

# **CITY OF BELLEAIR BEACH, FLORIDA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

CITY OF BELLEAIR BEACH, FLORIDA

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2011

Prepared by the  
Department of Finance

CITY OF BELLEAIR BEACH, FLORIDA  
COUNCIL - MANAGER FORM OF GOVERNMENT

CITY COUNCIL

Kathleen Mortensen, Mayor

David Dumville, Vice Mayor

John Pietrowski, Council-Member

Jeril Cohen, Council-Member

Mitch Krach, Council-Member

Leslie Notaro, Council-Member

Wanda Schwerer, Council-Member

CHARTER OFFICERS

City Manager

Nancy G. Gonzalez

City Treasurer

Maria B. Kemp, CGFO

City Clerk

Patricia A. Gentry

# INTRODUCTORY SECTION



## **INTRODUCTORY SECTION**

CITY OF BELLEAIR BEACH, FLORIDA

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**LETTER OF TRANSMITTAL**



March 22, 2012

To the Honorable Mayor,  
City Council and  
Citizens of the City of Belleair Beach

State law (section 218.32, Florida Statutes, as amended) requires that all general-purpose local governments publish within nine months after 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 City of Belleair Beach, Florida for the fiscal year ended September 30, 2011.

This report consists of management's representations concerning the finances of the City of Belleair Beach, Florida. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Belleair Beach, 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 City of Belleair Beach, Florida's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Belleair Beach, 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 City of Belleair Beach, Florida's financial statements have been audited by Davidson, Jamieson & Crisitini, 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 City of Belleair Beach, Florida for the fiscal year ended September 30, 2011, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Belleair Beach, Florida's financial statements for the fiscal year ended September 30, 2011 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 the MD&A and should be read in conjunction with it. The City of Belleair Beach, Florida's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Belleair Beach, Florida was incorporated in 1950 and was chartered pursuant to Chapter 166 Florida Statutes, with a Mayor form of government. The City of Belleair Beach, Florida currently occupies a land area of eight tenths of a square mile and serves a population of 1,563 as of April 1, 2011. The City of Belleair Beach, Florida is empowered to levy property tax on both real and personal properties located within its boundaries.

The City of Belleair Beach's charter was changed and approved in 2004 to provide for a council-city manager type of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees and hiring both the government's manager and attorney. The city's manager is the chief executive officer of the city. The city manager is responsible for carrying out the policies and ordinances/resolutions and directives of the city council. Among other things, the city manager will direct and supervise the administration of all departments of the city, except as provided by Charter, attend all council meetings and submit to the City Council a proposed annual budget in "a timely manner" each year. The Council is elected on a non-partisan basis. In odd numbered years four council members, including the mayor, shall be elected for a three-year term and three council members shall be elected to a three-year term in the even numbered years. The mayor and council members are elected at large.

The City of Belleair Beach, Florida provides these services: improvement of street drainage, maintenance of streets, parks and other infrastructure. Police protection is provided by the Pinellas County Sheriff's Office effective June 1, 2007 per referendum approved by citizens in March 2007. The City's recreational facilities include parks and playgrounds, beaches, tennis courts, basketball court and library services in conjunction with the Pinellas County Public Library Cooperative. The City also has a marina available to residents. This is an Enterprise Fund and is included in this report.

Department heads submit to the city manager their budget requests during April and May of each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to City Council for review in a timely manner in July. Budget Workshops that are open to the public are held in July and August. The Council is required to hold two public hearings on the proposed budget and to adopt a final budget by no later than September 30<sup>th</sup>, the close of the City of Belleair Beach, Florida's fiscal year. The appropriated budget is prepared by fund and departmental details. Department heads may request transfers of appropriations within a department through a resolution for changes in appropriations to be approved by City Council provided that the total budget within a fund, e.g., the General Fund, is not changed. However, if the total amount of budget appropriations within a fund is changed, a resolution authorizing a budget amendment is required to be approved by Council. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 25 as part of the basic financial statements for the governmental funds. For the Marina Fund, budget-to-actual comparisons are presented on page 64.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Belleair Beach, Florida operates.

**Local economy.** The City of Belleair Beach, Florida is part of a region that has been going through a tough economic environment. The City of Belleair Beach, Florida is a residential community with a marina. The most recent estimate of property values shows a 3.21 percent increase in taxable values for 2011 as compared with 2010 values, the first increase after three consecutive years of decline in taxable values. Out of 24 municipalities in Pinellas County, the City of Belleair Beach is the only municipality that has an increase in property values for 2011 as compared with 2010. In the Tampa Bay area, the unemployment rate of 10.80% in September 2011 is an improvement from 12.40% in 2010, although still high as compared with other parts of the country. The general consensus is that there will be some economic recovery but it is anticipated to be slow. For the next fiscal year, the outlook for the City's revenue stream from the following sources should be positive: ad valorem taxes are expected to increase due to higher taxable values, franchise fees are anticipated to increase due to higher utility rates and communications services taxes are expected to increase due to more telephone/cable and other communications products- unless controlled by state legislation. On the other hand, infrastructure sales taxes and state revenue sharing are expected to stay steady if not decrease due to cautious consumer spending which is adversely affected by unstable gas prices.

The region (which includes the City of Belleair Beach, 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 City of Belleair Beach, Florida has long-range plans for infrastructure improvements (streets, drainage and bridges); upgrades in parks and recreation facilities (docks, seawall repairs and park renovations); and possibly into the future the under-grounding of utilities. The city's long-range financial plan has provided approximately \$387,000 for capital improvement projects impacting parks and recreation and infrastructure. Street resurfacing, valley curb repair and replacement program, park renovations and upgrades, dock replacement and seawall repairs are scheduled throughout Belleair Beach over the next five years.

Construction of the new Community Center was completed during fall (October/November) of 2009. The Community Center facilities, overlooking the Intracoastal Waterway, have generated rental income from weddings, parties, banquet furniture, meetings and fitness programs. The City believes that the Community Center enhances services to citizens, improves the aesthetics of the City and provides for a structurally and environmentally sound City Hall. The City of Belleair Beach, Florida received the proceeds of a tax-exempt bank loan with SunTrust Bank for \$3.0 million to fund the project. Per loan agreement, quarterly principal and interest payments have been regularly made; the loan principal balance as of September 30, 2011 is \$2.280 million. Other sources of funding include contributions from the General Fund and distributions received from the Infrastructure Sales Tax (Penny for Pinellas). The total cost of the new Community Center through September 30, 2011 is \$3.920 million.

**Cash management policies and practices.** Cash temporarily idle during the year was primarily invested in money market funds and certificates of deposit with SunTrust Bank, BB&T/Colonial Bank and Bank United. The City has some investments remaining with SBA Fund B and regular distributions have been received during the fiscal year. Fund B is a fluctuating net asset value (NAV) pool and a provision for unrealized gain/ (loss) on Fund B has been recognized in the City's financial records. Additional information on the City of Belleair Beach, Florida's cash and investments can be found in Notes 4 through 6 in the financial statements.

**Risk management.** The City is insured through the Florida Municipal Insurance Trust program for general and professional liability, automobile, property and workers' compensation insurance. A workplace safety program is in place to provide for employee accident prevention training, thus minimizing accident-related losses as well as lowering premiums. Also, the Community Center is insured with Citizens Property Insurance for windstorm insurance and with American Bankers Insurance for flood insurance. The City is insured with Fidelity National Insurance for flood insurance coverage on the 1001 Cedar Drive property that is presently used as the Public Works Department's storage and occasional work area.

**Pension and other post-employment benefits.** The defined benefit pension plan for the City's public safety (sworn police officers) employees was terminated and the Plan Trust funds and investments were authorized for distribution per Ordinance 07-08 of the City Council of the City of Belleair Beach. The City contracted law enforcement services with the Pinellas County Sheriff's Office in response to the referendum voted by City's electors to terminate the police department effective June 2007.

At the present time, the City of Belleair Beach, Florida provides a defined benefit retirement plan for regular employees that have been employed prior to 1997 through the Florida Retirement System (FRS). Contribution rates are set by the state and currently are 7.91% for regular employees, consisting of 4.91% as City contribution and 3.00% as employee contribution. As part of the agreement with the Pinellas County Sheriff's Office, the City no longer makes contributions for police officers covered under the FRS.

The City of Belleair Beach, Florida also provides a defined contribution retirement plan for its non-public safety or general employees. This benefit is provided through the Florida League of Cities and administered by Florida Municipal Pension Trust Fund (FMPTF) as a 401(a) plan. The City contributes 10% of the employees' wages to the 401(a) plan. Each employee may also choose to make a deferred compensation deduction, which can be based on a percentage of salary or a flat dollar amount. For the city manager, the City contributes an additional amount up to 5% of the city manager's salary. This deferred compensation plan is administered also by FMPTF as a 457 (b) plan.

The City of Belleair Beach, Florida does not provide post-employment benefits for employees other than pension benefits. Post-employment health care benefits are made available through the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

Additional information on the City of Belleair Beach, Florida's pension arrangements and post-employment benefits can be found in Notes 16 through 18 in the financial statements.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belleair Beach, Florida for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended September 30, 2008. This was the fourth year that the City had received this prestigious award for achieving the highest standards in government accounting and financial reporting. In order to be presented this award, a governmental unit must publish an easily readable and efficiently organized financial report that conforms to generally accepted accounting principles, applicable legal requirements and program standards. This Certificate for Achievement is valid for one year only. There are no plans to submit the current fiscal year's CAFR to GFOA to evaluate its eligibility for another Certificate due to budget reductions.

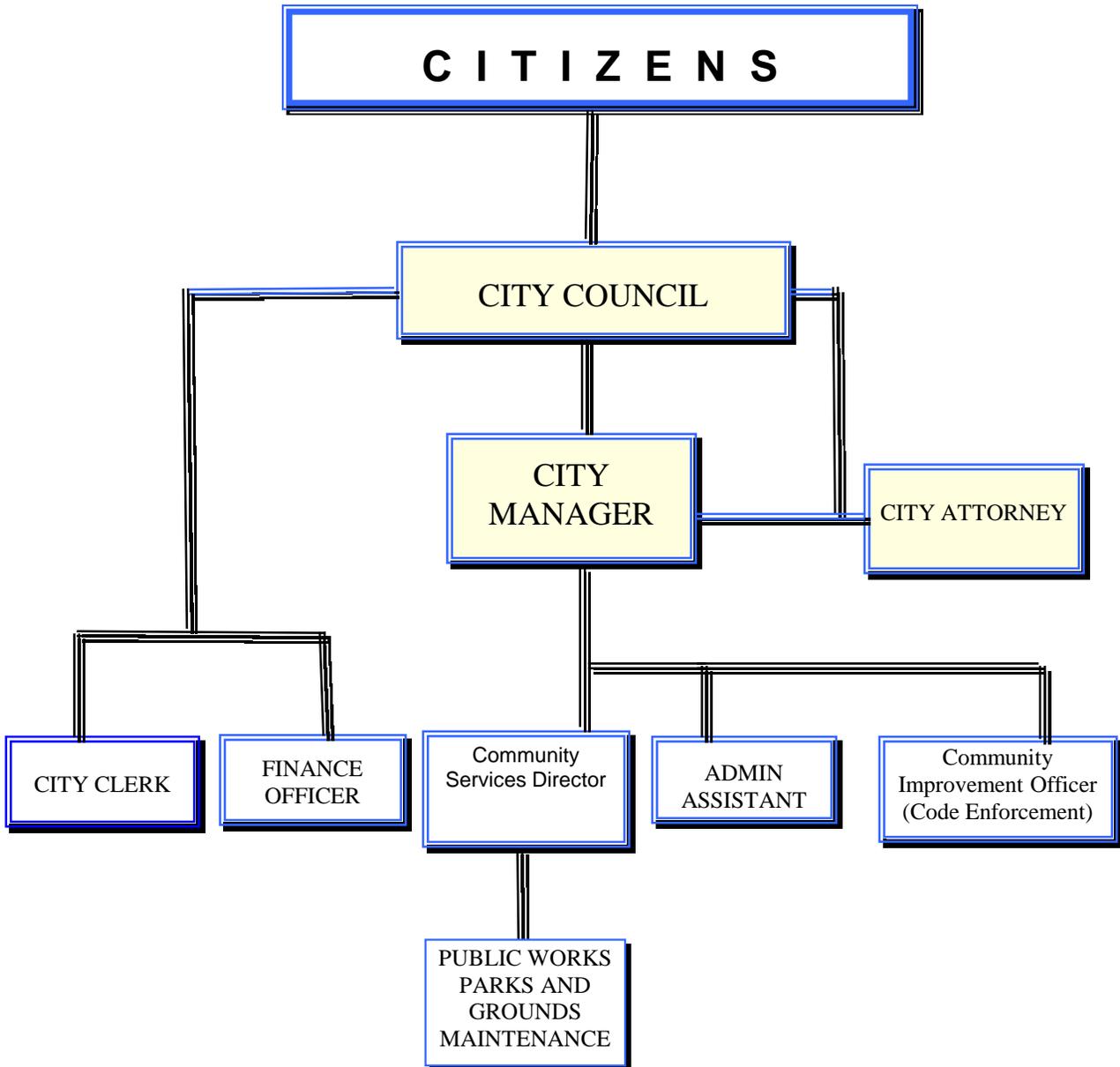
The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the finance and administration departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the councilmembers for their support and for maintaining the highest standards of professionalism in the management of the City of Belleair Beach, Florida's finances.

Respectfully submitted,

  
Nancy G. Gonzalez, City Manager

  
Maria B. King, CGFO, Finance Officer

**CITY OF BELLEAIR BEACH, FLORIDA  
ORGANIZATIONAL CHART  
FY 2011**



CITY OF BELLEAIR BEACH, FLORIDA

LISTING OF CITY OFFICIALS

ELECTED OFFICIALS

FISCAL YEAR 2011

Mayor	Kathleen Mortensen
Vice-Mayor	David Dumville
Council-member	Jeril Cohen
Council-member	Leslie Notaro
Council-member	Mitch Krach
Council-member	John Pietrowski
Council-member	Wanda Schwerer

APPOINTED OFFICIALS

Paul J. Marino	City Attorney
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CHARTER OFFICERS

Nancy G. Gonzalez	City Manager
Patricia A. Gentry	City Clerk
Maria B. Kemp, CGFO	City Treasurer

# FINANCIAL SECTION



## **FINANCIAL SECTION**

*This section contains the following subsections:*

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Combining and Individual Financial Statements  
and Schedules

**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 City Council  
City of Belleair Beach, 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 City of Belleair Beach, Florida, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, and the aggregate remaining fund information of the City of Belleair Beach, Florida, as of September 30, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2012 on our consideration of the City of Belleair Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Mayor  
and City Council

The *accompanying management's discussion and analysis* on pages 5 through 17 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 City's basic financial statements. The *accompanying introductory section, combining and individual nonmajor fund financial statements, and schedules, and statistical tables* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual 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, Jamieson & Creative, P.L.*

February 9, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Belleair Beach, we offer readers of the City of Belleair Beach's financial statements this narrative overview and analysis of the financial activities of the City of Belleair Beach for the fiscal year ended September 30, 2011. 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 on pages *v-ix* of this report.

### FINANCIAL HIGHLIGHTS

- \*The assets of the City of Belleair Beach exceeded its liabilities at the close of the most recent fiscal year by \$9,244,694 (*net assets*). Of this amount \$4,424,521 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- \*At September 30, 2011, the City's governmental activities fund balance reported an ending fund balance of \$4,339,239, an increase of \$142,179 or 3.39 % in comparison with the prior year.
- \*The business-type activities operating revenue slightly decreased by \$360 or 0.67 % as compared with the prior year. This decrease is primarily due to vacant boat slips. However, there was an increase in net assets by \$ 3,752 attributed to lower contribution to the General Fund.
- \*At September 30, 2011, the unassigned fund balance of the General Fund (not restricted, committed or assigned to any specific purpose) was \$2,927,858 or 203.70 percent of total general fund expenditures of \$1,437,367.
- \*Governmental fund revenues decreased by \$94,922 or 4.81 percent over the prior fiscal year. This is primarily due to a decrease in Ad Valorem Tax revenue by \$56,557 or 7.36%, interest income by \$26,775, franchise fees by \$14,005, Intergovernmental by \$13,912 and Utility Tax by \$10,674; partially offset by an increase in charges for services of \$37,409.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Belleair Beach's basic financial statements. The City of Belleair Beach's basic financial statements comprise three components:

- 1) government-wide financial statements. 2) fund financial statements, and 3) notes to 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*, which consist of the following two statements, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net assets changed during fiscal year 2011. 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 City 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 City include general government, highways and streets, sanitation, and culture and recreation. The business-type activities of the City are a Marina Slip rental operation where the fee for service typically covers all or most of the cost of operation including depreciation.

The government-wide financial statements includes the City itself (known as the primary government) and Marina Slip rental operation-although legally separated, functions for all practical purposes as a department of the City and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 18 – 20 of this report.

### **Fund financial statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Belleair Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Belleair Beach 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 governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Belleair Beach maintains three individual 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 capital projects fund. The general fund and the marina enterprise funds are considered major funds.

The City of Belleair Beach adopts an annual budget for all major funds. 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 on pages 21-25 of this report.

### ***Proprietary funds***

The City of Belleair Beach maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The city uses enterprise funds to account for its Marina fund.

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 Marina fund, which is considered to be a major fund of the City of Belleair Beach. The basic proprietary fund financial statements can be found on pages 26-30 of this report.

### **Notes to 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 31-63 of this report.

### **Other Information**

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to Financial Statements. Combining and individual fund statements and schedules can be found on pages 64-68 of this report.

### **Infrastructure Assets**

The City has elected to early implement GASB Statement 34 (for the Fiscal Year ended September 30, 2002). Due to the small size of the city and infrastructure assets valued less than \$10 million the City has elected to only record and depreciate infrastructure going forward. Historically, a government's largest group of assets (infrastructure – roads, bridges, sidewalks, curbs, underground pipes, unless associated with a utility, etc.) have not been reported or depreciated in the City's financial statements. The new statement requires that these assets be valued and recorded within the governmental columns of the Governmental-wide Statements.

## **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 the City, assets exceeded liabilities by \$9,244,694 at the close of fiscal year ended September 30, 2011. The following table reflects the condensed Statement of Net Assets compared to prior fiscal year.

**CITY OF BELLEAIR BEACH, FLORIDA**

**Statement of Net Assets  
As of September 30**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other Assets	\$ 4,407,635	\$4,287,526	\$179,005	\$172,205	\$ 4,586,640	\$ 4,459,731
Capital Assets (net of Allowance)	<u>7,042,975</u>	<u>7,162,478</u>	<u>57,108</u>	<u>60,135</u>	<u>7,100,083</u>	<u>7,222,613</u>
Total Assets	<u>11,450,610</u>	<u>11,450,004</u>	<u>236,113</u>	<u>232,340</u>	<u>11,686,723</u>	<u>11,682,344</u>
Current and other Liabilities	88,940	114,982	10,126	10,105	99,066	125,087
Long-term liabilities outstanding						
Due within one year	166,098	164,279	-	-	166,098	164,279
Due in more than one year	<u>2,176,865</u>	<u>2,320,491</u>	<u>-</u>	<u>-</u>	<u>2,176,865</u>	<u>2,320,491</u>
Total Liabilities	2,431,903	2,599,752	10,126	10,105	2,442,029	2,609,857
<b>Net Assets</b>						
Invested in Capital Assets net of related debt	4,763,065	4,722,478	57,108	60,135	4,820,173	4,782,613
Restricted	-	-	-	-	-	-
Unrestricted	<u>4,255,642</u>	<u>4,127,774</u>	<u>168,879</u>	<u>162,100</u>	<u>4,424,521</u>	<u>4,289,874</u>
<b>Total Net Assets</b>	<u>\$9,018,707</u>	<u>\$8,850,252</u>	<u>\$225,987</u>	<u>\$222,235</u>	<u>\$ 9,244,694</u>	<u>\$ 9,072,487</u>

\*For more detailed information see Statement of Net Assets on page 18.

At September 30, 2011, a considerable portion of the City's assets are invested in capital assets (e.g., land, buildings, equipment and marina docks) at 41.24 per cent of total assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported at net of related outstanding debt used to acquire those capital assets, (for example, the Community Center loan) 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. A large part of the City's assets at 37.77 percent reflects its investment in cash, cash equivalents and other investments. This is affected by the implementation of the City's investment policy that has emphasis on first: safety of principal, second: liquidity or readily available for conversion into cash in order to finance the City's operating cash flow requirements, and the third criteria: yield or earnings.

As of September 30, 2011 there are no significant external restrictions on how the City's resources may be used. The balance of unrestricted net assets of \$4,424,521 or 37.86 percent of total net assets may be used to meet the government's ongoing obligations to citizens and creditors.

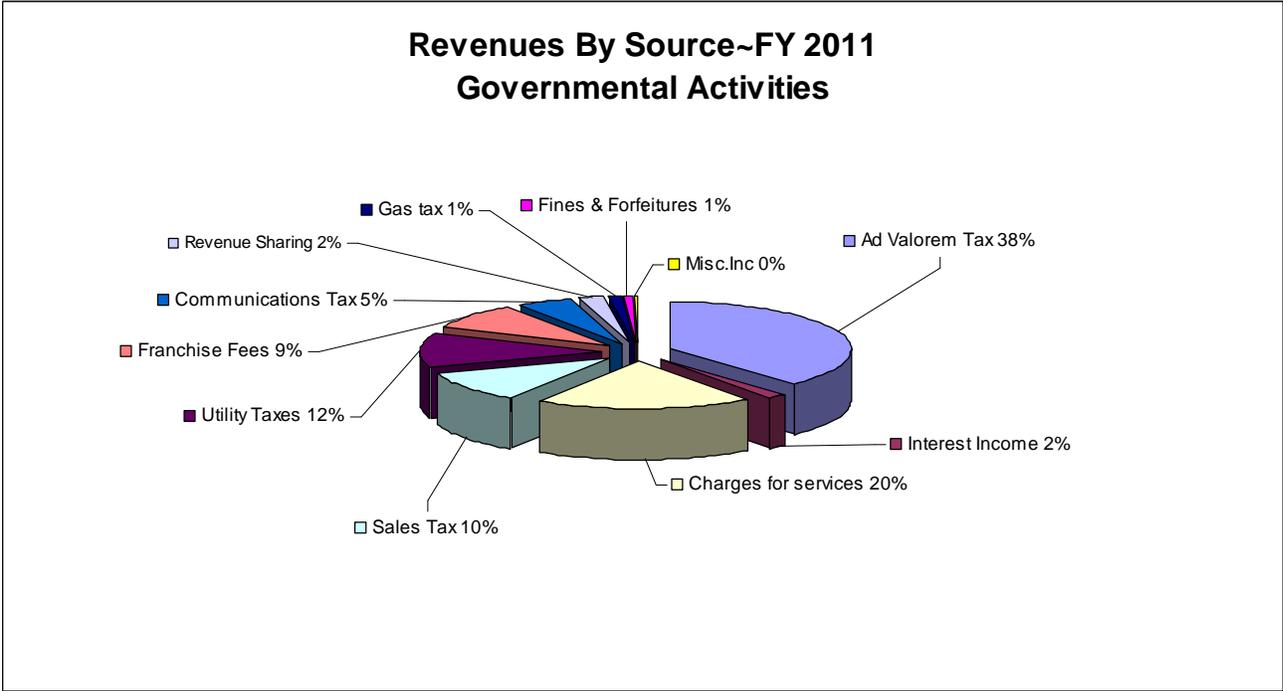
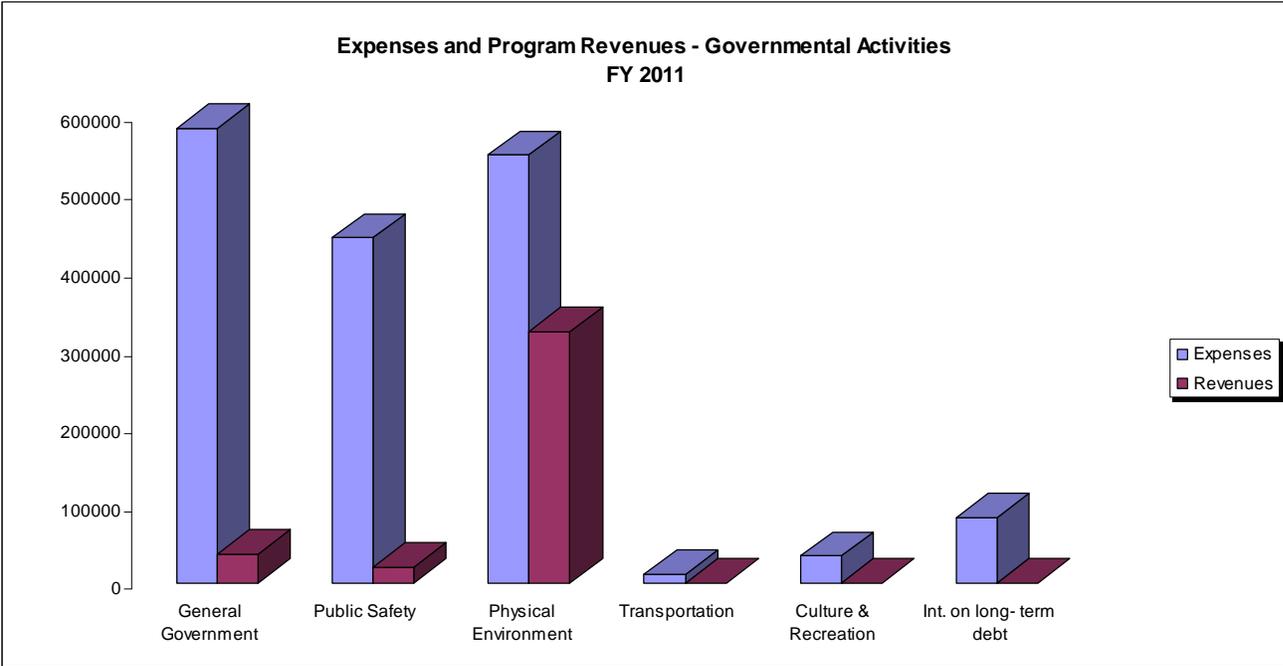
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

## Statement of Activities

The following schedule compares the revenues and expenses for the current and previous fiscal year.

CITY OF BELLEAIR BEACH FLORIDA  
CHANGES IN NET ASSETS  
For the Year Ended September 30

	Governmental Activities		Business Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 381,214	\$ 340,897	\$ 53,300	\$ 53,660	\$ 434,514	\$ 394,557
Capital grants and Contributions	2,417	-	-	-	2,417	-
General revenues:						
Property taxes	711,981	768,538	-	-	711,981	768,538
Franchise Fee	166,415	180,420	-	-	166,415	180,420
Utility taxes	225,526	236,200	-	-	225,526	236,200
Sales and Other taxes	353,107	369,490	-	-	353,107	369,490
Miscellaneous	36,720	76,757	1,434	1,981	38,154	78,738
Total Revenues	1,877,380	1,972,302	54,734	55,641	1,932,114	2,027,943
<b>Expenses</b>						
General Government	668,483	594,112	-	-	668,483	594,112
Public Safety	443,474	431,952	-	-	443,474	431,952
Physical Environment	549,682	553,091	-	-	549,682	553,091
Transportation	12,212	136,755	-	-	12,212	136,755
Culture and Recreation	35,074	37,074	-	-	35,074	37,074
Marina Slip Rental Operation	-	-	50,982	58,908	50,982	58,908
Total Expenses	1,708,925	1,752,984	50,982	58,908	1,759,907	1,811,892
Excess of revenues over (under) expenditures	168,455	219,318	3,752	(3,267)	172,207	216,051
Transfers	-	-	-	-	-	-
Changes in net assets	168,455	219,318	3,752	(3,267)	172,207	216,051
Net Assets - 9/30/10	8,850,252	8,630,934	222,235	225,502	9,072,487	8,856,436
<b>Net Assets- 9/30/11</b>	\$ 9,018,707	\$ 8,850,252	\$ 225,987	\$ 222,235	\$ 9,244,694	\$ 9,072,487



## **Governmental Activities**

Governmental Activities increased the City's net assets by \$168,455 compared with prior year's increase of \$219,318. This fiscal year's increase accounts for 1.87 percent of the total net governmental assets at year end of \$9,018,707. This rate of increase is lower than last fiscal year's increase due to a 4.81 % decrease in Total Revenues, attributed to lower Ad Valorem taxes.

## **Business-type Activities**

Business-type activities increased the City's net assets by \$3,752 compared to the prior year's decrease of \$3,267. Key elements of this increase of \$3,752 are as follows:

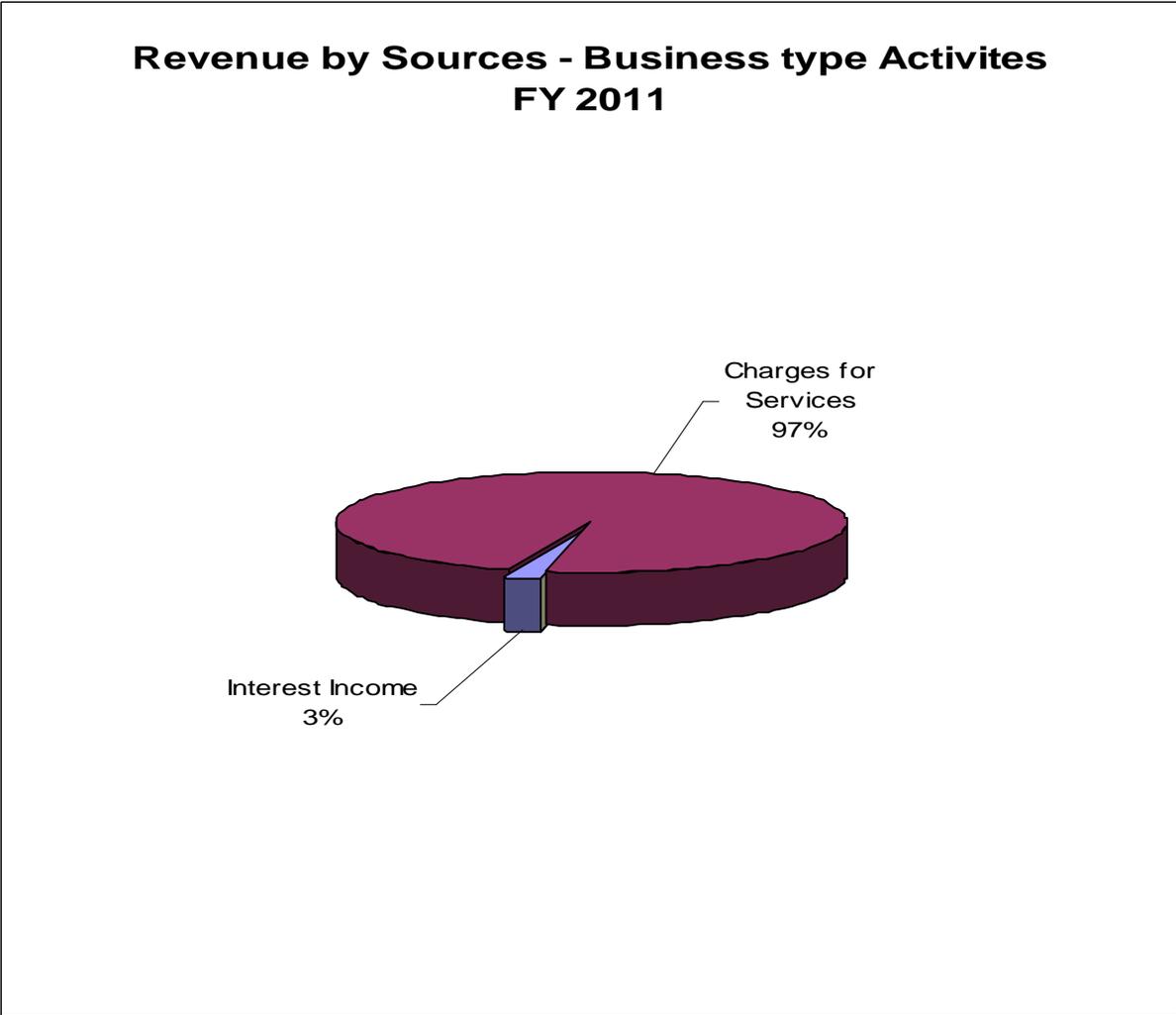
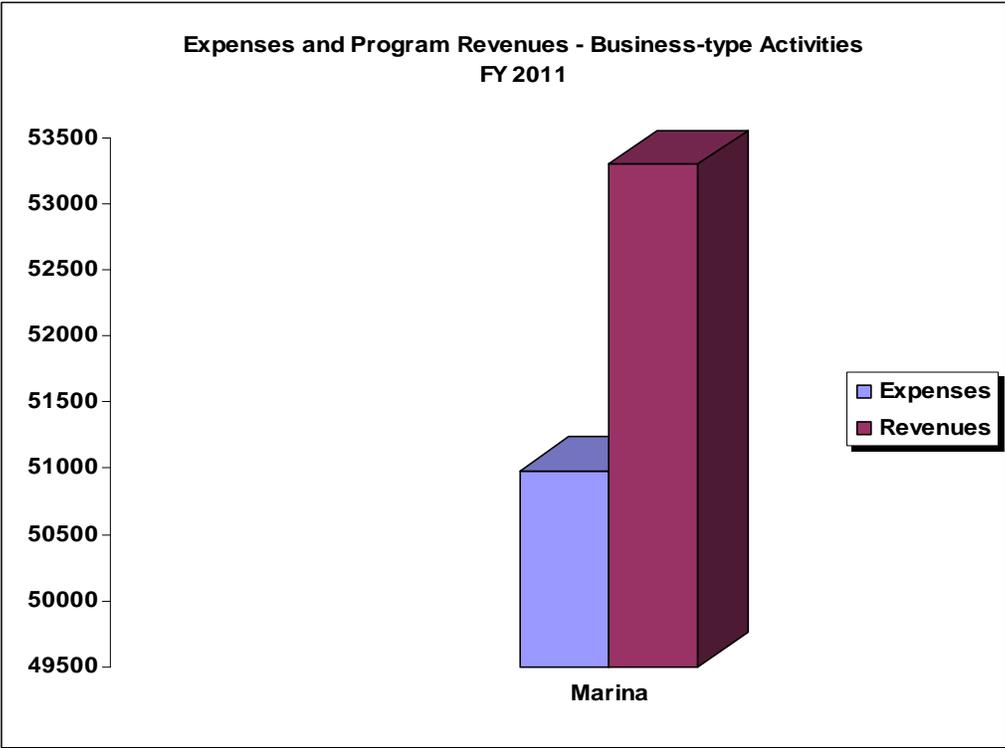
- The City-owned Marina generated a net operating income of \$2,318 as compared to prior year's net operating loss of \$5,248. This is due to the decrease in Operating Expenses attributed to lower Contribution to the General Fund. During the fiscal year 2010-2011 the Marina Fund transferred \$28,145 to the general fund to cover the costs of managing and operating the Marina. On the other hand, during the fiscal year 2009-2010, the Marina Fund transferred \$36,682 to the General Fund. The amount of the contribution was decreased due to planned capital improvement projects in fiscal year 2010-2011.

## **Financial Analysis of the City's Funds**

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

### **Governmental funds**

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



## **Governmental funds (cont'd.)**

As of the end of fiscal year 2011, the city's governmental funds reported combined ending fund balances of \$4,339,239 an increase of \$142,179 in comparison with the prior year. There was a decrease in total revenue by 4.81 percent as compared with the previous year due to lower revenue generated in the following areas: Ad Valorem taxes, attributed to a decline in taxable values; Investment Income due to continuous provision for unrealized loss in the fluctuating net asset value Fund B pool; Franchise fees due to lower electric and gas volume; and Intergovernmental revenues. Intergovernmental revenues decreased by \$13,912 or 3.77 percent as compared with the prior fiscal year due to lower infrastructure sales tax (Penny for Pinellas).

Expenditures, including capital improvements and principal and interest payments on the Community Center loan, decreased by 8.12 percent. The reason for this is that the Harrison Avenue Bridge superstructure and the major repairs work on the 22<sup>nd</sup> Street Bridge were completed during the prior fiscal year ended 2010.

### General Fund

The general fund is the chief operating fund of the City. At the end of September 30, 2011, the unassigned fund balance of the general fund, which has not been restricted, committed or assigned to specific purposes, was \$2,927,858. This is available for spending at the city's discretion.

The remainder of the general fund balance of \$861,168 is not available for new spending and has been classified as: 1) Non spendable (cannot be converted into cash) for prepaid items \$14,592, 2) Restricted (per Florida State) for Police Pension \$134, 3) Committed (per Resolution approved by City Council for catastrophic events) for \$840,000 and 4) Assigned for \$6,442 (various projects \$3,573 and City Code codification \$2,869). As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 203.70 percent of total general fund expenditures, while total fund balance represents 263.61 percent of that same amount.

### Capital Projects Fund CPF)

The capital projects fund is used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds. This is also used for non recurring capital expenditures with an estimated useful life of at least ten years and/or a minimum cost of \$25,000 in order to avoid distortion of financial trend information in the other funds.

At the end of September 30, 2011, the unassigned fund balance of the CPF, which has not been restricted, committed or assigned to specific purposes, was \$547,616. This is available for spending for capital outlays that meet the above- mentioned criteria of minimum cost and estimated useful life. The remainder of the CPF fund balance of \$2,597 has been assigned to a street/ valley curb project.

Most of the Community Center construction was completed in October/ November of 2009. The actual cost through September 2011 was \$3.920 million, which included building plans design and construction administration, contractor's fee, professional fees and permits. Funding sources consisted of a \$3 million bank loan, infrastructure sales tax (Penny for Pinellas) and contributions from the General Fund. The loan principal balance as of September 30, 2011 was \$2.280 million.

As a measure of the capital projects fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. For the fiscal year ending September 30, 2011, unassigned fund balance of \$547,616 represents 183.87 percent of total capital projects fund expenditures of \$297,834. The capital projects fund expenditures include principal and interest payment on the Community Center loan. On the revenue side, the Community Center has generated rental from weddings, parties, banquet furniture, and exercise/fitness classes for a total amount of \$19,560; of this amount \$12,860 is earned revenue for FY 2011; and the balance of \$6,700 represents unearned revenue for events to be held after September 30, 2011.

### Proprietary funds

The city's *proprietary funds* provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of proprietary funds at the end of the year in comparison to prior year amounted to:

<u>FUNDS</u>	<u>2011</u>	<u>2010</u>
Marina	<u>168,879</u>	<u>162,100</u>
<b>Totals</b>	<u>\$ 168,879</u>	<u>\$ 162,100</u>

Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year ended September 30, 2011 the significant variances between the final amended budget and the actual results are shown below:

- Revenues are higher than budgeted amount by 61,697 primarily due to: higher than budgeted collections for parking fee for Morgan Park and rental registration fees; decrease in the provision for unrealized loss for the fluctuating net asset value Fund B investment which indirectly increases investment income; and higher utility tax collections attributed to increased electric rates.
- Expenditures are lower than budgeted amount by 106,022 due to lower expenditures in the areas of Public Works, transportation and general government. Encumbrances for 6,576 to honor open purchase orders and projects in progress have been forwarded as additions or budget amendment to the FY 2011-12 budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2011 amounts to \$7,100,083 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than building, equipment, marina docks and security fence and infrastructures. The decrease in the City's capital assets for the current fiscal year was \$119,528 or 1.67 percent for governmental activities and a decrease of \$3,027 or 5.03 percent for the business-type activities. The decrease includes current year's depreciation.

The increase/(decrease ) in capital assets net of depreciation during the current fiscal year for governmental activities included the following:

- Buildings decreased by \$(89,939) due to full year depreciation provision for the new Community Center and other equipment.
- Improvements Other than Buildings- decrease of \$(30,866) primarily due to depreciation partially offset by additions to the values of 25<sup>th</sup> St Dock and 22<sup>nd</sup> Street Bridge.
- Parks & Recreation decreased by \$(15,975) due to full year depreciation partially offset by additions of outdoor showers, custom benches and park sign.
- Legislative- decrease of \$(10,867) due to full year's depreciation of audio/ visual system for the Community Center and channel system and microphones for City Council meetings
- Roads and Streets- increase of \$29,723 represents construction cost of \$42,453 for 1,602 of valley curb partially offset by depreciation provision on existing fixed assets.

#### City of Belleair Beach, Florida Capital Assets (net of depreciation)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$1,426,738	\$ -	\$1,426,738
Buildings	3,907,255	-	3,907,255
Improvements other than Buildings	1,185,266	57,108	1,242,374
Roads and streets	285,824	-	285,824
Parks and recreation	167,324	-	167,324
Equipment	<u>70,568</u>	<u>-</u>	<u>70,568</u>
<b>Totals</b>	<u>\$7,042,975</u>	<u>\$ 57,108</u>	<u>\$7,100,083</u>

Additional information on the City's capital assets can be found on pages 48 - 50 of this report.

## **Long-term Debt**

At the end of fiscal year 2011, the City has a total outstanding loan payable of \$2,280,000. Quarterly principal payments on the original amount of \$3.0 million have been made starting in October 2006. The proceeds of this loan were used to fund land acquisition, construction and furnishings of the new Community Center. The full balance of the loan is currently in the General Long-Term Debt Account Group. The loan interest rate is fixed at 3.72 percent annually and is payable quarterly effective October 2006 per Bank Amortization Schedule.

Additional information on the City's long-term debt activity can be found in Note 10 on pages 51-52 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- \* The unemployment rate for the County at September 30, 2011 was 10.80 percent, which was lower than the 2010 rate of 12.40 percent.
- \* Inflationary trends in the region compare favorably to the national trends.
- \* The City of Belleair Beach is entirely a residential community. During the current fiscal year, property values increased by 3.21 percent as compared with a 6.78 percent decrease in the prior year. The City of Belleair Beach is the only municipality in Pinellas County that had an increase in property values.
- \* Amendment I approved by voters in January 2008 had a negative impact on Ad Valorem Tax revenues. Amendment I created an additional Homestead tax exemption of \$25,000 doubling regular homestead tax exemption to \$50,000, allowed "portability of save our homes cap" and eliminated some tangible personal property from the tax rolls.
- \* The Property Tax Reform House Bill 1B passed by the Florida Legislature in June 2007 mandated a 9 percent Property Tax cut for the City of Belleair Beach.
- \* All of the above-mentioned factors were considered in preparing the City of Belleair Beach's budget for the 2011-2012 fiscal year.
- \* The employees received a 4.0% merit increase in salaries and wages for the new Fiscal Year 2011-2012 with no cost of living allowance (COLA), as compared with the prior year when the employees did not receive a merit increase and there was no COLA either.
- \* As of the fiscal ended September 30, 2011, unassigned fund balance in the general fund, which has not been restricted, committed or assigned to specific purposes was \$2,927,858. The City has appropriated \$6,576 in the general fund for spending in the 2011-2012 fiscal year budget. This amount represents encumbrances for prior year's outstanding purchase orders and projects in progress. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2011-2012 fiscal year.

## **REQUEST FOR INFORMATION**

This financial report is designed to present users with a general overview of the City's finances to all those interested in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the City's Finance Officer at 444 Causeway Blvd., Belleair Beach, Florida 33786 or email: [financeofficer@cityofbelleairbeach.com](mailto:financeofficer@cityofbelleairbeach.com).

# **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

## **Notes to Financial Statements**

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

ASSETS	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 4,165,580	\$ 176,696	\$ 4,342,276
Investments	71,459	-	71,459
Receivables (net of allowance for uncollectibles)	156,004	262	156,266
Prepays	14,592	2,047	16,639
Capital Assets:			
Land	1,426,738	-	1,426,738
Buildings	4,090,455	-	4,090,455
Improvements other than buildings	1,997,176	-	1,997,176
Equipment	468,696	309,499	778,195
Accumulated depreciation	<u>(940,090)</u>	<u>(252,391)</u>	<u>(1,192,481)</u>
Total Assets	<u>11,450,610</u>	<u>236,113</u>	<u>11,686,723</u>
LIABILITIES			
Accounts payable	32,183	950	33,133
Accrued payroll	3,068	-	3,068
Accrued interest	20,544	-	20,544
Retainage	1,744	-	1,744
Deposits	4,400	6,300	10,700
Unearned revenue	27,001	2,876	29,877
Noncurrent Liabilities:			
Due within one year	166,098	-	166,098
Due in more than one year	<u>2,176,865</u>	<u>-</u>	<u>2,176,865</u>
Total Liabilities	<u>2,431,903</u>	<u>10,126</u>	<u>2,442,029</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	4,763,065	57,108	4,820,173
Unrestricted	<u>4,255,642</u>	<u>168,879</u>	<u>4,424,521</u>
Total Net Assets	<u>\$ 9,018,707</u>	<u>\$ 225,987</u>	<u>\$ 9,244,694</u>

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Function/Program Activities			
Primary Government:			
Governmental Activities:			
General government	\$ 583,919	\$ 38,662	\$ -
Public Safety	443,474	21,216	-
Physical environment	549,682	320,743	2,417
Transportation	12,212	231	-
Culture and recreation	35,074	362	-
Interest on long-term debt	84,564	-	-
Total governmental activities	<u>1,708,925</u>	<u>381,214</u>	<u>2,417</u>
Business-Type Activities:			
Marina	<u>50,982</u>	<u>53,300</u>	<u>-</u>
Total business-type activities	<u>50,982</u>	<u>53,300</u>	<u>-</u>
Total primary government	<u>\$ 1,759,907</u>	<u>\$ 434,514</u>	<u>\$ 2,417</u>

GENERAL REVENUES:

Property taxes  
Franchise fees  
Utility taxes  
Unrestricted Intergovernmental  
Revenue:  
    State revenue sharing  
    Half-cent sales tax  
    Local option gas tax  
    Local option sales tax  
    Communications tax  
    Fuel tax rebate  
Investment income  
Miscellaneous  
Total General Revenues  
Change in Net Assets  
Net Assets, Beginning of Year  
Net Assets, Ending of Year

See Notes to Financial Statements.

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (545,257)	\$ -	\$ (545,257)
(422,258)	-	(422,258)
(226,522)	-	(226,522)
(11,981)	-	(11,981)
(34,712)	-	(34,712)
(84,564)	-	(84,564)
(1,325,294)	-	(1,325,294)
-	2,318	2,318
-	2,318	2,318
(1,325,294)	2,318	(1,322,976)
711,981	-	711,981
166,415	-	166,415
225,526	-	225,526
42,273	-	42,273
79,569	-	79,569
20,779	-	20,779
117,308	-	117,308
93,178	-	93,178
54	-	54
32,479	1,434	33,913
4,187	-	4,187
1,493,749	1,434	1,495,183
168,455	3,752	172,207
8,850,252	222,235	9,072,487
\$ 9,018,707	\$ 225,987	\$ 9,244,694

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

ASSETS

	General Fund	Capital Projects Fund	Total Governmental Funds
Cash and cash equivalents	\$ 3,613,033	\$ 552,547	\$ 4,165,580
Investments	71,459	-	71,459
Receivables (net of allowance for uncollectible accounts):			
Taxes:			
Franchise fees	18,150	-	18,150
Utility	25,221	-	25,221
Accounts	55,465	122	55,587
Intergovernmental:			
State	33,536	-	33,536
County	4,036	19,474	23,510
Prepaid items	14,592	-	14,592
<b>TOTAL ASSETS</b>	<b>\$ 3,835,492</b>	<b>\$ 572,143</b>	<b>\$ 4,407,635</b>

LIABILITIES AND FUND BALANCE

<b>LIABILITIES:</b>			
Accounts payable	\$ 23,098	\$ 9,085	\$ 32,183
Retainage payable		1,744	1,744
Deferred revenue	20,300	6,701	27,001
Deposit		4,400	4,400
Accrued payroll	3,068	-	3,068
<b>TOTAL LIABILITIES</b>	<b>46,466</b>	<b>21,930</b>	<b>68,396</b>
<b>FUND BALANCES:</b>			
Nonspendable	14,592	-	14,592
Restricted	134	2,597	2,731
Committed	840,000	-	840,000
Assigned	6,442	-	6,442
Unassigned	2,927,858	547,616	3,475,474
<b>TOTAL FUND BALANCES</b>	<b>3,789,026</b>	<b>550,213</b>	<b>4,339,239</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,835,492</b>	<b>\$ 572,143</b>	<b>\$ 4,407,635</b>

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

Fund balances - total governmental funds \$ 4,339,239

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.

Governmental capital assets	\$ 7,983,065	
Less accumulated depreciation	<u>(940,090)</u>	
		7,042,975

Long-term liabilities, including bonds payable are not due and  
payable in the current period and therefore are not reported in  
the governmental funds.

Loan payable	2,280,000	
Accrued interest payable	20,544	
Other postemployment benefits payable	1,981	
Compensated absences	<u>60,982</u>	
		<u>(2,363,507)</u>

Net assets of governmental activities. \$ 9,018,707

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Government Funds</u>
REVENUES:			
Taxes:			
Ad valorem	\$ 711,981	\$ -	\$ 711,981
Franchise fees	166,415	-	166,415
Utility	225,526	-	225,526
Intergovernmental	238,270	117,308	355,578
Charges for services	355,531	12,860	368,391
Fines	12,823	-	12,823
Interest	31,597	882	32,479
Miscellaneous	3,860	327	4,187
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	1,746,003	131,377	1,877,380
EXPENDITURES:			
Current:			
General government	458,298	6,643	464,941
Public safety	443,323	-	443,323
Physical environment	504,411	42,655	547,066
Transportation	12,212	-	12,212
Culture and recreation	19,123	-	19,123
Debt service:			
Principal	-	160,000	160,000
Interest	-	88,536	88,536
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	1,437,367	297,834	1,735,201
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	308,636	(166,457)	142,179
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	(178,706)	178,706	-
Sale of capital assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(178,706)	178,706	-
Net change in fund balances	129,930	12,249	142,179
FUND BALANCE, OCTOBER 1	3,659,096	537,964	4,197,060
	<hr/>	<hr/>	<hr/>
FUND BALANCE, SEPTEMBER 30	\$ 3,789,026	\$ 550,213	\$ 4,339,239
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Net change in fund balances - total governmental funds		\$142,179
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	\$ 105,992	
Less current year depreciation	<u>(225,520)</u>	
		(119,528)
Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal payments		160,000
Change in accrued interest		3,972
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.		
Other post-employment benefit costs		
Change in long-term compensated absences	<u>(18,168)</u>	<u>(18,168)</u>
Change in net assets of governmental activities		<u>\$ 168,455</u>

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Ad valorem	\$ 709,887	\$ 709,887	\$ 711,981	\$ 2,094
Franchise fees	167,200	167,200	166,415	(785)
Utility	213,905	213,905	225,526	11,621
Intergovernmental	237,245	237,245	238,270	1,025
Charges for services	324,170	324,170	355,531	31,361
Fines	7,320	7,320	12,823	5,503
Interest	18,450	18,450	31,597	13,147
Miscellaneous	6,130	6,130	3,860	(2,270)
Total Revenues	<u>1,684,307</u>	<u>1,684,307</u>	<u>1,746,003</u>	<u>61,696</u>
Expenditures:				
Current:				
General Government:				
Legislative	14,240	14,240	12,471	1,769
Executive	357,105	358,521	343,911	14,610
Financial administration	109,505	109,505	101,916	7,589
	<u>480,850</u>	<u>482,266</u>	<u>458,298</u>	<u>23,968</u>
Public Safety:				
Police	425,664	426,536	426,364	172
Protective inspections	19,441	19,441	16,959	2,482
	<u>445,105</u>	<u>445,977</u>	<u>443,323</u>	<u>2,654</u>
Physical Environment:				
Public Works	287,026	322,526	276,991	45,535
Sanitation	233,920	233,920	227,420	6,500
	<u>520,946</u>	<u>556,446</u>	<u>504,411</u>	<u>52,035</u>
Transportation:				
Streets	36,200	36,200	12,212	23,988
Culture and Recreation:				
Library	16,000	16,000	13,100	2,900
Parks and recreation	6,500	6,500	6,023	477
	<u>22,500</u>	<u>22,500</u>	<u>19,123</u>	<u>3,377</u>
Total Expenditures	<u>1,505,601</u>	<u>1,543,389</u>	<u>1,437,367</u>	<u>106,022</u>
Excess (deficiency) of revenues over (under) expenditures	178,706	140,918	308,636	167,718
Other Financing Sources (uses):				
Transfers out	(178,706)	(178,706)	(178,706)	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(178,706)</u>	<u>(178,706)</u>	<u>(178,706)</u>	<u>-</u>
Net Change in Fund Balances	-	(37,788)	129,930	167,718
Fund Balance, Beginning of Year	<u>3,659,096</u>	<u>3,659,096</u>	<u>3,659,096</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>3,659,096</u>	\$ <u>3,621,308</u>	\$ <u>3,789,026</u>	\$ <u>167,718</u>

See Notes to Financial Statements.

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2011

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

ASSETS

	<u>Marina</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 176,696
Accounts receivable	262
Prepaid expenses	<u>2,047</u>
TOTAL CURRENT ASSETS	179,005
NONCURRENT ASSETS:	
Capital Assets:	
Improvements other than buildings	<u>309,499</u>
	309,499
Less accumulated depreciation	<u>252,391</u>
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>57,108</u>
TOTAL ASSETS	<u>\$ 236,113</u>

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2011

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

LIABILITIES AND NET ASSETS

	<u>Marina</u>
CURRENT LIABILITIES:	
Accounts payable	\$ 950
Deferred revenue	<u>2,876</u>
TOTAL CURRENT LIABILITIES	3,826
NONCURRENT LIABILITIES:	
Deposits	<u>6,300</u>
TOTAL NONCURRENT LIABILITIES	<u>6,300</u>
TOTAL LIABILITIES	10,126
NET ASSETS:	
Invested in capital assets net of related debt	57,108
Unrestricted	<u>168,879</u>
TOTAL NET ASSETS	<u>\$ 225,987</u>

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011  
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	<u>Marina</u>
OPERATING REVENUES:	
Charges for sales and services	\$ 53,300
OPERATING EXPENSES:	
Materials and supplies	32,968
Utilities	4,262
Depreciation	13,752
Total operating expenses	50,982
OPERATING INCOME	2,318
NONOPERATING REVENUES:	
Interest revenue	1,434
Total nonoperating revenues	1,434
CHANGE IN NET ASSETS	3,752
TOTAL NET ASSETS, OCTOBER 1	222,235
TOTAL NET ASSETS, SEPTEMBER 30	\$ 225,987

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>
	<u>Marina</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 52,857
Cash payments to suppliers for goods and services	<u>(36,776)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	16,081
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(10,725)</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(10,725)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	<u>1,434</u>
NET CASH PROVIDED (USED) FOR INVESTING ACTIVITIES	<u>1,434</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,790
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>169,906</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 176,696</u>

See Notes to Financial Statements

CITY OF BELLEAIR BEACH, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Business-Type Activities - Enterprise Funds

Marina

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss):	\$	2,318
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		13,752
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		(15)
(Increase) decrease in prepaid expenses		5
Increase (decrease) in accounts payable		425
Increase (decrease) in deferred revenue		(428)
Increase (decrease) in deposits		<u>24</u>
Total adjustments		<u>13,763</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	<u><u>16,081</u></u>

See Notes to Financial Statements.

**NOTES TO**  
**FINANCIAL STATEMENTS**

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**1. Summary of Significant Accounting Policies**

The City of Belleair Beach (City) 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 City's accounting policies are described below:

Reporting Entity - The City is a political subdivision of the State of Florida, located in Pinellas County in the west central portion of the State. The City was incorporated in 1950. The original Charter was revised in 1959. This revised Charter was recorded on May 18, 1959 in the Municipal Charter Book IV. The Charter was revised in 1968 and again in 2004. The amended Charter (effective as of March 10, 2004) adopted the council-manager form of government. The City is approximately .484 square miles in area. The City is a full service municipality providing its citizens with a full complement of municipal services. In addition, the City owns and operates an enterprise activity for the marina.

In evaluating how to define the City of Belleair Beach, 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 City of Belleair Beach (the primary government) and its component unit. 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 City has no component units as of September 30, 2011.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**1. Summary of Significant Accounting Policies (Continued)**

Government-Wide and Fund Financial Statements - The City 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 (i.e., 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.

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

Separate financial statements are provided for governmental funds and proprietary fund even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the individual enterprise fund 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.

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 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.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**1. Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected 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, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City 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 *Capital Projects Fund* which is a governmental fund that accumulates resources for the construction of a new City Hall and other capital projects.

The *Marina Fund* accounts for the assets, operations and maintenance of the City-owned marina.

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 government 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 payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**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, including special assessments. 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 funds' principal ongoing operations. The principal operating revenues of the Sewer Enterprise Fund and of the Marina Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, Liabilities, and Net Assets or Equity:

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

The City'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 City 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.
- 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.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**1. Summary of Significant Accounting Policies (Continued)**

- 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 City’s investment in this pool is determined by the pool’s share price (account balance).

Investments held by the City’s pension trust funds 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.”

All tax, accounts and intergovernmental receivables are shown net of an allowance for uncollectibles. Trade accounts receivables in excess of 180 days compromise the trade accounts receivable allowance for uncollectible including those for the Marina Enterprise Fund.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**1. Summary of Significant Accounting Policies (Continued)**

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 City is established by the City Council prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the City's millages into the total tax levy, which includes the Pinellas County School Board tax requirements. The City 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 2011 millage rate assessed by the City was 1.9800.

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.

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.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**1. Summary of Significant Accounting Policies (Continued)**

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

*Capital Assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, 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.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**1. Summary of Significant Accounting Policies (Continued)**

Property, plant, and equipment of the primary government, as well as the component units, 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
Public domain infrastructure	45-55
Machinery and equipment	5-15

*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 balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Net Assets - Net assets of the Governmental and Business-Type Activities, in the government-wide financial statements, are categorized as invested in capital assets net of related debt or unrestricted. The first category represents net assets related to capital assets.

Compensated Absences - It is the City'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 after three months of employment.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**1. Summary of Significant Accounting Policies (Continued)**

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

<u>Total Years of Service</u>	<u>Days Per Year</u>
1	5
2 to 4	10
5 to 15	15
15 years and over	20

A maximum of forty days vacation leave may be carried over from one year to the next.

Vacation may be accumulated to a maximum of 160 hours for employees with less than 5 years of service, or 200 hours for employees with 6 to 10 years of service and 240 hours for over 10 years of service. Employees who accumulate more than the maximum allowable vacation days within a calendar year shall have the excess deducted effective December 31<sup>st</sup> and added to the employees accrued sick leave. Should an employee be unable to use vacation due to department needs, the mayor may grant an exception and allow a carryover to exceed the maximum; however, such carryover must be used in a defined period of time which will be stated in the letter of exception by the Mayor.

An employee who has served six months or more and who terminates employment with the City is paid for any unused vacation leave accumulated to the time of termination.

Sick leave for regular full-time employees is earned at the rate of eight hours for each month of service (at the completion of three months of continuous service) and may be accrued with no maximum. Upon termination, the employee is entitled to a lump-sum payment for accrued unused sick leave (up to a maximum of 720 hours). Upon termination, providing that the employee has given the department head no less than two weeks prior written notice, the following amount of sick pay leave will be received:

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**1. Summary of Significant Accounting Policies (Continued)**

<u>Years of Service</u>	<u>% of Accrued Hours (With Maximum of 720 Hours)</u>
Less than 10 years	25%
10 years or more	100%

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. 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 vacation and sick 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.

Subsequent Events - Management has adopted the provisions set forth in SFAS No. 165, *Subsequent Events*, and considered subsequent events through the date of the audit report.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**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 \$4,679,468 difference is as follows:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 7,983,065	
Less accumulated depreciation	<u>(940,090)</u>	
		7,042,975

Long-term liabilities are not due and payable in the current period therefore are not reported in the governmental funds.

Revenue note payable	2,280,000	
Accrued interest payable	20,544	
Other postemployment benefits payable	1,981	
Compensated absences	<u>60,982</u>	
		<u>(2,363,507)</u>

Net adjustment to increase *fund balance - total Governmental funds* to arrive at *net assets - Governmental activities*

\$ 4,679,468

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**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 \$26,276 difference are as follows:

Capital outlay	\$ 105,992	
Depreciation expense	<u>(225,520)</u>	(119,528)
 Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of the repayments for the fiscal year.		
Principal payments		160,000
Change in accrued interest		3,972
 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.		
Other post-employment benefit costs	-	
Change in long-term compensated absences	<u>(18,168)</u>	<u>(18,168)</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net assets of governmental activities		
		<u>\$ 26,276</u>

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**3. Stewardship, Compliance, and Accountability**

Budget Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the enterprise fund and are controlled on a fund and department level. On or before May 31 of each year, all departments of the City submit requests for appropriation to the Finance Officer 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. All annual appropriations lapse at fiscal year end.

The proposed budget is presented by the Mayor to the City Council for review in July. The City Council 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 Finance Officer or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

Expenditures may not legally exceed budgeted appropriations at the departmental level. During the year four supplementary appropriations were necessary.

Encumbrances 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.

Establishment/Elimination of Funds - No funds were established or eliminated during the fiscal year ended September 30, 2011.

**4. Cash and Cash Equivalents**

The City maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents". Monthly interest earned by this pool in excess of \$100 is distributed to each fund. In addition, investments are separately held by several of the City's funds.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**5. Deposits**

At year-end the carrying amount of the City's deposits was \$4,165,580 and the bank balance was \$4,150,059. 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.

**6. Investments**

	<u>Fair Value</u>	<u>Bond Rating</u>	<u>Weighted Average Duration (Years)</u>
Florida State Board of Administration Local Government Pooled Investment Fund (SBA)	\$ <u>71,459</u>	Not Rated	N/A
Total investments	\$ <u><u>71,459</u></u>		

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.

Interest Rate Risk - The City manages its exposure to fair value losses arising from increasing interest rates through its adopted investment policies. The City limits the effective duration of its investment portfolio through the adoption of nationally recognized risk measure bench marks such as the Lehman Brothers Aggregate Bond Index.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**6. Investments (Continued)**

The City has adopted a written investment policy in accordance with Florida Statute 218(16). That statute is intended to minimize interest rate and credit risk by directing the City 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.
- (f) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.
- (g) Direct obligations of the United States Treasury.
- (h) Federal agencies and instrumentalities.
- (i) 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.

Credit Risk - Consistent with chapter 218 of the Florida Statutes the City'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.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**6. Investments (Continued)**

The State Board of Administration (Board) was established on June 21, 1928, pursuant to Chapter 14486, 1929, laws of Florida. The Board 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 Board 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 (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 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, 2011.

Subsequent to the fiscal year ended September 30, 2008, in an effort to strengthen the fund's liquidity, the fund continued to use the two structures as follows:

Fund A contained all money-market appropriate assets and

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

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**6. Investments (Continued)**

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 tradeable.

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

**7. Receivables**

Receivables at September 30, 2011, consist of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Receivables:			
Taxes	\$ 43,371	\$ -	\$ 43,371
Accounts	55,465	122	55,587
Intergovernmental	37,572	19,474	57,046
	<hr/>	<hr/>	<hr/>
Gross receivables	136,408	19,596	156,004
Less: Allowance for uncollectibles	<hr/> -	<hr/> -	<hr/> -
Net total receivables	<u>\$ 136,408</u>	<u>19,596</u>	<u>\$ 156,004</u>

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**8. Capital Assets**

Capital assets activity for the year ended September 30, 2011 was as follows:

	Balance October 1, 2010	Increases	Decreases	Balance September 30, 2011
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ <u>1,426,738</u>	\$ _____ -	\$ _____ -	\$ <u>1,426,738</u>
Total capital assets, not being depreciated	1,426,738	-	-	1,426,738
Capital assets, being depreciated:				
Buildings	4,090,455	-	-	4,090,455
Improvements other than buildings	1,944,026	53,150	-	1,997,176
Equipment	<u>415,854</u>	<u>52,842</u>	<u>          -</u>	<u>468,696</u>
Total capital assets, being depreciated	6,450,335	105,992	-	6,556,327
Less accumulated depreciation for:				
Buildings	(93,261)	(89,939)	-	(183,200)
Improvements other than buildings	(479,707)	(41,563)	-	(521,270)
Equipment	<u>(141,602)</u>	<u>(94,018)</u>	<u>          -</u>	<u>(235,620)</u>
Total accumulated depreciation	<u>(714,570)</u>	<u>(225,520)</u>	<u>          -</u>	<u>(940,090)</u>
Total capital assets, being depreciated, net	<u>5,735,765</u>	<u>(119,528)</u>	<u>          -</u>	<u>5,616,237</u>
Governmental activities				
Capital assets, net	<u>\$ 7,162,503</u>	<u>\$ (119,528)</u>	<u>\$ _____ -</u>	<u>\$ 7,042,975</u>

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**8. Capital Assets (Continued)**

	<u>Balance</u> <u>October 1,</u> <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>September 30,</u> <u>2011</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 298,774	\$ 10,725	\$ -	\$ 309,499
Total capital assets, being depreciated	298,774	10,725	-	309,499
Less accumulated depreciation for:				
Improvements other than buildings	(238,639)	(13,752)	-	(252,391)
Total accumulated depreciation	(238,639)	(13,752)	-	(252,391)
Total capital assets, being depreciated, net	60,135	(3,027)	-	57,108
Business-type activities capital assets, net	<u>\$ 60,135</u>	<u>\$ (3,027)</u>	<u>\$ -</u>	<u>\$ 57,108</u>

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**8. Capital Assets (Continued)**

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

Governmental activities:	
General government	\$ 160,303
Public safety	151
Physical environment	37,321
Culture and recreation	<u>27,745</u>
 Total depreciation expenses - governmental activities	 \$ <u><u>225,520</u></u>
 Business-type activities:	
Marina	\$ <u>13,752</u>
 Total depreciation expense - business-type activities	 \$ <u><u>13,752</u></u>

**9. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees; and natural disasters.

The City continues to carry commercial insurance for risks of loss including health, life, building and contents, employee bonds, mobile property, flood, windstorm and employee accident insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City has not had any significant coverage reductions under these policies from the prior years.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**10. Long-Term Debt**

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended September 30, 2011 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 42,789	\$ 41,508	\$ 23,315	\$ 60,982	\$ 6,098
Revenue note	<u>2,440,000</u>	<u>-</u>	<u>160,000</u>	<u>2,280,000</u>	<u>160,000</u>
Governmental activity long-term liabilities	<u>\$ 2,482,789</u>	<u>\$ 41,508</u>	<u>\$ 183,315</u>	<u>\$ 2,340,982</u>	<u>\$ 166,098</u>

Compensated absences are generally liquidated by the General Fund from Governmental Activities.

Revenue Note

On October 3, 2005, the City Council adopted Resolution 2005-24 to approve a loan agreement with SunTrust Bank providing for a \$3,000,000 loan to finance the construction of a new City Hall.

Pledged revenue for this loan is all nonadvalorem revenue for the General Fund and the Capital Projects Fund.

SunTrust Loan Agreement:

Term: October 4, 2005 through October 4, 2025

Amount borrowed: \$3,000,000

Principal payments: \$40,000 quarterly

Interest rate: 3.72%

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**10. Long-Term Debt (Continued)**

Debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 160,000	\$ 83,731
2013	160,000	77,692
2014	160,000	71,662
2015	160,000	65,627
2016 - 2020	800,000	267,788
2021 - 2025	800,000	116,926
2026	<u>40,000</u>	<u>377</u>
	<u>\$ 2,280,000</u>	<u>\$ 683,803</u>

Revenue note balance as of September 30, 2011 was \$2,280,000.

**11. Intra-Governmental Charges**

The costs of certain general and administrative functions of the City are recorded and controlled in the General Fund. These administrative costs have been allocated to the City's Marina Fund for the year ended September 30, 2011, as shown in the following table:

<u>Enterprise Fund</u>	<u>Administrative Costs Allocated</u>
Marina	\$ <u>28,145</u>

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**12. Fund Balance Policy**

**Restricted Fund Balance**

Restricted fund balance represents the amount that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors, by debt covenants in service/contractual agreement, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. This may be budgeted and reported in either the general fund or the capital projects fund. Reserved fund balances indicate those portions of fund balances that are legally segregated for a specific use or not available for appropriation or expenditure.

**Committed Fund Balance**

Commitment of fund balance may be made for such purposes as, a) major maintenance and repair projects; b) meeting future obligations resulting from a natural disaster; c) accumulating resources pursuant to stabilization arrangements; d) establishing reserves for disasters; and/or 3) for setting aside amounts for specific projects.

As of August 31, 2011, there is a committed fund balance in the General Fund, per Resolution 2008-04 approved by City Council to cover emergency purchases arising from catastrophic events such as hurricanes and other destructive natural disaster.

**Assigned Fund Balance**

Assigned fund balances may or may not be appropriated for expenditures during the budget process and in the subsequent year depending on the timing of the project/reserve for which it was assigned. This reflects management's (City Manager, Committee or Department Head) intended use of resources and does not need further action by City Council.

**Non-Spendable Fund Balance**

Non-spendable fund balance is established to report items that are not expected to be converted to cash such as inventory and prepaid items; items not currently in cash form such as the long-term amount of loans and notes receivable as well as property acquired for resale; and items legally or contractually required to be maintained intact such as the corpus (or principal) of a permanent fund.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**12. Fund Balance Policy (Continued)**

***Minimum Level of Unassigned Fund Balance***

Unassigned fund balance is the residual classification for the general fund and represents fund balance that has not been restricted, committed or assigned to specific purposes within the general fund.

If, after the annual audit, prior committed or assigned fund balance causes the unassigned fund balance to fall below 50% or six months' of general fund operating expenditures, the City Manager will so advise City Council in order for the necessary action to be taken to restore the unassigned fund balance to at least 50% of General Fund operating expenditures.

The City Manager and Finance Officer will prepare and submit a plan for committed and/or assigned fund balance reduction, expenditure reduction and/or revenue increase to City Council. The City shall take action necessary to restore the unassigned fund balance to acceptable levels within two years.

**13. Committed Fund Balances**

Whenever necessary, the City Council hereby establishes the following committed fund balance:

- a) Disaster Committed Fund Balance - The disaster fund balance will be committed by City Council and will be reviewed periodically and included in the annual budget process to ensure the maintenance of services to the public during disaster situations such as, but not limited to, hurricanes.
- b) Environmental Initiative Committed Fund Balance - The environmental initiative fund balance will be committed by City Council to be reviewed periodically and included in the annual budget process to ensure services are available to address environmental damage.
- c) Insurance Deductible Committed Fund Balance - The insurance deductible fund balance will be committed by City Council, reviewed periodically and included in the annual budget process to ensure coverage of the City's deductible on its insured properties and equipment.

Assigned Fund Balance - The assigned fund balance with the details will be reviewed and updated periodically and included in the annual budget process.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**13. Committed Fund Balances (Continued)**

Details of constraints on fund balances of governmental funds:

	<u>General Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
Fund balances:			
<b>Nonspendable:</b>			
Prepays	\$ 14,592	\$ -	\$ 14,592
<b>Restricted for:</b>			
Police pension	134	-	134
Valley curb	-	2,597	2,597
<b>Committed to:</b>			
Contingencies	840,000	-	840,000
<b>Assigned to:</b>			
Streets and municipal projects	3,573	-	3,573
City Code codification	2,869	-	2,869
<b>Unassigned:</b>	<u>2,927,858</u>	<u>547,616</u>	<u>3,475,474</u>
<b>Total fund balances</b>	<u>\$ 3,789,026</u>	<u>\$ 550,213</u>	<u>\$ 4,339,239</u>

**14. Budgetary - GAAP Reporting Reconciliation**

The accompanying financial statements present comparisons of the legally adopted budget with actual data on a GAAP (generally accepted accounting principles) basis. Accounting principles applied by the City for purposes of developing data on a budgetary basis did not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles for the year ended September 30, 2011.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**15. 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 City expects such amounts, if any, to be immaterial.

The City did not receive federal grant funds during the fiscal year ended September 30, 2011, 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".

In September of 2009, the City entered into a four year cancelable operating lease for the copier equipment. Lease expense during the year ended September 30, 2011 was \$6,900.

The City has not entered into any operating leases with scheduled rent increases as of September 30, 2011.

**16. Employee Retirement Systems**

The City maintains a defined contribution 401(a) plan which covers the City's general employees hired on or after January 1, 1996. General employees and police officers hired prior to January 1, 1996 participate in the Florida Retirement System (System), a non-contributory cost-sharing multiple-employer public employee retirement system (PERS).

Florida Retirement System

Plan Description:

All of the City's general employees hired before January 1, 1996 participate in the Florida Retirement System (FRS), a non-contributory cost-sharing, multiple-employer public employee retirement system.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**16. Employee Retirement Systems (Continued)**

The City of Belleair Beach contributes to the FRS which is administered by the Florida Department of Management Services, Division of Retirement. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 121 of the Florida Statutes, which may be amended by the Florida Legislature, assigns the authority to establish and amend benefit provisions to the Department of Management Services through the Division of Retirement. The FRS issues a publicly available financial report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to:

State of Florida  
Division of Retirement  
3639-C North Monroe Street  
Tallahassee, Florida 32399-1560

**Funding Policy:**

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. Future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**16. Employee Retirement Systems (Continued)**

Retirement benefits and the City's contribution rates are summarized as follows:

Membership Category	Retirement Benefit	Vesting	City Contributions Rate Actuarially Determined	
			Employer Contribution Rates through June 30, 2011	Employer Contribution Rates Beginning July 1, 2011
Regular	1.6% times years of service times average compensation (5 highest years) if age 62 or 30 years of service at any age.	After 6 years of creditable service.	10.77% of covered payroll	4.91% of covered payroll
Drop from FRS	-	-	12.25% of covered payroll	4.45% of covered payroll

The City's contributions include 1.11% for a post-retirement health insurance subsidy.

Deferred Retirement Option Program:

The FRS Deferred Retirement Option Program (DROP) is available to a member when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. During DROP participation, the member's retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the FRS Trust Fund and earn monthly interest equivalent to an annual rate of 6.5%. (The DROP interest rate is reduced to 1.3% for members who enter DROP on or after 7/1/11. The member must cease employment after a maximum of 60 months, must satisfy the termination requirements for retirement, and is subject to reemployment restrictions thereafter. The member's DROP accumulation may be paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. Employers must pay contributions at a rate of 4.45% of salary for all DROP participants. FRS also provides disability and survivors benefits. Benefits are established by Florida State Statute.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**16. Employee Retirement Systems (Continued)**

Florida Retirement System (Continued)

Funding Policy (Continued):

Deferred Retirement Option Program (Continued)

:

The contribution requirements of employers are established and may be amended by the Division of Retirement. The City's contributions and its required contributions for the prior ten fiscal years are summarized as follows:

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
September 30, 2002	\$ 28,905	100.0%
September 30, 2003	27,813	100.0
September 30, 2004	42,701	100.0
September 30, 2005	30,892	100.0
September 30, 2006	35,879	100.0
September 30, 2007	21,716	100.0
September 30, 2008	4,027	100.0
September 30, 2009	4,195	100.0
September 30, 2010	4,558	100.0
September 30, 2011	4,351	100.0

Employees' 401(a) Fund

The City provides retirement benefits for all of its full-time employees not covered under the Florida Retirement System through a defined contribution 401(a) plan administered by the Florida League of Cities, Inc. under their prototype Profit-Sharing Plan and Trust Agreement. At September 30, 2011 there were six plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**16. Employee Retirement Systems (Continued)**

Employees' 401(a) Fund (Continued)

participate after one year of employment. The Plan requires the City contribute ten percent of their compensation. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the City's current-period contribution requirement. Plan provisions and contribution requirements are established and may be amended by the City Council.

The City's total payroll in fiscal year 2011 was \$349,223. The City's contributions were calculated using the participants' salary amount of \$228,752. The City made the required contributions summarized as follows:

	<u>Contribution Amount</u>	<u>Percentage of Current Covered Payroll</u>
Required:		
City	\$ 22,875	10.0 %
Forfeitures applied	<u>-</u>	<u>-</u>
Total contributions	<u>\$ 22,875</u>	<u>10.0 %</u>

On November 5, 2001, the City Council adopted a resolution establishing this defined contribution for the City's general employees. This resolution authorizes participation in the Florida Municipal Pension Trust Funds.

The plan has not issued an audited stand-alone financial report for the year ended September 30, 2011.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**17. Deferred Compensation Plan**

The City 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 City's plan is administered by the Florida League of Cities, Inc. and provides the plan participants with the option to invest in thirteen different registered investment funds (mutual funds). Although the City is the Trustee of the plan, the City has no administrative involvement and performs no investing function for the plan and has not therefore, reported the plan in this financial report.

**18. Post-Employment Health Care Benefits**

Postemployment health care benefits are made available to the City's terminated employees in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Under COBRA, the City is required to offer an election to deceased or terminated participants, their spouses or dependents, to continue coverage in the health plan provided by the City. The cost of coverage which the City may charge the participant may not exceed 102% of the applicable premium.

GASB Statement No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB), established new accounting standards for postretirement benefits. The new standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation. The effective date for implementation of GASB 45 by the City of Belleair Beach is October 1, 2008. Accordingly, the City did obtain an actuarial valuation in accordance with GASB 45 standards as of October 1, 2010, and discloses the following:

**Plan Description and Funding Policy**

Employees who retire from the City of Belleair Beach (City), and eligible dependents and survivors, are eligible to continue to participate in the City's health insurance programs at the "blended" employee group rate which is determined annually by the City and approved by the City Council. Retirees have 31 days to elect to enroll in the City's health insurance plan in which they were participating at the time of retirement unless otherwise stated in a plan document or collective bargaining agreement. As of September 30, 2010, there were no eligible retirees and dependents were participating in the City's health program.

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**18. Post-Employment Health Care Benefits**

The City provides no funding for any portion of the premiums after retirement. However, the City 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 City’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 City’s annual OPEB cost for its plan for the current year is as follows:

	<u>Annual OPEB Cost</u>
Annual required contribution (ARC)	\$ 1,981
Interest on net OPEB obligation	-
Adjustment to ARC	<u>-</u>
Annual OPEB cost	1,981
Contributions made (pay-as-you-go basis)	<u>-</u>
Increase in net OPEB obligation	1,981
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u>\$ 1,981</u>

CITY OF BELLEAIR BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

18. 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	\$ 7,245
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability	<u>\$ 7,245</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 City 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.

**INDIVIDUAL FUND**  
**FINANCIAL STATEMENTS**  
**AND SCHEDULES**

**ENTERPRISE FUND**

CITY OF BELLEAIR BEACH, FLORIDA

MARINA FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>ORIGINAL AND FINAL BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
OPERATING REVENUES:			
Service charges	\$ 55,645	\$ 53,300	\$ (2,345)
OPERATING EXPENSES:			
Materials and supplies	50,330	32,968	17,362
Utilities	4,535	4,262	273
Depreciation	<u>13,755</u>	<u>13,752</u>	<u>3</u>
Total operating expenses	<u>68,620</u>	<u>50,982</u>	<u>17,638</u>
OPERATING INCOME	(12,975)	2,318	15,293
NONOPERATING REVENUES:			
Interest revenue	<u>835</u>	<u>1,434</u>	<u>599</u>
Total nonoperating revenues	<u>835</u>	<u>1,434</u>	<u>599</u>
CHANGE IN NET ASSETS	(12,140)	3,752	15,892
NET ASSETS, OCTOBER 1	<u>222,235</u>	<u>222,235</u>	-
NET ASSETS, SEPTEMBER 30	<u>\$ 210,095</u>	<u>\$ 225,987</u>	<u>\$ 15,892</u>

**CAPITAL ASSETS**  
**USED IN THE OPERATIONS**  
**OF GOVERNMENTAL FUNDS**

CITY OF BELLEAIR BEACH, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS  
SCHEDULE BY SOURCE<sup>(1)</sup>

SEPTEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Governmental Funds Capital Assets:		
Land	\$ 1,426,738	\$ 1,426,738
Buildings	4,090,455	4,090,455
Improvements other than buildings	1,997,176	1,944,026
Equipment	<u>468,696</u>	<u>415,854</u>
Total Governmental Funds Capital Assets	<u>\$ 7,983,065</u>	<u>\$ 7,877,073</u>
Governmental Funds Capital Assets by Source:		
General Fund revenues	\$ 7,453,350	\$ 7,347,358
Federal revenue sharing entitlements	57,906	57,906
Donations	55,500	55,500
Grants	<u>416,309</u>	<u>416,309</u>
Total Governmental Funds Capital Assets	<u>\$ 7,983,065</u>	<u>\$ 7,877,073</u>

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

CITY OF BELLEAIR BEACH, FLORIDA

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

SEPTEMBER 30, 2011 AND 2010

Function and Activity	2011				
	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
General Government:					
Control:					
Administrative	\$ 7,542,028	\$ 1,426,738	\$ 4,090,455	\$ 1,997,176	\$ 27,659
Executive	20,215				20,215
Legislative	<u>54,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,942</u>
Total General Government	7,617,185	1,426,738	4,090,455	1,997,176	102,816
Public Safety:					
Police protection	754	-	-	-	754
Public Works	87,471	-	-	-	87,471
Recreation	277,655	-	-	-	277,655
Total governmental fund					
Capital Assets	<u>\$ 7,983,065</u>	<u>\$ 1,426,738</u>	<u>\$ 4,090,455</u>	<u>\$ 1,997,176</u>	<u>\$ 468,696</u>

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

CITY OF BELLEAIR BEACH, FLORIDA

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

SEPTEMBER 30, 2010 AND 2009

2010					
Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
General Government:					
Control:					
Administrative	\$ 7,488,878	\$ 1,426,738	\$ 4,090,455	\$ 1,944,026	\$ 27,659
Executive	20,215				20,215
Legislative	54,942	-	-	-	54,942
Total General Government	7,564,035	1,426,738	4,090,455	1,944,026	102,816
Public Safety:					
Police protection	754	-	-	-	754
Public Works	46,398	-	-	-	46,398
Recreation	265,886	-	-	-	265,886
Total governmental fund Capital Assets	<u>\$ 7,877,073</u>	<u>\$ 1,426,738</u>	<u>\$ 4,090,455</u>	<u>\$ 1,944,026</u>	<u>\$ 415,854</u>

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

CITY OF BELLEAIR BEACH, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

<u>Function and Activity</u>	<u>Governmental Fund Capital Assets October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Fund Capital Assets September 30, 2011</u>
General Government:				
Control:				
Administrative	\$ 7,488,878	\$ 53,150	\$	\$ 7,542,028
Executive	20,215			20,215
Legislative	<u>54,942</u>			<u>54,942</u>
Total General Government	7,564,035	53,150	-	7,617,185
Public Safety:				
Police protection	754		-	754
Public Works	46,398	41,073		87,471
Recreation	<u>265,886</u>	<u>11,769</u>		<u>277,655</u>
Total governmental funds Capital Assets	<u>\$ 7,877,073</u>	<u>\$ 105,992</u>	<u>\$ -</u>	<u>\$ 7,983,065</u>

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

# STATISTICAL SECTION



# STATISTICAL SECTION

This part of the City of Belleair Beach, 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.

<b>Content</b>	<b>Page</b>
Financial Trends	69
<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	81
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	87
<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	92
<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	94
<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.

## **FINANCIAL TRENDS**

CITY OF BELLEAIR BEACH, FLORIDA

NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS<sup>(1)</sup>  
 (accrual basis of accounting)

	<u>2011</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>
Governmental activities:										
Invested in capital assets, net of related debt	\$ 4,763,065	\$ 4,722,478	\$ 4,587,744	\$ 3,139,937	\$ 2,559,896	\$ 2,464,996	\$ 2,371,713	\$ 1,948,192	\$ 1,719,398	\$ 1,578,487
Restricted				3,901,365	4,356,488	3,545,830	445,377	608,827	652,723	347,529
Unrestricted	<u>4,255,462</u>	<u>4,127,774</u>	<u>4,043,190</u>	<u>1,182,201</u>	<u>454,279</u>	<u>262,133</u>	<u>2,840,161</u>	<u>1,316,398</u>	<u>792,014</u>	<u>776,605</u>
Total governmental activities net assets	<u>\$ 9,018,527</u>	<u>\$ 8,850,252</u>	<u>\$ 8,630,934</u>	<u>\$ 8,223,503</u>	<u>\$ 7,370,663</u>	<u>\$ 6,272,959</u>	<u>\$ 5,657,251</u>	<u>\$ 3,873,417</u>	<u>\$ 3,164,135</u>	<u>\$ 2,702,621</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 57,108	\$ 60,135	\$ 73,888	\$ 84,076	\$ 86,445	\$ 98,945	\$ 111,931	\$ 60,015	\$ 516,378	\$ 525,611
Unrestricted	<u>168,879</u>	<u>162,100</u>	<u>151,614</u>	<u>130,888</u>	<u>116,821</u>	<u>105,087</u>	<u>101,820</u>	<u>1,289,083</u>	<u>593,310</u>	<u>443,725</u>
Total business-type activities net assets	<u>\$ 225,987</u>	<u>\$ 222,235</u>	<u>\$ 225,502</u>	<u>\$ 214,964</u>	<u>\$ 203,266</u>	<u>\$ 204,032</u>	<u>\$ 213,751</u>	<u>\$ 1,349,098</u>	<u>\$ 1,109,688</u>	<u>\$ 969,336</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 4,820,173	\$ 4,782,613	\$ 4,661,632	\$ 3,224,013	\$ 2,646,341	\$ 2,563,941	\$ 2,483,644	\$ 2,008,207	\$ 2,235,776	\$ 2,104,098
Restricted				3,901,365	4,356,488	3,545,830	445,377	608,827	652,723	347,529
Unrestricted	<u>4,424,521</u>	<u>4,289,874</u>	<u>4,194,804</u>	<u>1,313,089</u>	<u>571,100</u>	<u>367,220</u>	<u>2,942,021</u>	<u>2,605,481</u>	<u>1,385,324</u>	<u>1,220,330</u>
	<u>\$ 9,244,694</u>	<u>\$ 9,072,487</u>	<u>\$ 8,856,436</u>	<u>\$ 8,438,467</u>	<u>\$ 7,573,929</u>	<u>\$ 6,476,991</u>	<u>\$ 5,871,042</u>	<u>\$ 5,222,515</u>	<u>\$ 4,273,823</u>	<u>\$ 3,671,957</u>

<sup>(1)</sup> The City of Belleair Beach implemented GASB Statement No. 34 as of September 30, 2002.

CITY OF BELLEAIR BEACH, FLORIDA

CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS<sup>(1)</sup>  
(accrual basis of accounting)

EXPENSES	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:										
General government	\$ 583,919	\$ 501,968	\$ 313,594	\$ 195,665	\$ 390,901	\$ 360,528	\$ 443,380	\$ 354,853	\$ 370,218	\$ 273,933
Public safety	443,474	431,952	419,268	417,458	490,816	584,333	523,570	543,864	502,972	485,968
Physical environment	549,682	553,091	574,679	560,193	557,199	497,346	276,863	336,943	228,624	338,645
Transportation	12,212	136,755	217,185	262,146	137,129	311,106	33,276	29,395	23,818	70,489
Culture and recreation	35,074	37,074	36,168	20,384	26,081	24,144	182,263	179,482	176,910	156,806
Interest on long-term debt	84,564	92,144	101,843	107,042	109,479	44,308	6,396	8,442	12,208	26,202
Total governmental activities expenses	1,708,925	1,752,984	1,662,737	1,562,888	1,711,605	1,821,765	1,465,748	1,452,979	1,314,750	1,352,043
Business-type activities:										
Sewer	* -	* -	* -	* -	* -	-	44,472	247,459	407,143	450,181
Marina	50,982	58,908	50,034	49,528	59,659	59,693	60,092	48,739	44,496	40,454
Total business-type activities expenses	50,982	58,908	50,034	49,528	59,659	59,693	104,564	296,198	451,639	490,635
Total primary government expenses	\$ 1,759,907	\$ 1,811,892	\$ 1,712,771	\$ 1,612,416	\$ 1,771,264	\$ 1,881,458	\$ 1,570,312	\$ 1,749,177	\$ 1,766,389	\$ 1,842,678
PROGRAM REVENUES										
Governmental activities:										
** Charges for services:										
Solid Waste	\$ 320,743	\$ 288,623	\$ 265,995	\$ 266,875	\$ 258,681	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative Fees	60,471	52,274	55,106	59,322	92,191	361,931	363,467	366,772	354,855	355,216
Operating grants and contributions	2,417	-	1,922	100,000	96,000	1,726	79,814	17,833	278	36,070
Total governmental activities program revenues	383,631	340,897	323,023	426,197	446,872	363,657	443,281	384,605	355,133	391,286
Business-type activities:										
Charges for services:										
Sewer	-	-	-	-	-	-	-	251,742	530,961	423,406
Marina	53,300	53,660	57,548	58,368	54,611	46,256	51,144	50,646	54,885	48,329
Total business-type activities revenues	53,300	53,660	57,548	58,368	54,611	46,256	51,144	302,388	585,846	471,735
Total primary government program revenues	\$ 436,931	\$ 394,557	\$ 380,571	\$ 484,565	\$ 501,483	\$ 409,913	\$ 494,425	\$ 686,993	\$ 940,979	\$ 863,021
NET (EXPENSE) REVENUE										
Governmental activities	\$ (1,325,294)	\$ (1,412,087)	\$ (1,339,714)	\$ (1,136,691)	\$ (1,264,733)	\$ (1,022,467)	\$ (1,068,374)	\$ (959,617)	\$ (960,757)	\$ (960,757)
Business-type activities	2,318	(5,248)	7,514	8,840	(5,048)	(53,420)	6,190	134,207	(18,900)	(18,900)
Total primary government net expenses	\$ (1,322,976)	\$ (1,417,335)	\$ (1,332,200)	\$ (1,127,851)	\$ (1,269,781)	\$ (1,075,887)	\$ (1,062,184)	\$ (825,410)	\$ (979,657)	\$ (979,657)

\*The Sewer Fund was closed as of September 30, 2005.

\*\*The City is in the process of breaking down the prior year charges for services.

<sup>(1)</sup> The City of Belleair Beach implemented GASB Statement No. 34 as of September 30, 2002.

CITY OF BELLEAIR BEACH, FLORIDA

CHANGES IN NET ASSETS (CONTINUED)

LAST TEN FISCAL YEARS<sup>(1)</sup>

(accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:										
Taxes:										
Property taxes	\$ 711,981	\$ 768,538	\$ 911,776	\$ 1,021,943	\$ 1,165,311	\$ 977,480	\$ 830,173	\$ 736,011	\$ 657,440	\$ 577,699
Franchise fees	166,415	180,420	164,765	146,165	152,068	150,551	130,496	122,872	122,428	116,938
Sales taxes	196,877	212,810	265,551	286,035	300,874	315,005	300,473	309,779	176,980	176,795
Other taxes	339,537	350,912	331,363	313,270	322,628	341,696	313,121	310,222	394,417	398,758
State revenue sharing	42,273	42,091	41,889	42,630	43,608	43,230	43,190	39,641	35,771	35,821
Investment earnings	32,479	59,254	25,427	159,666	365,983	226,842	99,896	27,042	22,988	24,616
Miscellaneous	4,187	17,380	6,374	19,822	11,965	19,012	11,207	12,089	11,107	89,400
Transfers	-	-	-	-	-	-	1,077,745	220,000	-	-
Total governmental activities	1,493,749	1,631,405	1,747,145	1,989,531	2,362,437	2,073,816	2,806,301	1,777,656	1,421,131	1,420,027
Business-type activities:										
Investment earnings	1,434	1,981	3,024	2,858	4,282	3,678	9,740	16,012	9,309	9,873
Transfers	-	-	-	-	-	-	(1,091,627)	(220,000)	-	-
Gain on sale of assts	-	-	-	-	-	-	-	436,055	-	-
Miscellaneous	-	-	-	-	-	-	-	1,153	(3,164)	(10,676)
Total business-type activities	1,434	1,981	3,024	2,858	4,282	3,678	(1,081,887)	233,220	6,145	(803)
Total primary government	\$ 1,495,183	\$ 1,633,386	\$ 1,750,169	\$ 1,992,389	\$ 2,366,719	\$ 2,077,494	\$ 1,724,414	\$ 2,010,876	\$ 1,427,276	\$ 1,419,224
CHANGES IN NET ASSETS										
Governmental activities:	\$ 168,455	\$ 340,897	\$ 407,431	\$ 852,840	\$ 1,097,704	\$ 615,708	\$ 1,783,834	\$ 709,282	\$ 461,514	\$ 459,270
Business-type activities	3,752	53,660	10,538	11,698	(766)	(9,759)	(1,135,307)	239,410	140,352	(19,703)
Total primary government	172,207	394,557	417,969	864,538	1,096,938	605,949	648,527	948,692	601,866	439,567

<sup>(1)</sup> The City of Belleair Beach implemented GASB Statement No. 34 as of September 30, 2002.

CITY OF BELLEAIR BEACH, FLORIDA

PROGRAM REVENUES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS<sup>(1)</sup>

(accrual basis of accounting)

	<u>2011</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>
FUNCTION/PROGRAM										
Governmental activities:										
General government	\$ 38,662	\$ 29,209	\$ 34,092	\$ 22,218	\$ 8,024	\$ 10,636	\$ 25,738	\$ 25,208	\$ 14,894	\$ 17,256
Public safety	21,216	19,606	11,000	16,233	43,167	77,819	83,948	117,341	118,747	130,067
Physical environment	320,743	288,623	274,656	277,661	289,144	258,721	308,777	228,277	203,677	225,919
Transportation	231	3,068	1,255	7,519	10,052	16,088	18,102	2,363	2,853	5,082
Culture and recreation	<u>362</u>	<u>391</u>	<u>98</u>	<u>2,566</u>	<u>485</u>	<u>393</u>	<u>6,716</u>	<u>11,416</u>	<u>14,962</u>	<u>12,962</u>
Subtotal general governmental activities	<u>381,214</u>	<u>340,897</u>	<u>321,101</u>	<u>326,197</u>	<u>350,872</u>	<u>363,657</u>	<u>443,281</u>	<u>384,605</u>	<u>355,133</u>	<u>391,286</u>
Business-type activities:										
Sewer*	-	-	-	-	-	-	-	251,742	530,961	423,406
Marina	<u>53,300</u>	<u>53,660</u>	<u>57,548</u>	<u>58,368</u>	<u>54,611</u>	<u>46,256</u>	<u>51,144</u>	<u>50,646</u>	<u>54,885</u>	<u>48,329</u>
Total business-type activities	<u>53,300</u>	<u>53,660</u>	<u>57,548</u>	<u>58,368</u>	<u>54,611</u>	<u>46,256</u>	<u>51,144</u>	<u>302,388</u>	<u>585,846</u>	<u>471,735</u>
Total primary government	<u>\$ 434,514</u>	<u>\$ 394,557</u>	<u>\$ 378,649</u>	<u>\$ 384,565</u>	<u>\$ 405,483</u>	<u>\$ 409,913</u>	<u>\$ 494,425</u>	<u>\$ 686,993</u>	<u>\$ 940,979</u>	<u>\$ 863,021</u>

\*The Sewer fund was closed during the fiscal year ended September 30, 2005.

<sup>(1)</sup> The City of Belleair Beach implemented GASB Statement No. 34 as of September 30, 2002.

CITY OF BELLEAIR BEACH, FLORIDA

GENERAL GOVERNMENTAL REVENUES BY SOURCE<sup>(1)</sup>

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Intergovernmental</u>	<u>Charge for Services</u>	<u>Fines and Forfeits</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 981,305	\$ 5,565	\$ 364,856	\$ 239,056	\$ 106,515	\$ 24,616	\$ 14,919	\$ 1,736,832
2003	1,072,673	8,395	317,089	253,034	90,978	22,988	11,107	1,776,264
2004	1,045,430	8,390	491,926	293,202	64,182	27,042	12,089	1,942,261
2005	1,152,815	8,185	545,305	311,381	43,048	99,896	11,207	2,171,837
2006	1,340,927	1,190	489,760	322,332	37,410	226,842	19,012	2,437,473
2007	1,521,709	875	560,765	340,480	8,408	365,983	11,089	2,809,309
2008	1,364,437	920	549,727	311,230	10,846	159,666	18,902	2,415,728
2009	1,282,856	1,692	434,410	312,529	8,572	25,427	4,682	2,070,168
2010	1,185,158	2,500	369,613	328,482	9,915	59,254	17,380	1,972,302
2011	1,103,922	2,719	355,578	365,672	12,823	32,479	4,187	1,877,380

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE<sup>(1)</sup>

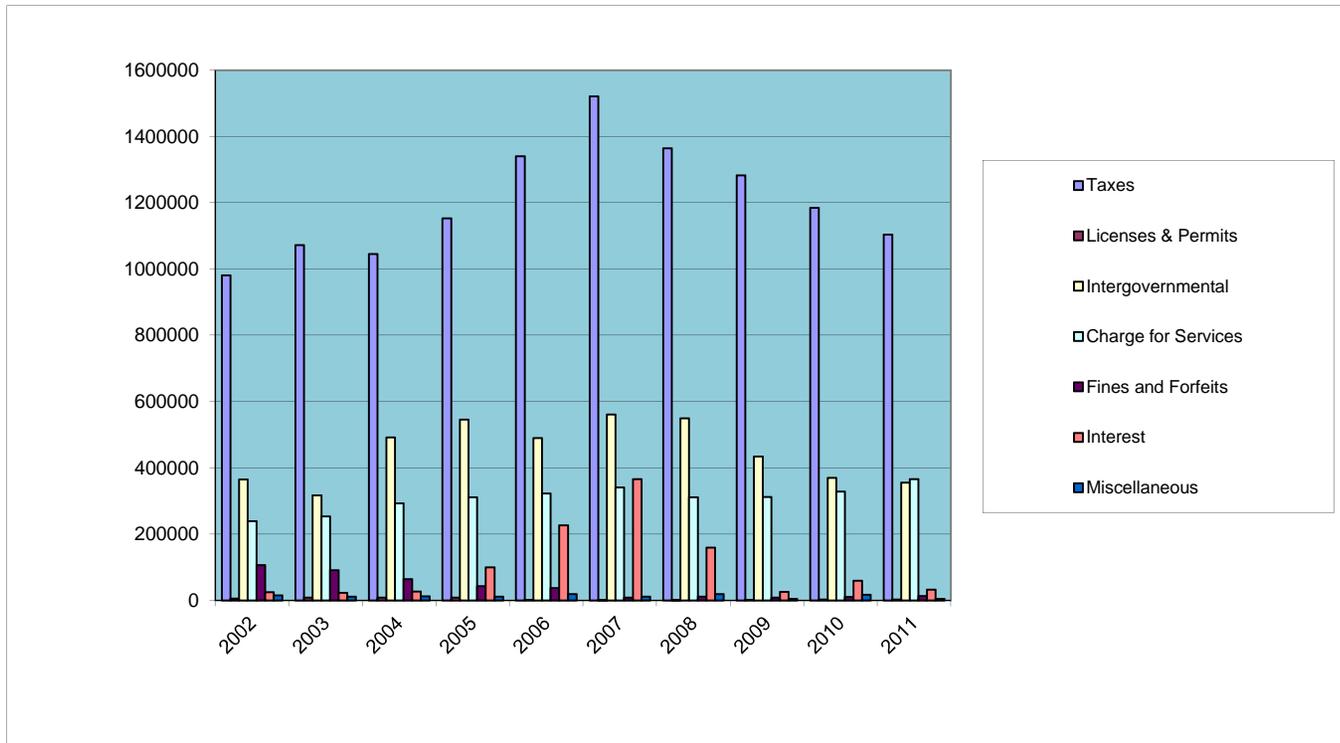
<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Fee</u>	<u>Utility Tax</u>	<u>Total</u>
2002	\$ 577,699	\$ 116,938	\$ 286,668	\$ 981,305
2003	657,440	122,428	292,805	1,072,673
2004	736,011	122,872	186,547	1,045,430
2005	830,173	130,496	192,146	1,152,815
2006	977,480	150,551	212,896	1,340,927
2007	1,165,311	152,068	204,330	1,521,709
2008	1,021,943	146,165	196,329	1,364,437
2009	911,776	164,765	206,315	1,282,856
2010	768,538	180,420	236,200	1,185,158
2011	711,981	166,415	225,526	1,103,922

<sup>(1)</sup> Includes general fund and capital projects fund.

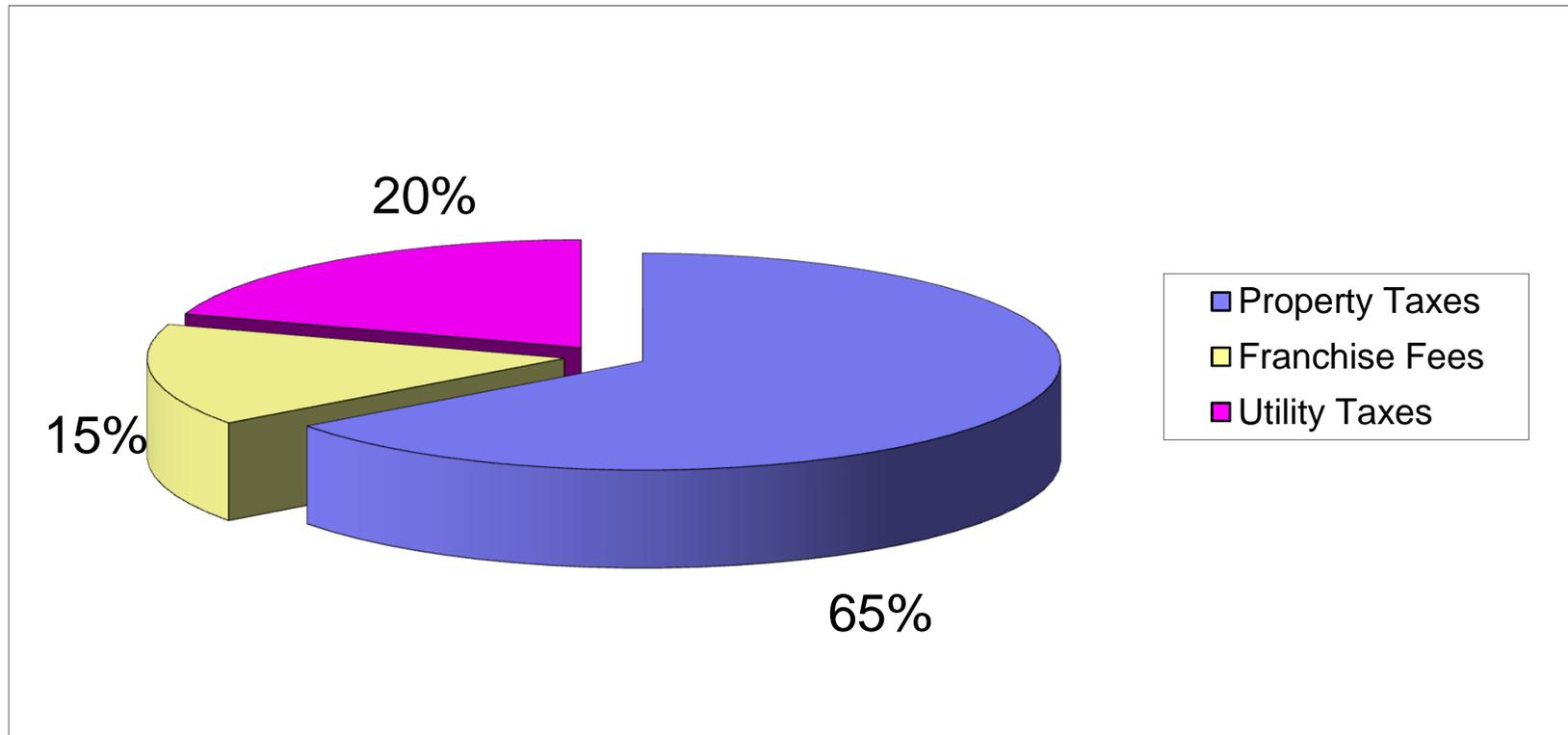
# CITY OF BELLEAIR BEACH, FLORIDA

## GENERAL GOVERNMENTAL REVENUES BY SOURCE

### Last Ten Fiscal Years



**CITY OF BELLEAIR BEACH, FLORIDA**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**Fiscal Year Ended September 30, 2011**



CITY OF BELLEAIR BEACH, FLORIDA

FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(modified accrual basis of accounting)

	<u>2011</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>
<b>General Fund:</b>										
Nonspendable	\$ 14,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	134	-	-	-	-	-	-	-	-	-
Committed	840,000	-	-	-	-	-	-	-	-	-
Assigned	6,442	-	-	-	-	-	-	-	-	-
Unassigned	2,927,858	-	-	-	-	-	-	-	-	-
Reserved	-	14,498	167,935	125,967	322,751	119,806	891,094	618,196	359,873	368,779
Unreserved, undesignated	-	3,644,598	3,352,901	3,330,773	2,841,530	3,017,718	1,933,810	777,460	812,768	789,922
<b>Total general fund</b>	<b>\$ <u>3,789,026</u></b>	<b>\$ <u>3,659,096</u></b>	<b>\$ <u>3,520,836</u></b>	<b>\$ <u>3,456,740</u></b>	<b>\$ <u>3,164,281</u></b>	<b>\$ <u>3,137,524</u></b>	<b>\$ <u>2,824,904</u></b>	<b>\$ <u>1,395,656</u></b>	<b>\$ <u>1,172,641</u></b>	<b>\$ <u>1,158,701</u></b>
<b>All Reserved Other</b>										
<b>Governmental Funds:</b>										
Restricted	\$ 2,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	547,616	-	-	-	-	-	-	-	-	-
Reserved	-	-	10,779	-	3,515	-	-	-	-	-
<b>Unreserved, reported in:</b>										
Capital projects fund	-	537,964	581,728	3,901,365	4,352,973	3,446,862	583,280	629,871	310,293	-
<b>Total all other governmental funds</b>	<b>\$ <u>550,213</u></b>	<b>\$ <u>537,964</u></b>	<b>\$ <u>592,507</u></b>	<b>\$ <u>3,901,365</u></b>	<b>\$ <u>4,356,488</u></b>	<b>\$ <u>3,446,862</u></b>	<b>\$ <u>583,280</u></b>	<b>\$ <u>629,871</u></b>	<b>\$ <u>310,293</u></b>	<b>\$ <u>-</u></b>

CITY OF BELLEAIR BEACH, FLORIDA

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

REVENUES	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Taxes	\$ 1,103,922	\$ 1,185,158	\$ 1,282,856	\$ 1,364,437
Licenses, fees and permits	2,719	2,500	1,692	920
Intergovernmental	355,578	369,613	434,318	549,727
Charges for services	365,672	328,482	312,621	311,230
Fines and forfeits	12,823	9,915	8,572	10,846
Interest earnings	32,479	59,254	25,427	159,666
Miscellaneous	4,187	17,380	4,682	18,902
	<u>1,877,380</u>	<u>1,972,302</u>	<u>2,070,168</u>	<u>2,415,728</u>
 EXPENDITURES				
General government	464,941	498,225	3,838,389	872,724
Public safety	443,323	431,952	419,959	415,718
Physical environment	547,066	550,581	567,678	561,814
Transportation	12,212	136,755	217,185	262,146
Culture and recreation	19,123	17,419	16,948	198,053
Debt service:				
Principal	160,000	160,000	160,000	160,000
Interest	88,536	93,653	101,845	108,173
	<u>1,735,201</u>	<u>1,888,585</u>	<u>5,322,004</u>	<u>2,578,628</u>
Excess of revenues over (under) expenditures	142,179	83,717	(3,251,836)	(162,900)
 OTHER FINANCING SOURCES (USES)				
Proceeds loan	-	-	-	-
Sale of capital assets	-	-	7,074	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>7,074</u>	<u>-</u>
Total other financing sources (uses)	-	-	7,074	-
Net change in fund balances	<u>\$ 142,179</u>	<u>\$ 83,717</u>	<u>\$ (3,244,762)</u>	<u>\$ (162,900)</u>
Debt service as a percentage of noncapital expenditures	<u>17%</u>	<u>13%</u>	<u>13%</u>	<u>12%</u>

CITY OF BELLEAIR BEACH, FLORIDA

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	1,521,709	\$ 1,340,927	\$ 1,152,815	\$ 1,045,430	\$ 1,072,673	\$ 981,305
	875	1,190	8,185	8,390	8,395	5,565
	560,765	489,760	545,305	491,926	317,089	364,856
	340,480	322,332	311,381	293,202	253,034	239,056
	8,408	37,410	43,048	64,182	90,978	106,515
	365,983	226,842	99,896	27,042	22,988	24,616
	11,089	19,012	11,207	12,089	11,107	14,919
	<u>2,809,309</u>	<u>2,437,473</u>	<u>2,171,837</u>	<u>1,942,261</u>	<u>1,776,264</u>	<u>1,736,832</u>
	407,238	416,466	756,570	333,124	360,787	289,788
	535,451	554,081	510,228	512,490	492,024	502,068
	554,707	491,839	270,807	331,017	234,481	332,138
	413,384	311,106	33,276	29,395	23,818	70,489
	24,823	17,876	171,899	167,594	169,871	150,516
	80,000	200,000	117,681	238,270	158,840	859,593
	107,323	19,903	6,464	7,778	12,210	26,202
	<u>2,122,926</u>	<u>2,011,271</u>	<u>1,866,925</u>	<u>1,619,668</u>	<u>1,452,031</u>	<u>2,230,794</u>
	686,383	426,202	304,912	322,593	324,233	(493,962)
	250,000	2,750,000	-	-	-	794,212
	-	-	-	-	-	-
	-	-	1,187,745	330,000	366,250	-
	-	-	(110,000)	(110,000)	(366,250)	-
	<u>250,000</u>	<u>2,750,000</u>	<u>1,077,745</u>	<u>220,000</u>	<u>-</u>	<u>794,212</u>
\$	<u>936,383</u>	<u>3,176,202</u>	<u>1,382,657</u>	<u>542,593</u>	<u>324,233</u>	<u>300,250</u>
	<u>10%</u>	<u>12%</u>	<u>7%</u>	<u>18%</u>	<u>13%</u>	<u>10.5%</u>

CITY OF BELLEAIR BEACH, FLORIDA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION<sup>(1)</sup>

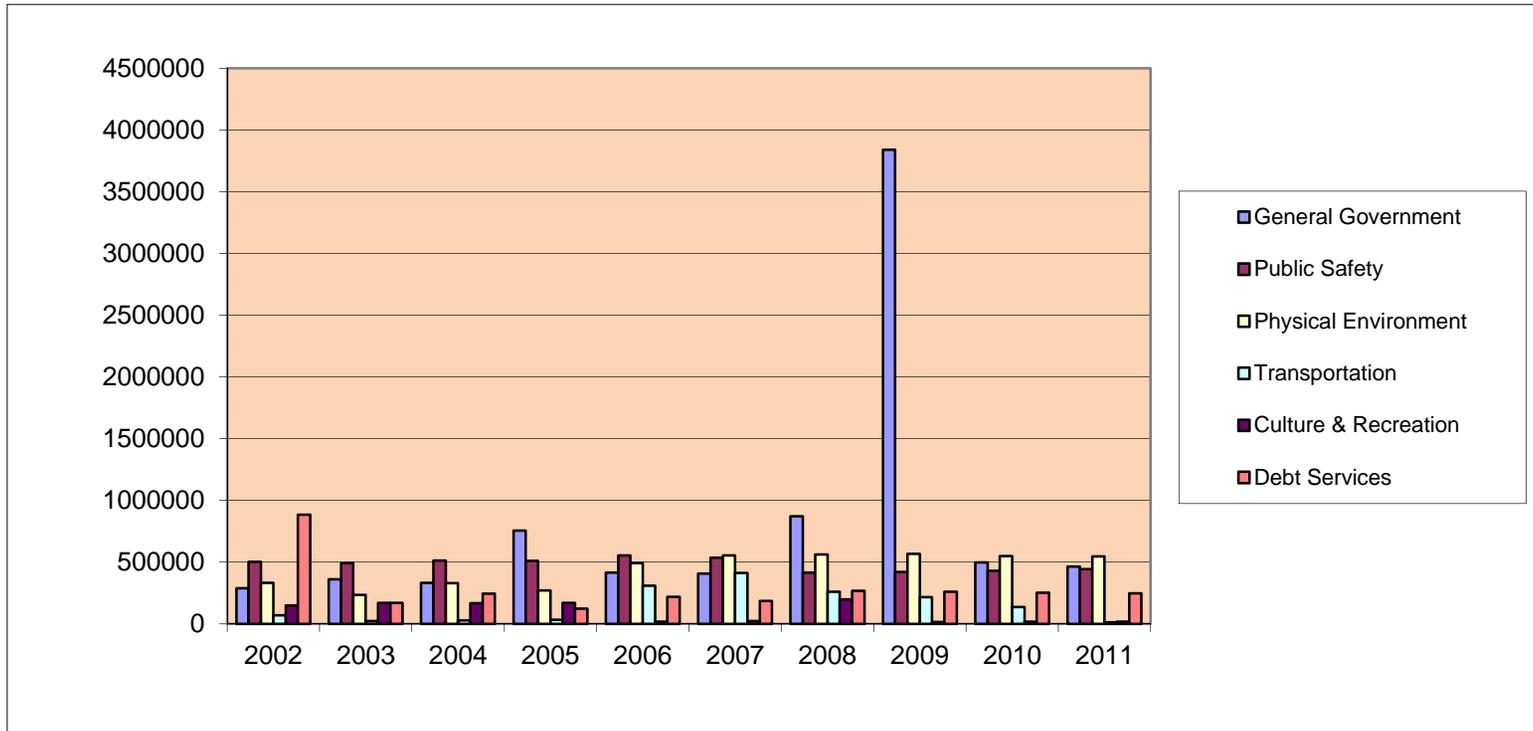
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Transportation</u>	<u>Culture and Recreation</u>	<u>Debt Service</u>	<u>Total</u>
2002	\$ 289,788	\$ 502,068	\$ 332,138	\$ 70,489	\$ 150,516	\$ 885,795	2,230,794
2003	360,787	492,024	234,481	23,818	169,871	171,050	1,452,031
2004	333,124	512,490	331,017	29,395	167,594	246,048	1,619,668
2005	756,570	510,228	270,807	33,276	171,899	124,145	1,866,925
2006	416,466	554,081	491,839	311,106	17,876	219,903	2,011,271
2007	407,238	535,451	554,707	413,384	24,823	187,323	2,122,926
2008	872,724	415,718	561,814	262,146	198,053	268,173	2,578,628
2009	3,838,389	419,959	567,678	217,185	16,948	261,845	5,322,004
2010	498,225	431,952	550,581	136,755	17,419	253,653	1,888,585
2011	464,941	443,323	547,066	12,212	19,123	248,536	1,735,201

<sup>(1)</sup> Includes general fund and capital projects fund.

# CITY OF BELLEAIR BEACH, FLORIDA

## GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION - LAST TEN FISCAL YEARS



## REVENUE CAPACITY

CITY OF BELLEAIR BEACH, FLORIDA

ASSESSSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year	Real Property	Personal Property	Total Taxable	Total Exempt	Total All	Total Direct Tax Rate	Percentage		
							Assessed Value to Estimated Market	Yearly Increase	
								Taxable	Total
2002	\$ 237,597,800	\$ 3,927,280	\$ 241,525,080	\$ 59,393,230	\$ 300,918,310	19.4132	100 %	12.74	19.08
2003	271,399,700	3,823,530	275,223,230	87,515,930	362,739,160	19.3752	100	13.95	20.54
2004	311,077,200	3,570,390	314,647,590	109,822,230	424,469,820	18.9887	100	14.32	17.02
2005	351,567,000	3,465,470	355,032,470	135,116,430	490,148,900	19.2565	100	12.83	15.47
2006	414,977,900	3,495,160	418,473,060	175,389,930	593,862,990	18.2578	100	17.87	21.16
2007	516,306,159	3,346,080	519,652,239	246,626,011	766,278,250	16.6793	100	24.18	29.03
2008	471,468,196	2,967,934	474,436,130	167,891,070	642,327,200	16.9901	100	(8.70)	(16.18)
2009	398,288,459	2,335,681	400,624,140	99,726,445	500,350,585	17.2306	100	(15.56)	(22.10)
2010	368,903,562	2,466,880	371,370,442	75,725,566	447,096,008	17.2172	100	(7.30)	(10.64)
2011	380,980,811	2,304,900	383,285,711	81,472,380	464,758,091	17.3276	100	3.21	3.95

Source: Pinellas County Property Appraiser.

CITY OF BELLEAIR BEACH, FLORIDA

PROPERTY TAX RATES -  
DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
City of Belleair Beach				
Operating	<u>2.4690</u>	<u>2.4690</u>	<u>2.4100</u>	<u>2.4100</u>
Total City millage	2.4690	2.4690	2.4100	2.4100
Pinellas County School Board:				
Operating	8.4870	8.4490	8.1220	8.3900
Pinellas County:				
Operating	6.1410	6.1410	6.1410	6.1410
EMS	0.6600	0.6600	0.6600	0.6600
Debt services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total County millage	6.8010	6.8010	6.8010	6.8010
County-wide millage set by other taxing authorities:				
-Pinellas County				
Planning Council	0.0225	0.0225	0.0220	0.0218
-Juvenile Welfare Board	0.8117	0.8117	0.8117	0.8117
-South West Florida Water Management District	0.4220	0.4220	0.4220	0.4220
-Pinellas County Anclote River Basin	<u>0.4000</u>	<u>0.4000</u>	<u>0.4000</u>	<u>0.4000</u>
Total County-wide millage	<u>1.6562</u>	<u>1.6562</u>	<u>1.6557</u>	<u>1.6555</u>
TOTAL	<u><u>19.4132</u></u>	<u><u>19.3752</u></u>	<u><u>18.9887</u></u>	<u><u>19.2565</u></u>

Source: Pinellas County Tax Collector.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>2.3100</u>	<u>1.9800</u>	<u>1.9800</u>	<u>1.9800</u>	<u>1.9800</u>	<u>1.9800</u>
2.3100	1.9800	1.9800	1.9800	1.9800	1.9800
8.2100	7.7310	8.0610	8.3460	8.3400	8.3850
5.4700	4.8730	4.8108	4.8108	4.8730	4.8730
0.6300	0.5832	0.5832	0.5832	0.5832	0.8506
-	-	-	-	-	-
<u>6.1000</u>	<u>5.4562</u>	<u>5.3940</u>	<u>5.3940</u>	<u>5.4562</u>	<u>5.7236</u>
0.0195	0.0170	0.0170	0.0125	0.0125	0.0125
0.7963	0.7384	0.7915	0.7915	0.7915	0.8337
0.4220	0.3866	0.3866	0.3866	0.3770	0.3928
<u>0.4000</u>	<u>0.3701</u>	<u>0.3600</u>	<u>0.3200</u>	<u>0.2600</u>	<u>-</u>
<u>1.6378</u>	<u>1.5121</u>	<u>1.5551</u>	<u>1.5106</u>	<u>1.4410</u>	<u>1.2390</u>
<u>18.2578</u>	<u>16.6793</u>	<u>16.9901</u>	<u>17.2306</u>	<u>17.2172</u>	<u>17.3276</u>

CITY OF BELLEAIR BEACH, FLORIDA

ASSESSED VALUATIONS MILLAGE AND TAXES LEVIED AND COLLECTED

	<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>	<u>2011</u>
Total valuations	\$ 300,918,310	\$ 362,739,160	\$ 424,469,820	\$ 490,148,900	\$ 593,862,990	\$ 766,278,250	\$ 642,327,200	\$ 500,350,585	\$ 447,096,008	\$ 464,758,091
Real estate exemptions:										
Government exemptions	5,957,930	6,491,830	8,364,530	10,247,730	13,331,830	18,746,430	15,878,930	10,467,679	10,175,185	9,621,087
Institutional exemption	1,000	1,000	1,000	1,000	8,000	8,000	-	-	-	-
Assessment differential (F.S. 193.155) <sup>(3)</sup>	36,446,900	63,406,200	83,306,200	106,715,600	143,917,300	209,700,183	118,546,917	56,481,330	33,061,220	39,954,488
Individual or homestead exemptions	<u>16,987,400</u>	<u>17,616,900</u>	<u>18,150,500</u>	<u>18,152,100</u>	<u>18,132,800</u>	<u>18,171,398</u>	<u>33,465,223</u>	<u>32,777,436</u>	<u>32,489,161</u>	<u>31,896,805</u>
Total exemptions and adjustments	<u>59,393,230</u>	<u>87,515,930</u>	<u>109,822,230</u>	<u>135,116,430</u>	<u>175,389,930</u>	<u>246,626,011</u>	<u>167,891,070</u>	<u>99,726,445</u>	<u>75,725,566</u>	<u>81,472,380</u>
Total valuation	\$ <u>241,525,080</u>	\$ <u>275,223,230</u>	\$ <u>314,647,590</u>	\$ <u>355,032,470</u>	\$ <u>418,473,060</u>	\$ <u>519,652,239</u>	\$ <u>474,436,130</u>	\$ <u>400,624,140</u>	\$ <u>371,370,442</u>	\$ <u>383,285,711</u>
Millage levied	<u>2.469</u>	<u>2.469</u>	<u>2.416</u>	<u>2.410</u>	<u>2.410</u>	<u>2.310</u>	<u>1.980</u>	<u>1.980</u>	<u>1.980</u>	<u>1.980</u>
Total taxes levied	\$ 596,325	\$ 679,526	\$ 760,188	\$ 855,628	\$ 1,008,520	\$ 1,200,397	\$ 1,050,252	\$ 941,519	\$ 795,786	\$ 736,633
Less: Adjustments and discounts	<u>18,595</u>	<u>22,086</u>	<u>24,177</u>	<u>25,455</u>	<u>31,040</u>	<u>35,086</u>	<u>28,309</u>	<u>29,970</u>	<u>27,327</u>	<u>25,764</u>
Net taxes levied	\$ <u>577,730</u>	\$ <u>657,440</u>	\$ <u>736,011</u>	\$ <u>830,173</u>	\$ <u>977,480</u>	\$ <u>1,165,311</u>	\$ <u>1,021,943</u>	\$ <u>911,549</u>	\$ <u>768,459</u>	\$ <u>710,869</u>
Net collected <sup>(1)(2)</sup>	\$ <u>577,699</u>	\$ <u>656,993</u>	\$ <u>735,579</u>	\$ <u>827,146</u>	\$ <u>975,877</u>	\$ <u>1,161,597</u>	\$ <u>1,021,943</u>	\$ <u>911,549</u>	\$ <u>768,459</u>	\$ <u>710,869</u>

Source: Pinellas County Tax Collector.

(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 or each year as tax certificates.  
The City, 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.

CITY OF BELLEAIR BEACH, FLORIDA

PRINCIPAL TAXPAYERS

September 30, 2011

Radke, Heather M Revocable Trust	\$ 5,694,469	1	1.49%
Steslicki, Sarah L.	1,988,572	2	0.52%
Prescott, Gerald Revocable Int	1,890,436	3	0.49%
Brinton, Anthony	1,778,369	4	0.46%
Prescott, Douglas S	1,719,166	5	0.45%
Emanuel, James	1,654,380	6	0.43%
Tabahi, Falah	1,653,086	7	0.43%
Prescott, Gerald T Tre	1,633,185	8	0.43%
Ewing, Owen C	1,586,152	9	0.41%
G&G Suncoast Development LLC, Mng Ent	<u>1,574,760</u>	10	<u>0.41%</u>
	\$ <u>21,172,575</u>		<u>5.52%</u>

Source: Pinellas County Property Appraiser.

CITY OF BELLEAIR BEACH, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS

Fiscal Year	Total Assessed Valuation	Taxable Assessed Valuation	Levy	Collection Within the Fiscal Year of Levy		Collections in Subsequent Years	Collections to Date	
				Amount	Percentage <sup>(1)</sup> of Levy		Amount	Percentage of Levy
2002	\$ 300,918,310	\$ 241,525,080	\$ 596,325	\$ 577,699	97 %	N/A	\$ 596,325	97 %
2003	362,739,160	275,223,230	679,526	656,993	97	N/A	656,993	97
2004	424,469,820	314,647,590	760,188	735,579	97	N/A	736,244	97
2005	490,148,900	355,032,470	855,628	827,146	97	N/A	828,006	97
2006	593,862,990	418,473,060	1,008,520	975,877	97	N/A	975,877	97
2007	766,278,250	519,652,239	1,200,397	1,161,597	97	N/A	1,161,597	97
2008	642,327,200	474,436,130	1,050,252	1,021,890	97	N/A	1,021,943	97
2009	500,350,585	400,624,140	941,519	911,549	97	N/A	911,776	97
2010	447,096,008	371,370,442	795,786	768,459	97	N/A	768,538	97
2011	464,758,091	383,285,711	736,633	710,869	97	N/A	711,981	97

(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 City, after all tax certificates are sold, has fully collected all ad valorem tax revenues.

Source: Pinellas County Property Appraiser.  
Pinellas County Tax Collector.

## DEBT CAPACITY

CITY OF BELLEAIR BEACH, FLORIDA

OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Per Capita
	General Obligation Bonds	Revenue Loan	Capital Leases	Revenue Loan	General Obligation Bond	Capital Leases		
2002	\$ -	\$ 714,791	\$ 37,670	\$ 185,210	\$ -	\$ -	\$ 937,671	\$ 575
2003	-	555,949	17,745	144,051	-	-	717,745	438
2004	-	317,680	11,041	82,320	-	-	411,041	251
2005	-	200,000	3,995	-	-	-	203,995	117
2006	-	2,750,000	-	-	-	-	2,750,000	1,699
2007	-	2,920,000	-	-	-	-	2,920,000	1,806
2008	-	2,760,000	-	-	-	-	2,760,000	1,721
2009	-	2,600,000	-	-	-	-	2,600,000	1,618
2010	-	2,440,000	-	-	-	-	2,440,000	1,517
2011	-	2,280,000	-	-	-	-	2,280,000	1,459

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

CITY OF BELLEAIR BEACH, FLORIDA

RATIOS OF GENERAL REVENUE AND CAPITAL LEASE DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Revenue and Capital Lease Debt</u>	<u>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</u>	<u>Per Capita<sup>2</sup></u>
2002	\$ 752,461	0.41 %	\$ 461
2003	573,694	0.21	351
2004	328,721	0.10	202
2005	203,995	0.04	117
2006	2,750,000	0.66	1,699
2007	2,920,000	0.56	1,806
2008	2,760,000	0.58	1,721
2009	2,600,000	0.65	1,618
2010	2,440,000	0.66	1,517
2011	2,280,000	0.59	1,459

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

<sup>1</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 81 for property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics on page 92.

CITY OF BELLEAIR BEACH, FLORIDA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
GENERAL OBLIGATION BONDS<sup>(2)</sup>

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Net General Obligation Bonded Debt Outstanding	Net General Non-Self Supporting Revenue Debt	Total	Percentage Applicable to City of Belleair Beach	Amount Applicable to City of Belleair Beach
Direct Debt:					
City of Belleair Beach	\$ -	\$ 2,280,000	\$ 2,280,000	100%	\$ 2,280,000
Overlapping Debt:					
Pinellas County School Board(1)	27,400,000	-	27,400,000	0.69%	<u>189,060</u>
Total Direct and Overlapping Debt					\$ <u><u>2,469,060</u></u>
RATIO:					
Overall debt to 2011 taxable value				<u>0.64%</u>	
Overall debt per capita				\$ <u><u>1,580</u></u>	

(1) The City's share is calculated based on the ratio of the 2011 County Taxable Value of \$55,497,477,751 to the City's Taxable Value of \$383,285,711.

(2) The City has no direct general obligation bonded debt.

CITY OF BELLEAIR BEACH, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN

September 30, 2011

The Constitution of the State of Florida, Florida Statute 200.181  
and the Charter of the City of Belleair Beach, Florida  
has no set legal debt margin.

CITY OF BELLEAIR BEACH, FLORIDA

PLEDGED-REVENUE COVERAGE  
CURRENT FISCAL YEAR

		Revenue Loan			
		Pledged Revenues	Debt Service(1)		
		Non-Advalorem			
		Revenue	Principal	Interest	Coverage
			\$ 160,000	\$ 88,536	100.00 %
<u>General Fund</u>					
Local Option Gas Tax	\$	20,779			
Franchise Fees		166,415			
Public Service Tax		225,525			
Communications Service Tax		93,178			
Licenses-Occupational		-			
Rental Registration		17,000			
Revenue Sharing		121,842			
Police service-Belleair Shore	-				
BOCC-Garbage		276,042			
Fines & Forfeitures		12,822			
Code Violation Fees	-				
All Other		34,515			
		<u>968,118</u>			
<u>Capital Projects Fund</u>					
Infrastructure Sales Tax		117,308			
		<u>117,308</u>			
Total	\$	<u><u>1,085,426</u></u>			

(1) Interest expense was for the full Fiscal Year 2011.

DEMOGRAPHIC AND ECONOMIC  
INFORMATION

CITY OF BELLEAIR BEACH, FLORIDA

DEMOGRAPHICS AND ECONOMIC STATISTICS  
LAST TEN YEARS

Fiscal Year	(1) Population	(2) Personal Income (Amounts Expressed in thousands)	(3) Per Capita Personal Income	(4) Median Age	(5) Education Level in Years of Formal Schooling	(6) School Enrollment	(7) Unemployment Rate
2011	1,563	\$ 77,778	\$ 63,475	59.5	16	71	10.80%
2010	1,608	82,422	66,894	59.5	16	75	12.40%
2009	1,607	n/a	n/a	n/a	n/a	84	11.80%
2008	1,604	n/a	n/a	n/a	n/a	80	7.10%
2007	1,617	56,354	58,734	54	14.5	97	4.30%
2006	1,619	46,583	58,734	52.4	13.4	90	3.20%
2005	1,619	31,122	34,380	52.4	13.4	81	3.70%
2004	1,632	30,850	33,844	52.4	13.4	78	4.40%
2003	1,635	30,580	33,316	52.4	13.4	70	5.10%
2002	1,632	30,098	33,068	52.4	13.4	78	5.30%

Data Sources

- (1) Bureau of the Census - Belleair Beach populations estimates, University of Florida Bureau of Economic & Business Research
- (2) Pinellas County Economic Development Research (727) 464-7332
- (3) Pinellas County Economic Development Research (727) 464-7332
- (4) Pinellas County Economic Development Research (727) 464-7332
- (5) Pinellas County Economic Development Research (727) 464-7332
- (6) Pinellas County School Board - Accounting & Research Dept (727) 588-5190 Belleair Beach
- (7) U.S. Department of Labor Bureau of Statistics for the Tampa-St. Pete-Clearwater Metro Area

CITY OF BELLEAIR BEACH, FLORIDA

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND PRIOR YEAR

	<u>2011</u>			<u>2010</u>		
	<u>Number of Employers</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employers</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
City of Belleair Beach	7 full time 1 part time	1	62%	7 full time 1 part time	1	63%
Nautical Watch Time Share	1 full time 3 part time	2	21%	2 full time 2 part time	2	25%
Belleair Beach Club	2 full time	3	17%	1 full time 1 part time	3	12%

Note: GASB Statement No. 44 was implemented for the fiscal year ended September 30, 2006.

OPERATING  
INFORMATION

CITY OF BELLEAIR BEACH, FLORIDA

FULL-TIME EQUIVALENT  
CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST SEVEN YEARS

<u>FUNCTION</u>	Full-Time Equivalent Employees as of September 30,						
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government	4.00	4.00	4.00	4.00	4.00	5.00	5.00
Public Safety:							
Police:							
Officers	-	-	-	-	-	10.00	9.50
Civilians	-	-	-	-	-	-	-
Highways and streets							
Maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Culture and recreation	-	-	-	-	-	-	-
Total	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>18.00</u>	<u>17.50</u>

CITY OF BELLEAIR BEACH, FLORIDA

SCHEDULE OF INSURANCE IN FORCE

September 30, 2011

Type of Coverage	Policy Number	Company	Co-insurance	Amount	From	To	Original Premium
Employee Bond	FMIT#0042 105176598	Florida League of Cities	\$ - \$	15,000	10/01/10	10/01/11	\$ 303
Comprehensive General & Professional Liability:	FMIT#0042	Florida League of Cities	-	1,000,000	10/01/10	10/01/11	9,833
General Liability:							
- Broad Form Property Damage			-	Per Form			incl.
- Extra Contractual Legal Expense			-	25,000			incl.
- Fire Legal Liability				250,000			incl.
- Malpractice Liability				1,000,000			incl.
Errors & Omissions Liability				1,000,000			incl.
- Employment Practices Liability				1,000,000			incl.
- Employee Benefits Program Administration Liability				1,000,000			incl.
Automobile (2) Liability	FMIT#0042	Florida League of Cities		1,000,000	10/01/10	10/01/11	1,240
- Uninsured Motorists				35,000			incl.
- Personal Injury Protection				10,000			incl.
- Medical Payments				N/A			N/A
- Physical Damage				N/A			incl.
PROPERTY:	FMIT#0042	Florida League of Cities			10/1/2010	10/1/2011	15,068
Real Property Limit			deductible 1,000	2,875,985			
Personal Property Limit			deductible 1,000	550,000			
Real Property-details in Property Schedule on file							
- City Hall/Community Center				2,168,000			incl.
- Bayside Park							incl.
Tennis Courts 2 w/ fencing				75,438			incl.
Modular Play System				42,313			incl.
Boardwalks 3 with stairs				15,000			incl.
Pavilion/ picnic tables				7,426			
Climber animal, caboose, jeep, train				11,500			
All other (includes fishing dock 5,000)				21,564			
- Marina							incl.
Boat Docks 11- 2 side				82,500			incl.
CALE Parking Meter				11,600			incl.
Fence, poles, signs				10,650			incl.
- Morgan Park							incl.
CALE Parking Meter				10,600			
Restroom				37,804			incl.
Pavilion				14,607			incl.
Webscape Activity Net				8,356			incl.
- 16th Street Park (includes fishing dock 5,000)				7,438			incl.
- 7th Street Park (includes fishing/ boat launch 7,000)				8,175			incl.
- Harbor Park (includes fishing dock 5,000)				5,875			incl.
- 1001 Cedar Dr. (Public Works storage facilities)				348,000			
Personal Property							
- City Hall/Community Center				500,000			incl.
- 1001 Cedar Dr. (Public Works storage facilities)				50,000			incl.
Time Element							incl.
Business Income							
Extra Expense							
Inland Marine				98,497			
Crime Bond							
-Honesty Blanket Bond			deductible 100	2,500			incl.
Subtotal carried forward							\$ 26,444

CITY OF BELLEAIR BEACH, FLORIDA

SCHEDULE OF INSURANCE IN FORCE

September 30, 2011

(Continued)

Type of Coverage	Policy Number	Company	Co-insurance	Amount	From	To	Original Premium
Subtotal brought forward							\$ 26,444
Marina Operators B-2 Gen/Legal Liab	FMIT#0042 9CC7052-3	Florida League of Cities		2,000,000	07/20/11	07/20/12	2,533
Windstorm - new Community Center	1481780	Citizens Property Ins.	deductible 64,315	1,000,000	9/14/11	9/14/12	4,289
Basic Term Life, Accidental Death and Dismemberment - General Employees	G-411552 - 89	Guardian Life Insur.		annual earnings 60,000 maximum	10/1/10	9/30/11	8,186
- Long term Disability				60% of earnings 5,000 monthly maximum			incl.
Worker's Compensation	FMIT #0042	Florida League of Cities					6,081
-Bodily Injury by Accident each accident				\$ 1,000,000	10/1/10	10/1/11	
-Bodily Injury by Disease				1,000,000			
-Bodily Injury Aggregate By Disease				1,000,000			
Flood Insurance	AB00069036	American Bankers Ins					
-Community Center 444 Causeway			deductible 1,000	500,000	9/12/11	9/12/12	1,387
-Contents			deductible 1,000	500,000			incl.
Flood Insurance	09 7701226989	Fidelity National					
-1001 Cedar Dr.				138,700	3/9/2011	3/6/2012	1,765
-Contents				50,000			incl.
		Total					\$ <u>50,685</u>

CITY OF BELLEAIR BEACH, FLORIDA

MISCELLANEOUS STATISTICAL DATA

September 30, 2011

Date of Incorporation	1950
Form of Government:	Council/City Manager
Number of Employees:	7 FT, 1 PT
Population (U.S. Censurs):	
1960	563
1970	952
1980	1,643
1990	2,070
2000	1,633
2006	1,619 (University of Florida)
2007	1,617 (University of Florida)
2008	1,604 (University of Florida)
2009	1,607 (University of Florida)
2010	1,608 (University of Florida)
2011	1,563 (University of Florida)

Area in Square Miles:	
Land	2 square miles

City of Belleair Beach Facilities/services:

Law Enforcement:  
 Effective June 1, 2007-was contracted out to the Pinellas County Sheriff's Office

Transportation:  
 Paved Streets 8.5 miles

Recreation Facilities:

Parks	11 and access to additional 3
Playgrounds	2
Beaches	4,500 feet
Tennis	2 courts
Tennis clinics- free introductory lessons and regular class schedules for children/adults	
Basketball Outdoor	1 court
Picnic Areas	3
Marina	20 Boat Slips
Boat Ramp	1
Fishing Docks	4
Sunset/Sunrise Viewing Areas	7

FIT FOREVER-weight/strength training, yoga, pilates and stretching for full body workout offered at Community Center  
 YOGA-stretch/ flex class to increase flexibility offered at Community Center

ZUMBA!- music/dance moves to improve rhythm, exercise and help lower blood pressure offered at Community Center

PILATES-low-impact work-out for your "core" offered at Community Center

Wedding, party and seminar venue available at Community Center overlooking the Intracoastal Waterway

Power is provided by Progress Energy.  
 Water, reclaimed water and sewer systems are owned and maintained by Pinellas County Utilities.  
 Garbage and recycling services are provided by Waste Management.  
 Telephone service is provided by Bright House Networks and Verizon Florida.  
 Cable Television and Internet Service are provided by Bright House, Verizon and Knology.

CITY OF BELLEAIR BEACH, FLORIDA

OPERATING INDICATORS BY FUNCTION  
LAST SEVEN FISCAL YEARS

FUNCTION	Fiscal Year						
	2011	2010	2009	2008	2007	2006	2005
Public Safety*							
Police arrests	55	48	29	44	N/A	38	36
Parking violations	402	177	134	128	N/A	180	206
Traffic violations	168	287	270	297	N/A	582	1,105
Warning citation	353	139	43	-	N/A	-	-
Highways and streets:							
Street Drainage Improvement completed ( number of streets/ linear feet)	-	1 ST	3 ST	-	500 LF	-	-
Street resurfacing/curb work started/ completed (number of streets / linear feet)	-	1 ST	5 ST	7 ST	729 LF	-	-
curb work	-	175 LF	167 LF	-	-	-	-
Valley Curb	1,602 LF	-	-	-	-	-	-
Street name signs upgrade	-	2	-	city wide	-	-	-
Pedestrian Crosswalk Beacon/Signals installed	-	-	2	-	8	-	-
Pothole & street repaired	city wide	city wide	5	-	-	-	-
Bridges:							
Harrison Ave. Bridge superstructure	-	1	-	-	-	-	-
22nd Street Bridge repair	1	1	-	-	-	-	-
Culture and Recreation:							
Beach Parking Permits & Stickers issued **	11,152	1,123	478	460	437	482	N/A
Library cards***	131	140	137	122	147	140	127
Beaches (feet)	4,500 LF	4,500 LF	4,500 LF	4,500 LF	4,500 LF	4,500 LF	4,500 LF
New docks constructed/existing dock repaired	1	-	4 repr	2 repr	2 new	-	-
Landscape curbing on planter beds (linear feet)	-	-	-	475 LF	-	-	-
Park upgrades							
Bayside Park landscape project	-	1	-	-	-	-	-
new pedestal fountain	-	1	-	-	-	-	-
new Basketball back board	-	1	-	-	-	-	-
Bayside Park tennis courts resurfaced/							
bench canopy	-	-	-	2	-	-	-
Harrison Ave. landscape project	-	1	-	-	-	-	-
new Morgan Park Pavillion	-	-	-	1	-	-	-
new Morgan Park Restroom	-	-	-	1	-	-	-
new Morgan Park children's play area	-	-	-	1	-	-	-
Park improvements			9 ****				
32 gallon RPL waste shroud	-	5	-	-	-	-	-
Parking meter - Morgan Park	-	1	-	-	-	-	-
Parking meter - Marina	1	-	-	-	-	-	-
Outdoor showers - 6th St, 12th St, 19th St, Morgan Park	4	-	-	-	-	-	-
4' bench custom logo - Crossman Park, Causeway	3	-	-	-	-	-	-
4' x 3' Park sign - Morgan Park	1	-	-	-	-	-	-
Cul de Sac improvements	-	-	7 ****				
Park irrigation systems upgraded	-	city wide	4	4	2	-	-
Seawall repaired	1	1	-	1	2	-	-
Buoy replacement	-	all beaches	all beaches	-	-	-	-
Marina	1	1	1	1	1	1	1
Boat Slips	20	20	20	20	20	20	20

\* Effective June 1, 2007 law enforcement was contracted out to the Pinellas County Sheriff's Office

\*\* Includes beach parking permits from Morgan Park parking meter

\*\*\* The City of Belleair Beach offers payment for residents' Library cards either by direct payment to a Pinellas Public Library Cooperative or by reimbursement to a resident.

\*\*\*\* Parks improvements were made at these locations: Crossman Park, 20th St. Park, Bayside Park, 7th St. Park, 12th St. Park, 19th St. Park, Hibiscus Park East, County Stormwater Pond and Marina

\*\*\*\*\* Installed crushed shells at all Cul de Sacs: 14th, 15th, 16th, 17th, 18th, Howard and Harrison Ave.

CITY OF BELLEAIR BEACH, FLORIDA

CAPITAL ASSETS STATISTICS BY FUNCTION  
LAST SEVEN FISCAL YEARS

<u>FUNCTION</u>	<u>Fiscal Year</u>						
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Public Safety							
Police:							
Stations	-		*	- *	- *	1	1
Patrol units	- *	- *	- *	- *	- *	4	3
	*	- *	-				
Highways and streets							
Bridges	2	2	2	2	2	2	2
Street (miles)	8	8	8	8	8	8	8
Curb (miles)	16	16	16	16	16	16	16
Streetlights	21	21	21	20	20	20	20
Intersection traffic signal-							
Gulf Blvd/Causeway	1	1	1	1	1	1	1
Flashing traffic signals-							
Morgan, 6th, 12th, 19th,							
Harrison North	5	5					
Pedestrian beacons/crosswalk	10	10	10	8	8	-	-
Culture and Recreation							
Cul de Sac	8	8	8	8	8	8	n/a
Docks	5	5	5	5	5	5	n/a
Park acreage	5	5	5	5	5	5	5
Parks	11 **	11	11	11 **	12 **	12	12 **
Tennis Courts	2	2	2	2	2	2	2
Marina							
Boat slips	1	1	1	1	1	1	1
	20	20	20	20	20	20	20

\* Effective June 1, 2007 law enforcement service was contracted out to the Pinellas County Sheriff's Office

\*\* City of Belleair Beach residents are allowed access to additional 3 parks at Belleair Shore and 1 at Causeway Beach. These parks are maintained by the City of Belleair Beach.

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