACCOMPLISHMENTS
Years ended September 30, 2010, 2009 and 2008

<u>Inputs</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
1. Number of personnel	6	6	6
2. Number of vehicles	8	8	8
<u>Outputs</u>			
3. Number of customers served	4145	4149	4160
4. Tons of waste collected	4750	3089	3477
<u>Outcomes</u>			
5. Number of customer complaints	12	24	11
6. Percentage of collection missed	<1%	<1%	<1%
<u>Efficiency</u>			
7. Cost per tone of solid waste collected	\$94.00	\$137.00	\$188.45
8. Cost per customer served	\$190.50	\$175.06	\$186.59
9. Tons of solid waste collected per employee	514.84	514.84	868.49
10. Frequency of collection	Twice Weekly	Twice Weekly	Twice Weekly
11. Average cost of employees	\$52,174	\$51,601	\$48,212
12. Average crew size on vehicle	2.5	2.5	2.5
13. Percentage of recyclable waste recycled	69%	70%	71%

OTHER REPORTS

TOWN OF BELLEAIR, FLORIDA

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
September 30, 2010

AND

MANAGEMENT LETTER

AND

MANAGEMENT MEMORANDUM
ON REVIEW OF INTERNAL CONTROL STRUCTURE

DAVIDSON, JAMIESON & CRISTINI, P.L.
Certified Public Accountants

Davidson, Jamieson & Cristini, P.L.
Certified Public Accountants

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
(727)734-5437 or 736-0771
FAX (727) 733-3487

Members of the Firm
John N. Davidson, CPA, CVA
Harry B. Jamieson, CPA
Richard A. Cristini, CPA, CPPT, CGFM

Member
American Institute of
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The Honorable Mayor
and Town Commissioners
Town of Belleair, Florida

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*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of the Town as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated September 16, 2011.

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 Town'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 Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

The Honorable Mayor
and Town Commissioners
Town of Belleair, Florida

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town in a separate letter dated September 16, 2011.

This report is intended for the information of the Town of Belleair, Florida and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than those specified parties.

Davidson, Jamison & Cristine, P.L.

September 16, 2011

MANAGEMENT LETTER

Davidson, Jamieson & Cristini, P.L.
Certified Public Accountants

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Indian Rocks Beach, Florida 34698-2503
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The Honorable Mayor
and Town Commission
Town of Belleair, Florida

We have audited the financial statements of the Town of Belleair, Florida as of and for the fiscal year ended September 30, 2010 and have issued our report thereon dated September 16, 2011.

We conducted our audit in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting. Disclosures in that report, which are dated September 16, 2011 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information which is not included in the aforementioned auditor's reports or schedule:

Those rules (Section 10.554(1)(i)(1)) require that we address in the management letter, if not already addressed in the auditor's report on internal controls and compliance, whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made on internal control and compliance issues during the preceding annual financial audit.

As required by the Rules of the Auditor General (Section 10.554(1)(i)(2)), the scope of our audit included 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 Town complied with Section 218.415, Florida Statutes.

The Honorable Mayor
and Town Commission
Town of Belleair, Florida

As required by the Rules of the Auditor General (Section 10.554(1)(i)(3)), the scope of our audit included a review of possible recommendations to improve the local government entity's financial management. In connection with our audit we did not have any such recommendations.

The Rules of the Auditor General (Section 10.554(1)(i)(4)) requires address violations of provisions of contracts or 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.

The Rules of the Auditor General (Section 10.554(1)(i)(5)) provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(i)(6)) 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. Legal authority includes the general law, special acts, ordinances, resolutions, or other means by which the local government entity was created and is governed. This disclosure has been included in the (Town's, City's, District's) Annual Financial Report for the fiscal year ended September 30, 2010.

The Rules of the Auditor General (Section 10.554(1)(i)7.a requires that the auditor state whether or not the governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes and identify the specific condition or conditions met. During the course of our audit of the (Town's, City's, District's) financial statements for the fiscal year ended September 30, 2010, we found that the (Town's, City's, District's) did not meet any of the conditions described in Section 218.1503(1), Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)7.b requires a statement as to whether or not the financial report 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 current audit period. We determined that the Comprehensive Annual Financial Report for the Town for the fiscal year ended September 30, 2010 is in agreement with the financial report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2010.

The Honorable Mayor
and Town Commission
Town of Belleair, Florida

The Rules of the Auditor General (Section 10.554(1)(i)7.c and 10.536(7) requires that we apply financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition and our financial condition assessment was based in part on representations made by management and the review of financial information provided by them.

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Davidson, Jamison & Cristine, P.L.

September 16, 2011

**MEMORANDUM ON REVIEW
OF INTERNAL CONTROL STRUCTURE**

Davidson, Jamieson & Cristini, P.L.

Certified Public Accountants

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Dunedin, Florida 34698-2503
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September 16, 2011

The Honorable Mayor
and Town Commissioners
Town of Belleair, Florida

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparisons for the general fund which collectively comprise the Town's basic financial statements of the Town of Belleair, Florida as of and for the year ended September 30, 2010, and have issued our report thereon dated September 16, 2011.

We have issued our Report on Compliance and Internal Accounting Controls in Accordance with *Government Auditing Standards* dated September 16, 2011. Disclosures in that report, if any, should be considered in conjunction with this management memorandum.

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.

In planning and performing our audit of the financial statements of Town of Belleair, Florida we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we observed a matter that is an opportunity for strengthening internal control and operating efficiency.

CURRENT YEAR

Implementation of GASB Statement 54
Bank Reconciliations

PRIOR YEAR

Other Post Employment Benefits Obligation (OPEB)

CURRENT YEAR

Implementation of GASB Statement 54

We remind the Town that the new GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions” must be implemented for the fiscal year ending September 30, 2011. It is our recommendation that the Town plan as to how the new standard will effect their financial reporting.

Bank Reconciliations

During the fiscal year ended September 30, 2010, the Town was not able to complete their bank reconciliations on a timely basis.

We recommend that a plan be put in place to correct this. The reconciliation process is an essential component of accurate financial reporting.

PRIOR YEAR

Other Post Employment Benefit Obligation (OPEB)

For the fiscal year ending September 30, 2010 audit the Town will be required to implement Governmental Accounting Standards Board Statement No. 45 which provides accounting and financial reporting standards that are similar to those for pension plans for other postemployment benefit obligation (OPEB) plans.

GASB Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expenditures and related liabilities, note disclosures, and required supplementary information. This Statement requires recognition of the cost of other postemployment benefits during the periods when employees render their services and disclosure about actuarially accrued liabilities related to past services and the status and progress of funding the benefits.

To provide the information that will be necessary to implement GASB Statement No. 45, the town will require the services of an actuary to calculate the actuarial valuation for the audit report.

This recommendation has been implemented.

* * * * *

This memorandum is intended solely for the use of the Town of Belleair, Florida and the Florida Auditor General and is not intended to be and should not be used by anyone other than those specified parties.

We appreciate the courtesy and assistance provided to us by the Town's personnel during our audit. We will review the status of the above comments during our next audit engagement. We have already discussed many of these comments and suggestions with Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

DAVIDSON, JAMIESON & CRISTINI, P.L.

MANAGEMENT'S RESPONSE

TOWN OF BELLEAIR

MAYOR:
GARY H. KATICA

COMMISSIONERS:
STEPHEN FOWLER
TOM SHELLY
STEPHANIE ODDO
PATRICIA E. IRWIN

TOWN MANAGER:
MICAH MAXWELL



901 PONCE DE LEON BOULEVARD
BELLEAIR, FLORIDA 33756-1096

PHONE (727) 588-3769
FAX (727) 588-3778

WWW.TOWNOFBELLEAIR.COM

TO: Mayor and Town Commissioners

FROM: Micah Maxwell, Town Manager

DATE: September 27th, 2011

SUBJECT: Response to auditor's report and management letter 2009-2010 fiscal year

Town staff has reviewed the auditor's report and management letter for the fiscal year ending on September 30, 2010. We offer the following comments in response to their recommendations and observations:

Implementation of GASB Statement 54

The Town Commission passed Resolution 2011-27, a new fund balance policy reflecting the adoption of GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This change will occur during the fiscal year 2010-2011.

Bank Reconciliations

During the fiscal year ended September 30, 2010 the town was unable to perform bank reconciliations in a timely manner due to a major software conversion. The town did utilize a 3rd party consultant to monitor and verify reconciliations between the two software systems which added an extra measure of time to our regular process.

The town is currentl on schedule to prepare monthly bank reconciliations in a timely manner.