



Redington Shores

TOWN OF REDINGTON SHORES, FLORIDA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

17425 Gulf Boulevard
Redington Shores FL 33708
727-397-5538

TOWN OF REDINGTON SHORES, FLORIDA

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2010

Prepared by the
Department of Finance

TOWN OF REDINGTON SHORES, FLORIDA
COMMISSION - MAYOR FORM OF GOVERNMENT
TOWN COMMISSION

Bert Adams, Mayor-Commissioner

John Branch, Vice Mayor-Commissioner

Tom Kapper, Commissioner

Casey Wojcik, Commissioner

Lee Holmes, Commissioner

Town Attorney

James W. Denhardt

Town Clerk

Mary Palmer

INTRODUCTORY SECTION

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

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LETTER OF TRANSMITTAL



Redington Shores

17425 Gulf Boulevard
Redington Shores FL 33708
727-397-5538

April 6, 2011

To the Honorable Mayor, Board of Commissioners and Citizens of the Town of Redington Shores.

State law requires that every general purpose local government publish within 12 months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2010.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Davidson, Jamieson & Cristini, P.L., Certified Public Accountants, have issued an opinion on the Town of Redington Shoes financial statements for the year ended September 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The Town of Redington Shores has operated under the Commissioner-Mayor form of government since incorporation in 1955. Policy making and legislative authority are vested in a governing Commission consisting of the mayor and four other members all elected on a non-partisan basis. The Commission appoints the heads of various departments. Commission members serve two year terms, with two members elected every other year. The mayor is elected for a three year term. The mayor is elected at large; the remaining commission members are elected by district.

The Town of Redington Shores provides a full range of services, including police and fire protection, sanitation, the construction and maintenance of highways, streets and other infrastructure; and recreational/cultural activities.

The annual budget serves as the foundation for the Town's financial planning and control. All departments of the Town are required to submit requests for appropriation to the Mayor in June of each year. The Mayor and Town Clerk use these request as the starting point for developing a proposed budget. The Mayor and Town Clerk then present the proposed budget to the Commission for review. The Mayor and Town Clerk meet with the Financial Advisory Board to review the proposed budget and to bring forth recommendations to the Commission. The Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the Town's fiscal year.

LOCAL ECONOMY

The Town currently faces the same economic environment as the rest of the nation. The slow down in the economy point to a significant slow down in new housing construction while home sales have plummeted. Declining investment values have depleted personal wealth and spendable income which contributes to sales tax revenues used by local governments which continue to be issues for the Town. Although the current economy will present certain challenges, the Town continues to have sufficient annual revenue flows, which coupled with reserves if needed, will cover expected expenditures.

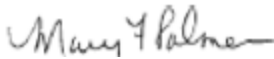
LONG TERM PLANNING/FUTURE INITIATIVE

The Town along with the other Barrier Island Communities belonging to the Barrier Island Governmental Council (BIG-C) continues to work hand-in-hand with Pinellas County for the undergrounding of the utilities along Gulf Boulevard the main thoroughfare of the barrier island. These project discussions have been on going for a long period of time, and hopefully in the next year the project will commence.

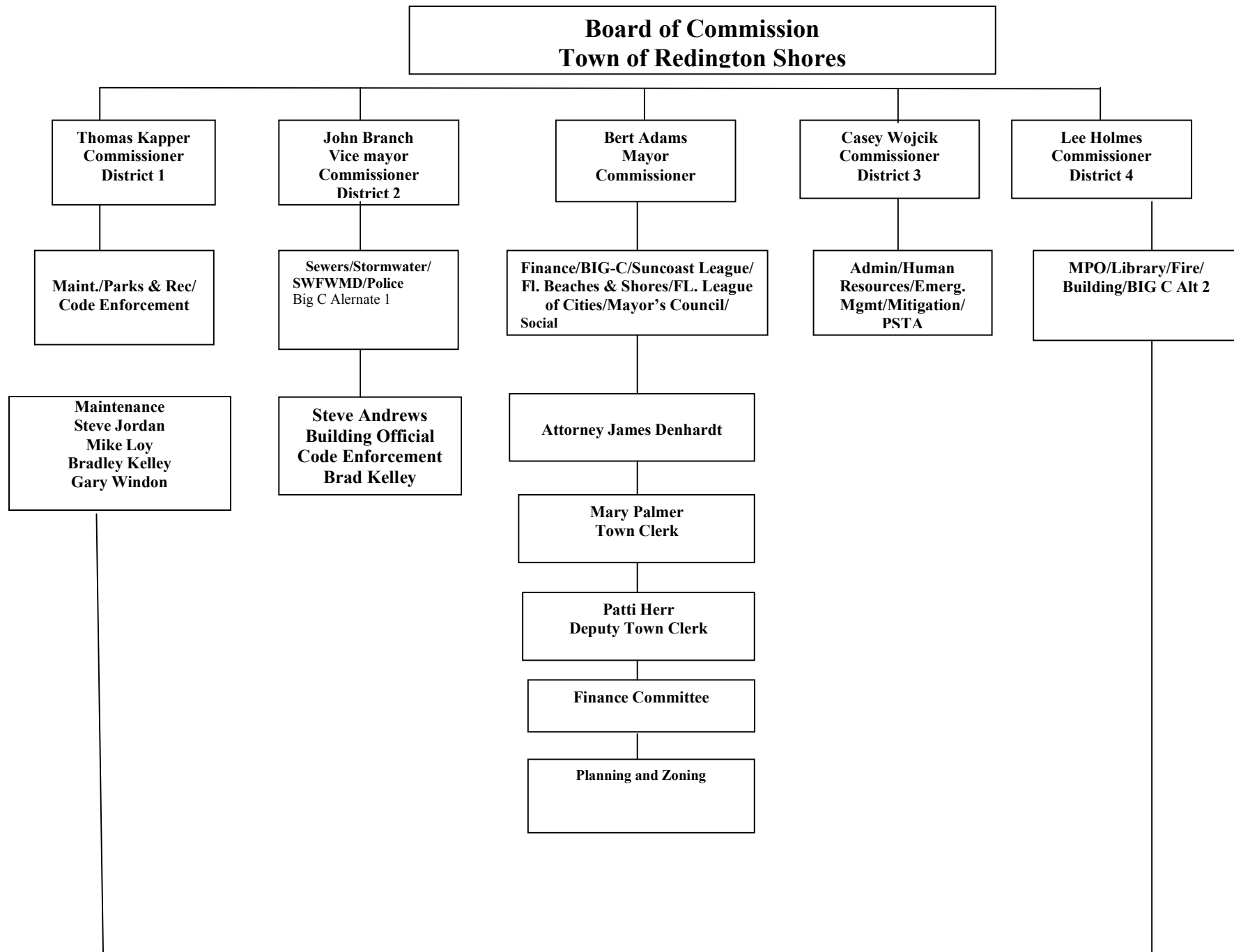
As part of the budgeting process, the Town prepares a Five Year Capital Improvement Plan (CIP), which is updated on an annual basis. The CIP is an important component of the Town's financial management process and should be considered when creating the annual operating budget. Annually the Commission review any infrastructure and capital asset requirements to determine which items need to be replaced or if any new additions are necessary.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the administration department. I wish to express our appreciation to everyone who contributed to the preparation of this report. Credit must also be given to the Mayor and Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Redington Shores' finances.

Respectfully Submitted,



Mary F. Palmer, MMC
Town Clerk/Treasurer



TOWN OF REDINGTON SHORES, FLORIDA

LISTING OF TOWN OFFICIALS

ELECTED OFFICIALS

Mayor - Commissioner	Bert Adams
Vice Mayor - Commissioner	John Branch
Commissioner	Tom Kapper
Commissioner	Casey Wojcik
Commissioner	Lee Holmes

APPOINTED OFFICIALS

Town Attorney	James W. Denhardt
Town Clerk	Mary Palmer

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

INDEPENDENT AUDITOR'S REPORT

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

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
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John N. Davidson, CPA, CVA
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Member
American Institute of
Certified Public Accountants
Florida Institute of
Certified Public Accountants

The Honorable Mayor-Commissioner
and Town Commissioners
Town of Redington Shores, 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 of the Town of Redington Shores, Florida (Town), as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 and each major fund of the Town of Redington Shores, Florida, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Mayor and Town Commissioners
Town of Redington Shores, Florida

In accordance with *General Government Auditing Standards*, we have also issued our report dated May 18, 2011 on our consideration of the Town of Redington Shores, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is in integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The *accompanying management's discussion and analysis* on pages 4 through 9 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The *accompanying introductory section, capital asset schedules and statistical tables* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *capital asset schedules* have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The *introductory section and statistical tables* have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.

Davidson, Jamison & Cristine, P.L.

May 18, 2011

MANAGEMENT'S DISCUSSION
AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Redington Shores, Florida's (the "Town") Management's Discussion and Analysis ("MD&A") presents an overview of the Town's financial activities for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section, taken as a whole.

Financial Highlights

- The assets of the Town of Redington Shores exceeded its liabilities at the close of fiscal year 2010 by **\$17,581,545** (net assets). Of this amount **\$5,444,261** (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by **\$813,965**.

Overview of the Financial Statements.

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Redington Shores finances, using the accrual basis of accounting, which is similar to a private-sector business. There are two types of government-wide financial statements:

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

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

Both of the government-wide financial statements distinguish functions of the Town of Redington Shores that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Redington Shores include general government, public safety, physical environment, transportation, and culture-recreation. The business-type activities of the Town of Redington Shores include sewer service. And a parking operation where the fee for service typically covers all or most of the cost of operation including depreciation.

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

The Town's funds are presented in separate fund financial statements. These funds are presented on a governmental fund financial statement and a proprietary fund financial statement. The Town's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB 34. The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the fund financial statements.

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

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

The Town of Redington Shores maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheets and in the governmental fund statements of revenues, expenditures and changes in fund balance for the General Fund and Capital Improvement Fund.

The Town of Redington Shores adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds. The Town of Redington Shores maintains one type of proprietary fund. This fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Redington Shores uses this to account for its sewer service.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes the general fund and business-type activities original budget and final budget in comparison to actual expenses.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. A large portion of the Town of Redington Shores net assets is its investment in capital assets (e.g. land, buildings and equipment). The Town of Redington Shores uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending, because the Town has no intention of selling these assets to generate spendable assets (i.e., cash). The following table reflects the condensed Statement of Net Assets.

TOWN OF REDINGTON SHORES NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	September 30,					
	2009	2010	2009	2010	2009	2010
Current Assets	\$5,973,616	\$5,533,077	\$1,604,772	1,824,015	\$7,578,388	7,357,092
Capital Assets (net of depreciation)	13,296,746	13,741,430	729,447	708,602	14,026,193	14,450,032
Total Assets (a)	19,270,362	19,274,507	2,334,219	2,532,617	21,604,581	21,807,124
Current Liabilities	540,446	149,159	29,383	64,346	569,829	213,505
Non-Current Liabilities	4,267,172	4,012,074	-	-	4,267,176	4,012,074
Total Liabilities (b)	4,807,618	4,161,233	29,383	64,346	4,837,001	4,225,579
Net Assets						
Invested in capital assets(net)	9,065,976	9,767,070	729,447	708,602	9,795,423	10,475,672
Restricted	9,065,976	9,767,070	-	-	1,933,910	10,475,672
Unrestricted	3,462,858	3,684,592	1,575,388	1,759,669	5,038,246	5,444,261
Total Net Assets (a-b)	\$14,462,744	15,113,274	\$2,304,836	2,468,271	\$16,767,580	17,581,545

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

The government's net assets increased by \$813,965 during the current fiscal year.

Governmental activities/Business-Type activities

Governmental activities increased the Town of Redington Shores net assets by \$650,530. Business-type activities increased the Town of Redington Shores net assets by \$163,436.

The following schedule represents the revenues and expenses for the last two fiscal years.

TOWN OF REDINGTON SHORES CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
Year End September 30,						
Revenues:	2009	2010	2009	2010	2009	2010
Program revenues:						
Charges for services	\$594,521	\$634,535	\$748,041	\$754,027	\$1,342,562	\$1,388,562
Capital Grants	1,091,376	423,714	-	-	1,091,376	423,714
Total Program Revenues	1,658,897	1,058,249	748,041	754,027	2,406,938	1,812,276
General revenues:						
Land Dedication Fees	13,655	17,733	-	-	13,655	17,733
Property Taxes	1,101,025	1,033,368	-	-	1,101,025	1,033,368
Franchise fees	209,133	231,622	-	-	209,133	231,622
State revenue sharing	50,582	51,015	-	-	50,852	51,015
Half-cent sales tax	126,711	119,990	-	-	126,711	119,990
Local option gas tax	33,181	30,528	-	-	33,181	30,528
Infrastructure Sales	231,861	177,477	-	-	231,861	177,477
Surtax						
Com. services tax	133,412	114,273	-	-	133,412	114,273
Other taxes	4,649	7,658	-	-	4,649	7,658
Investment earnings	36,892	7,294	8,870	1,713	45,762	9,007
Miscellaneous/other	10,180	14,390	1,447	356	11,627	14,746
Total General Revenues	1,951,281	1,805,348	10,317	2,069	1,961,598	1,807,417
Total Revenues	3,610,178	2,863,597	758,358	756,096	4,368,536	3,619,693
Expenses:						
General government	526,256	455,471	-	-	526,256	455,471
Public safety	686,996	712,867	-	-	686,996	712,867
Physical environment and Highways	686,990	810,923	-	-	686,990	810,923
Culture and recreation	72,014	74,181	-	-	72,014	74,181
Interest on Long Term Debt	169,436	159,625	-	-	169,436	159,625
Sewer	-	-	766,749	592,660	766,749	592,660
Total expenses	2,141,692	2,213,067	766,749	592,660	2,908,441	2,805,727
Change in Net Assets	1,495,486	650,530	(8,391)	163,436	1,487,095	813,966
Net Assets Beginning	12,967,258	14,462,744	2,313,226	2,304,835	15,280,484	16,767,579
Net Assets End	\$14,462,744	15,113,274	\$2,304,835	2,468,271	16,767,579	17,581,545

Financial Analysis of the Town's Funds

As noted earlier, the Town of Redington Shores uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town is in compliance with financial policies.

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

As of the end of the current fiscal year, the Town of Redington Shores governmental fund reported ending fund balance of \$5,422,667, a decrease of \$51,391 in comparison with the prior year. Approximately **72%** of the fund balance constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new general spending because it has already been committed for a variety of other restricted purposes.

The Town of Redington Shores proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the sewer fund at the end of the year amounted to \$2,468,271. The total growth in net assets was \$163,436. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Redington Shores business-type activities.

General Fund Budgetary Highlights

The General Fund budgetary estimates as amended, were favorable for both revenue and expenditures. Actual revenue exceeded budget by \$138,683. Actual expenditures were under budget by \$75,913.

Capital Assets

The Town of Redington Shores investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$14,450,032 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, equipment, park facilities and roads. The total increase in the Town of Redington Shores investment in capital assets for the current fiscal year was \$423,839 (net of depreciation).

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

- Stormwater Quality Project (completed)
- Engineering fees related to future paving/drainage projects

**TOWN OF REDINGTON SHORES CAPITAL ASSETS
(NET OF DEPRECIATION)**

	Governmental Activities	Business-type Activities	Total			
September 30,						
	2009	2010	2009	2010	2009	2010
Land	2,481,698	\$2,481,698	\$8,091	\$8,091	\$2,489,789	\$2,489,789
Construction in Progress	2,182,060	-	-	-	2,182,060	-
Building and improvements	844,514	844,514	-	-	844,514	844,514
Improvement other than buildings	684,156	778,339	1,544,938	1,544,938	2,229,094	2,323,277
Infrastructure	7,825,135	10,696,370	-	-	7,825,135	10,696,370
Equipment	286,819	292,438	85,449	100,839	372,268	393,277
Total Assets	14,304,382	15,093,359	1,638,478	1,653,868	15,942,860	16,747,227
Less Accumulated Depreciation	1,007,636	1,351,929	909,031	945,266	1,916,667	2,297,195
Total Net Assets	\$13,296,746	\$13,741,430	\$727,447	\$708,602	\$14,026,193	\$14,450,032

Long-term debt.

The Town of Redington Shores has a bank loan with an outstanding balance of \$3,974,360 as of September 30, 2010. This loan was to finance the utility undergrounding project. It is backed by the full faith and credit of the Town.

Economic Factors and Next Year's Budget

The 2010-2011 budget does not reflect any material increases in rates for taxes/fees/services paid by its citizens.

Requests for Information

This financial report is designed to provide a general overview of the Town of Redington Shores finances for all those with an interest 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 Office of the Finance Director, 17425 Gulf Boulevard, Redington Shores, FL 33708.

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

This section contains the following subsections:

Government-Wide Financial Statements

Statement of Net Assets
Statement of Activities

Fund Financial Statements

Governmental Fund Financial Statements

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

Proprietary Fund Financial Statements

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

Notes to Financial Statements

TOWN OF REDINGTON SHORES, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 3,551,316	\$ 1,649,263	\$ 5,200,579
Investments	164,094	43,327	207,421
Receivables (net of allowance for uncollectibles)	137,540	131,425	268,965
Prepaid expenses	18,515	-	18,515
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1,661,612	-	1,661,612
Capital Assets:			
Land	2,481,698	8,091	2,489,789
Buildings	844,514	-	844,514
Improvements other than buildings	778,339	1,544,938	2,323,277
Equipment	292,438	100,839	393,277
Infrastructure	10,696,370	-	10,696,370
Accumulated depreciation	(1,351,929)	(945,266)	(2,297,195)
Total Assets	19,274,507	2,532,617	21,807,124
LIABILITIES			
Accounts payable	80,048	64,346	144,394
Accrued payroll	7,734	-	7,734
Unearned revenue	10,495	-	10,495
Accrued interest payable	50,882	-	50,882
Noncurrent liabilities:			
Due within one year	258,910	-	258,910
Due in more than one year	3,753,164	-	3,753,164
Total Liabilities	4,161,233	64,346	4,225,579
NET ASSETS			
Invested in Capital Assets, net of related debt	9,767,070	708,602	10,475,672
Restricted for:			
Capital Projects	1,661,612	-	1,661,612
Unrestricted	3,684,592	1,759,669	5,444,261
Total Net Assets	\$ 15,113,274	\$ 2,468,271	\$ 17,581,545

See Notes to Financial Statements.

TOWN OF REDINGTON SHORES, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary Government:						
Governmental Activities:						
General government	\$ 455,471	\$ 187,108	\$ -	\$ (268,363)	\$ -	\$ (268,363)
Public Safety	712,867	11,265	-	(701,602)	-	(701,602)
Physical environment	810,923	432,594	423,714	45,385	-	45,385
Culture and recreation	74,181	3,568	-	(70,613)	-	(70,613)
Interest on long-term debt	159,625	-	-	(159,625)	-	(159,625)
Total governmental activities	2,213,067	634,535	423,714	(1,154,818)	-	(1,154,818)
Business-Type Activities:						
Sewer	592,660	754,027	-	-	161,367	161,367
Total business-type activities	592,660	754,027	-	-	161,367	161,367
Total primary government	\$ 2,805,727	\$ 1,388,562	\$ 423,714	(1,154,818)	161,367	(993,451)
General Revenues:						
Property taxes				1,033,368	-	1,033,368
Franchise fees				231,622	-	231,622
Unrestricted						
Intergovernmental Revenues:						
State Revenue sharing				51,015	-	51,015
Communication services tax				114,273	-	114,273
Half-cent sales tax				119,990	-	119,990
Local option gas tax				30,528	-	30,528
Infrastructure sales surtax				177,477	-	177,477
Other taxes				7,658	-	7,658
Capital Contributions				17,733	-	17,733
Unrestricted investment earnings				7,294	1,713	9,007
Miscellaneous				14,390	356	14,746
Total General Revenues and transfers				1,805,348	2,069	1,807,417
Changes in Net Assets				650,530	163,436	813,966
Net Assets, Beginning of Year				14,462,744	2,304,835	16,767,579
Net Assets, Ending of Year				\$ 15,113,274	\$ 2,468,271	\$ 17,581,545

See Notes to Financial Statements.

TOWN OF REDINGTON SHORES, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

ASSETS

ASSETS	General	Capital Improvements	Total Governmental Funds
Cash and cash equivalents	\$ 3,129,598	\$ 421,718	\$ 3,551,316
Investments	64,308	99,786	164,094
Receivables (net of allowance for uncollectibles:			
Accounts	59,229	7,726	66,955
Intergovernmental:			
State	37,305	-	37,305
County	6,189	27,091	33,280
Prepaid items	6,382	-	6,382
Cash restricted	-	1,661,612	1,661,612
TOTAL ASSETS	\$ 3,303,011	\$ 2,217,933	\$ 5,520,944

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 64,612	\$ 15,436	\$ 80,048
Accrued payroll	7,734	-	7,734
Unearned revenue	10,495	-	10,495
Total liabilities	82,841	15,436	98,277

Fund balances:

Reserved for:			
Capital Projects	-	1,661,612	1,661,612
Prepaid items	6,382	-	6,382
Unreserved reported in:			
General Fund	3,213,788	-	3,213,788
Capital improvements fund	-	540,885	540,885
Total fund balances	3,220,170	2,202,497	5,422,667

Total liabilities and fund balances	\$ 3,303,011	\$ 2,217,933
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Governmental funds.	13,741,430
Loan costs	12,133
Long-term liabilities, including compensated absences, bank debt, net OPEB obligation and accrued interest expense are not due and payable in the current period and therefore are not reported in the Governmental funds.	(4,062,956)

Net assets of governmental activities (page 10)	\$ 15,113,274
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See Notes to Financial Statements

TOWN OF REDINGTON SHORES, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>General</u>	<u>Capital Improvements</u>	<u>Total Governmental Funds</u>
REVENUES:			
Taxes:			
Property	\$ 1,033,368	\$ -	\$ 1,033,368
Franchise	231,622	-	231,622
Licenses and permits	104,400	-	104,400
Intergovernmental	316,271	198,432	514,703
Charges for services	480,130	42,711	522,841
Fines	11,265	-	11,265
Investment earnings	4,510	2,784	7,294
Contributions and Grants	8,804	414,910	423,714
Miscellaneous	14,390	-	14,390
Total Revenues	2,204,760	658,837	2,863,597
EXPENDITURES:			
Current:			
General government	399,605	822,268	1,221,873
Public safety	706,342	-	706,342
Physical environment	515,969	-	515,969
Culture and recreation	52,630	-	52,630
Debt service:			
Principal	-	256,410	256,410
Interest	-	161,764	161,764
Total Expenditures	1,674,546	1,240,442	2,914,988
Excess (Deficiency) of Revenues Over (under) Expenditures	530,214	(581,605)	(51,391)
Other Financial Sources (Uses):			
Transfers In	-	320,411	320,411
Transfers (out)	(320,411)	-	(320,411)
Total Other Financing Sources (Uses)	(320,411)	320,411	-
Net Change in Fund Balance	209,803	(261,194)	(51,391)
Fund Balance, Beginning of Year	3,010,367	2,463,691	5,474,058
Fund Balance, End of Year	\$ 3,220,170	\$ 2,202,497	\$ 5,422,667

See Notes to Financial Statements.

TOWN OF REDINGTON SHORES, 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, 2010

Changes in fund balances - total governmental funds	\$	(51,391)
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Amounts reported for governmental activities in the statement of
net assets 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	\$	794,553	
Less current year depreciation		<u>(349,869)</u>	444,684

The issuance of long-term debt (e.g. bank loans)
provides current financial resources to governmental
funds, while the repayment of the principal of long-term
debt consumes the current financial resources of
governmental funds. Neither transaction, however,
has any effect on net assets. Also, governmental
funds report on the effect of issuance costs when
debt is first issued, whereas these amounts are
deferred and amortized in the statement of activities.

Payment of loan principal	\$	256,410	
Amortization of loan costs		<u>(800)</u>	255,610

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.

Accrued interest on bank loan - net		2,939	
Compensated absences		(1,312)	
Net OPEB obligation		-	
Loss on abandonment of equipment		<u>-</u>	1,627

Change in net assets of governmental activities	\$	<u><u>650,530</u></u>
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See Notes to Financial Statements.

TOWN OF REDINGTON SHORES, FLORIDA

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property				
Ad valorem	\$ 1,019,018	\$ 1,019,018	\$ 1,033,368	\$ 14,350
Franchise fees	170,239	170,239	231,622	61,383
Licenses and permits	57,250	86,904	104,400	17,496
Intergovernmental	313,051	313,051	316,271	3,220
Charges for services	464,650	464,650	480,130	15,480
Fines	10,600	4,705	11,265	6,560
Investment earnings	10,000	4,510	4,510	-
Miscellaneous	3,000	3,000	23,194	20,194
Total Revenues	2,047,808	2,066,077	2,204,760	138,683
Expenditures:				
Current:				
General Government:				
Legislative	61,080	61,080	52,391	8,689
Financial and administrative	361,872	373,979	345,834	28,145
Facilities maintenance	6,000	1,000	1,380	(380)
Total general government	428,952	436,059	399,605	36,454
Public Safety:				
Police	398,114	398,114	397,940	174
Fire	200,538	200,538	200,538	-
Protective inspections	108,071	108,071	107,864	207
Total public safety	706,723	706,723	706,342	381
Physical Environment:				
Garbage and trash	265,086	265,086	243,299	21,787
Maintenance	292,091	292,091	272,670	19,421
Total physical environment	557,177	557,177	515,969	41,208
Culture and Recreation:				
Library	25,000	25,000	24,866	134
Parks and Recreation	25,500	25,500	27,764	(2,264)
Total culture and recreation	50,500	50,500	52,630	(2,130)
Total Expenditures	1,743,352	1,750,459	1,674,546	75,913
Excess of Revenues Over (Under) Expenditures	304,456	315,618	530,214	214,596
Other Financing Sources (Uses):				
Transfer to Capital Improvements Fund	(320,411)	(320,411)	(320,411)	-
Total Other Financing Sources (Uses)	(320,411)	(320,411)	(320,411)	-
Net Change in Fund Balance	(15,955)	(4,793)	209,803	214,596
Fund Balance, Beginning of Year	3,010,367	3,010,367	3,010,367	-
Fund Balance, End of Year	\$ 2,994,412	\$ 3,005,574	\$ 3,220,170	\$ 214,596

See Notes to Financial Statements.

TOWN OF REDINGTON SHORES, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUND

SEPTEMBER 30, 2010

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

ASSETS

	<u>SEWER FUND</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,649,263
Investments	43,327
Accounts receivable, net of allowance for uncollectible accounts	<u>131,425</u>
TOTAL CURRENT ASSETS	1,824,015
 NONCURRENT ASSETS:	
Capital Assets:	
Land	8,091
Improvements other than buildings	1,544,938
Equipment	<u>100,839</u>
TOTAL CAPITAL ASSETS	1,653,868
Less accumulated depreciation	<u>945,266</u>
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>708,602</u>
TOTAL ASSETS	<u>\$ 2,532,617</u>

See Notes to Financial Statements

TOWN OF REDINGTON SHORES, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

	<u>SEWER FUND</u>
OPERATING REVENUES:	
Charges for sales and service	\$ <u>754,027</u>
Total operating revenue	754,027
OPERATING EXPENSES:	
Materials and supplies	165,836
Repairs and maintenance	52,070
Treatment fees	338,519
Depreciation	<u>36,235</u>
Total operating expenses	<u>592,660</u>
OPERATING INCOME (LOSS)	161,367
NONOPERATING REVENUES (EXPENSES):	
Interest revenue	1,713
Other	<u>356</u>
Total nonoperating revenues	<u>2,069</u>
CHANGE IN NET ASSETS	163,436
TOTAL NET ASSETS, OCTOBER 1	<u>2,304,835</u>
TOTAL NET ASSETS, SEPTEMBER 30	\$ <u><u>2,468,271</u></u>

See Notes to Financial Statements

TOWN OF REDINGTON SHORES, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

	<u>SEWER FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 754,027
Payments to suppliers for goods and services	(521,462)
Other	<u>356</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	232,921
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers from other funds	<u>238,809</u>
NET CASH (USED) FOR NON-CAPITAL FINANCING ACTIVITIES	<u>238,809</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from sale of capital assets	-
Purchase of capital assets	<u>(15,390)</u>
NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(15,390)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(4,568)
Proceeds from sales and maturities of investments	18,184
Interest on investments	<u>1,713</u>
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	<u>15,329</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	471,669
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>1,177,594</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 1,649,263</u>

See Notes to Financial Statements

TOWN OF REDINGTON SHORES, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

SEWER
FUND

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

Operating income (loss):	\$ 161,367
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	36,235
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	1,357
Increase (decrease) in accounts payable	<u>33,962</u>
Total adjustments	<u>71,554</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>232,921</u></u>

See Notes to Financial Statements.

NOTES TO
FINANCIAL STATEMENTS

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies

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

Reporting Entity - The town is a political subdivision of the State of Florida, located in Pinellas County in the west central portion of the state. The town was incorporated on August 30, 1955 under the provisions of the Laws of Florida, 1955, Section 35, Chapter 31209 and since that time has operated under the same charter. The town is approximately .36 square miles in area. The town is a full service municipality providing its citizens with a full complement of municipal services to include solid waste removal.

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

This governmental accounting standard requires that this financial statement present the Town of Redington Shores (the primary government) and its component units, if any. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The town does not currently have any component units.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

Government-wide and fund financial statements - As discussed more fully in Note 2 the town has adopted the provisions of GASB Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." The government-wide financial statements required under this statement (the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

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

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

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

The town reports the following major governmental funds:

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

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

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

The town reports the following major proprietary funds:

Sewer fund - to account for the assets, operation and maintenance of the town's sewage collection system.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the town's sewer enterprise fund is charges to customers for sales and services. Operating expenses for the enterprise fund 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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

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

Assets, Liabilities, and Net Assets or Equity:

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

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

- a) Florida State Board of Administration Local Government Pooled Investment Fund.
- b) Bonds, notes or other obligations of the United States or for which the credit of the United States is pledged for the payment thereof.
- c) Interest-bearing time deposits, savings accounts or collective investment funds in banks or savings and loan associations organized under the laws of the United States.
- d) Obligations of the federal farm credit banks and the Federal Home Loan Mortgage Corporation.
- e) Obligations of the Federal National Mortgage Association and the Government National Mortgage Association.

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

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

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

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.”

Unearned revenue - Occupational licenses are measurable, but not available, as of the end of the fiscal year and thus are shown as unearned revenue. The unearned revenue will be recognized as revenue in the fiscal year that it becomes available.

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

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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

The tax levy of the town is established by the town commission prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the town's millages into the total tax levy, which includes the Pinellas County School Board tax requirements. The town is permitted by state law to levy taxes up to ten mills of assessed valuation, exclusive of taxes levied for the payment of bonds. The 2010 millage rate assessed by the town was 2.0000.

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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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 town, any delinquent or uncollected property taxes at year end are immaterial. The town's tax calendar is as follows:

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

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

Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, seawalls and stormlines), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$200 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

During the fiscal year ended September 30, 2003 the town elected not to implement the retroactive addition of infrastructure assets acquired prior to October 1, 2003.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20 - 30
Improvements other than buildings	10 - 40
Machinery and equipment	5 - 10
Infrastructure	20 - 40

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

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

Vacation leave is earned based on years of continuous and creditable service up to a maximum of ten days as of December 31 of each year.

An employee who has served one year or more and who voluntarily terminates employment with the town is paid for any unused vacation leave accumulated to the time of termination.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

Sick leave is earned at the rate of five sick days a year for the first year of service and ten days a year for the second year and over. Upon termination, providing the employee has two continuous years of service and that termination is not a dismissal, the employee is entitled to a lump-sum payment for all accrued unused sick leave in accordance with the following schedule:

<u>Years of Service</u>	<u>Payment Upon Separations</u>
2 through 6 years	20% up to and not to exceed 200 hours
7 through 19 years	30% up to and not to exceed 240 hours
20 years and up	40% up to and not to exceed 400 hours

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

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

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

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. Summary of Significant Accounting Policies (Continued)

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

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

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

2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. The detail of this \$4,062,956 difference is as follows:

Bank loan	\$ 3,974,360
Accrued interest	50,882
Compensated absences	30,714
Net OPEB obligation	<u>7,000</u>
Net adjustment to reduce <i>fund balance - total Governmental funds to arrive at net assets - Governmental activities</i>	<u>\$ 4,062,956</u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses.” The details of this \$444,684 difference are as follows:

Capital asset expenditures	\$ 794,553
Depreciation expense	<u>(349,869)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net assets of governmental activities	\$ <u><u>444,684</u></u>

The repayment of the bank loan does not have any effect on net assets. Also deferred bank loan issuance costs are amortized in the statement of activities.

Payment of bank loan principal	\$ 256,410
Amortization of loan costs	<u>(800)</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><u>255,610</u></u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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

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

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$1,627 difference are as follows:

Accrued interest on bank loan - net	\$ 2,939
Compensated absences	(1,312)
Net OPEB obligation	<u>-</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,627</u>

3. Stewardship, Compliance, and Accountability

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

In accordance with the requirements of the town's charter, budgetary data for the town's enterprise fund have been reported in the individual fund section of this report. The town clerk is authorized to transfer budget amounts between line items of individual departments; however, any revision that alters the total expenditures of any department or fund must be approved by the town commission.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

3. Stewardship, Compliance, and Accountability (Continued)

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

The proposed budget is presented to the town commission for review before August 31. The town commission holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the town clerk or the revenue estimates must be changed by an affirmative vote of a majority of the town commission.

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

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

Fund	Operating Deficit
Capital Improvements Fund	\$ <u><u>581,605</u></u>

The town commission intends to use available fund balances in these funds to cover the above deficits.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

4. Deposits

At year-end the carrying amount of the town's deposits was \$5,200,579 and the bank balance was \$5,052,279. 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.

5. Investments

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

	<u>Fair Value</u>	<u>Bond Rating</u>	<u>Weighted Average Duration (Years)</u>
Investments not subject to categorization:			
Florida State Board of Administration Local			
Government Pooled Investment Fund (SBA)	\$ <u>207,421</u>	Not Rated	N/A
Total investments	\$ <u><u>207,421</u></u>		

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

5. Investments (Continued)

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

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

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

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

5. Investments (Continued)

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

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

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

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

5. Investments (Continued)

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

Since the Florida State Board of Administration (SBA) local government pooled investment fund typically owns a substantial amount of treasury bills and notes, the fund has utilized security lending programs to generate supplemental income. This income is used to pay a significant portion of the fees associated with the fund which otherwise would have to be paid from regular fund earnings. Any residual is used to build the fund's reserve on behalf of participants. Both of these goals have been accomplished without impacting the regular earnings in the fund with no change in the fund's investment strategy. The investment in the Florida SBA pool is carried at the pool's share price at September 30, 2010.

Subsequent to the fiscal year ended September 30, 2008, in an effort to strengthen the fund's liquidity, the fund was divided into two parts:

Fund A contained all money-market appropriate assets and

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

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

5. 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 tradable.

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

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

6. Receivables

Receivables at of September 30, 2010 for the government's individual major funds, including the applicable allowances for uncollectible accounts, are summarized as follows:

	<u>General</u>	<u>Capital Improvements</u>	<u>Sewer</u>	<u>Total</u>
Receivables:				
Accounts	\$ 59,229	\$ 7,726	\$ 131,425	\$ 198,380
Intergovernmental	<u>43,494</u>	<u>27,091</u>	<u>-</u>	<u>70,585</u>
Gross receivables	102,723	34,817	131,425	268,965
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	\$ <u>102,723</u>	\$ <u>34,817</u>	\$ <u>131,425</u>	\$ <u>268,965</u>

As the operator of a utility, (sewer) the town grants credit to their customers, substantially all of whom are town residents.

Revenues of the sewer fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to sewer sales	\$ <u>-0-</u>
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TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

7. Interfund Transfers

Transfers were made from the General Fund to the Capital Improvements Fund for infrastructure improvements for the fiscal year ended September 30, 2010 as follows:

	<u>Transfers In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 320,411
Capital Improvements Fund	<u>320,411</u>	<u>-</u>
Total	<u>\$ 320,411</u>	<u>\$ 320,411</u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

8. Capital Assets

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

	Balance October 1, 2009	Increases	Decreases	Balance September 30, 2010
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,481,698	\$ -	\$ -	\$ 2,481,698
Construction in progress	<u>2,182,060</u>	<u>-</u>	<u>(2,182,060)</u>	<u>-</u>
Total capital assets, not being depreciated	4,663,758	-	(2,182,060)	2,481,698
Capital assets, being depreciated:				
Buildings	844,514	-	-	844,514
Improvements other than buildings	684,156	94,183	-	778,339
Machinery and Equipment	286,819	11,195	(5,576)	292,438
Infrastructure	<u>7,825,135</u>	<u>2,871,235</u>	<u>-</u>	<u>10,696,370</u>
Total capital assets, being depreciated	9,640,624	2,976,613	(5,576)	12,611,661
Less accumulated depreciation for:				
Buildings	(213,033)	(21,263)	-	(234,296)
Improvements other than buildings	(141,776)	(41,666)	-	(183,442)
Machinery and equipment	(188,317)	(21,904)	5,576	(204,645)
Infrastructure	<u>(464,510)</u>	<u>(265,036)</u>	<u>-</u>	<u>(729,546)</u>
Total accumulated depreciation	<u>(1,007,636)</u>	<u>(349,869)</u>	<u>5,576</u>	<u>(1,351,929)</u>
Total capital assets, being depreciated, net	<u>8,632,988</u>	<u>2,626,744</u>	<u>-</u>	<u>11,259,732</u>
Governmental activities				
capital assets, net	<u>\$ 13,296,746</u>	<u>\$ 2,626,744</u>	<u>\$ (2,182,060)</u>	<u>\$ 13,741,430</u>

The government has completed the construction projects as of September 30, 2010. The projects include water quality construction. At year end the Town reclassified the total cost of the project, \$2,182,060, as infrastructure.

Funding for the cost of these water quality projects was provided by the Capital Improvements Fund and the General Fund.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

8. Capital Assets (Continued)

	Balance October 1, 2009	Increases	Decreases	Balance September 30, 2010
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 8,091	\$ -	\$ -	\$ 8,091
Total capital assets, not being depreciated	8,091	-	-	8,091
 Capital assets, being depreciated:				
Improvements other than buildings	1,544,938	-	-	1,544,938
Machinery and Equipment	85,449	15,390	-	100,839
Total capital assets, being depreciated	1,630,387	15,390	-	1,645,777
 Less accumulated depreciation for:				
Improvements other than buildings	(839,802)	(31,167)	-	(870,969)
Machinery and equipment	(69,229)	(5,068)	-	(74,297)
Total accumulated depreciation	(909,031)	(36,235)	-	(945,266)
 Total capital assets, being depreciated, net	721,356	(20,845)	-	700,511
 Business-type activities capital assets, net	\$ 729,447	\$ (20,845)	\$ -	\$ 708,602

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

8. Capital Assets (Continued)

Depreciation expense for the fiscal year ended September 30, 2010 was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$	26,839
Public safety		6,525
Physical environment		294,954
Culture and recreation		<u>21,551</u>
Total depreciation expenses - governmental activities	\$	<u><u>349,869</u></u>

Business-type activities:

Sewer	\$	<u>36,235</u>
Total depreciation expense - business-type activities	\$	<u><u>36,235</u></u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

9. Designated Fund Balance/Designated Net Assets

A. Designated Fund Balance - Governmental Funds

A reserved fund balance indicates those portions of fund balances that are legally segregated for a specific use or not available for appropriation or expenditure. A designated fund balance is created through action of the Town Commission and may be changed at their discretion. The town's designations for the Capital Improvements Fund at September 30, 2010 are as follows:

	<u>Capital Improvements Fund</u>
Designated for:	
Capital outlay	\$ <u>1,661,612</u>
Total	\$ <u><u>1,661,612</u></u>

B. Designated Net Assets - Sewer Fund

In 1981 a Sewer Fund reserve was created by ordinance which required five percent of all sewer service fees collected to be reserved. If approved by the Town Commission, the funds can be used for emergency repair and maintenance work in excess of \$20,000 per item. A summary of changes in the reserve is as follows:

Balance at beginning of year as restated	\$ 170,253
Five percent of fees collected	37,769
Interest earned	<u>306</u>
Total available	208,328
Less amount approved for transfer	<u>-</u>
Balance at end of year	\$ <u><u>208,328</u></u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

10. Intra-Governmental Charges

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

<u>Enterprise Fund</u>	<u>Administrative Costs Allocated</u>
Sewer	\$ 150,000
Total	\$ <u>150,000</u>

11. Post-Employment Health Care Benefits

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 expenses, 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 statements as an increase (or decrease) in the net OPEB obligation. The effective date for implementation of GASB 45 by the Town of Redington Shores is October 1, 2008. Accordingly, the Town did obtain an actuarial valuation in accordance with GASB 45 standards.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

11. Post-Employment Health Care Benefits (Continued)

Plan Description and Funding Policy

Employees who retire from the Town of Redington Shores (Town), and eligible dependents and survivors, are eligible to continue to participate in the Town's health insurance programs at the "blended" employee group rate which is determined annually by the Town and approved by the Town Commission. Retirees have 31 days to elect to enroll in the Town'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, a total of seven eligible retirees and dependents were participating in the Town's health program.

The Town provides no funding for any portion of the premiums after retirement. However, the Town recognizes that there is an "implicit subsidy" arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund as an irrevocable trust has not been established to fund the plan. The plan does not issue a separate financial report.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

11. Post-Employment Health Care Benefits (Continued)

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 Town's annual OPEB cost for its plan for the current year is as follows:

	Annual OPEB Cost
Annual required contribution (ARC)	\$ 8,544
Interest on net OPEB obligation	-
Adjustment to ARC	<u>-</u>
Annual OPEB cost	8,544
Contributions made (pay-as-you-go basis)	<u>(1,544)</u>
Increase in net OPEB obligation	7,000
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u><u>\$ 7,000</u></u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

11. Post-Employment Health Care Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Required Supplementary Information

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2008, was as follows:

	<u>Funded Status</u>
Actuarial accrued liability	\$ 37,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability	<u>\$ 37,000</u>
Funded ratio	<u>0%</u>
Covered payroll	<u>\$ 305,000</u>
Unfunded actuarial accrued liability as a percentage of coverage payroll	<u>12.1%</u>

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

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

11. Post-Employment Health Care Benefits (Continued)

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the Town and the plan members at that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce the short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used for this valuation are as follows:

Measurement Date	October 1, 2008
Actuarial Cost Method	Projected unit credit
Amortization Period	10 year open period
Amortization method	Level Percent of Payroll
Discount rate	4.00%
CPI	2.75%
Healthcare Cost Trend Rate	Pre-medicare: 10% (grading down to 6% in 2018) Post-medicare: 10% (grading down to 5% in 2018)
Payroll Growth Rate	0% annually

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

12. Long-Term Debt

Long-term debt includes a bank loan and accrued leave as of September 30, 2010:

A. Bank Loan

During 2006 the town obtained a \$5 million loan to fund the undergrounding of utilities. The loan is collateralized by the Non-Ad valorem revenue of the town. The loan bears an interest rate of 3.88% and matures in 2025. The remaining annual debt service requirements are as follows:

<u>Year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 256,410	\$ 151,718	\$ 408,128
2012	256,410	141,769	398,179
2013	256,410	131,821	388,231
2014	256,410	121,872	378,282
2015	256,510	106,948	363,458
2016-2020	1,282,050	358,154	1,640,204
2021-2025	1,282,050	218,872	1,500,922
2026	<u>128,210</u>	<u>2,487</u>	<u>130,697</u>
	<u>\$ 3,974,460</u>	<u>\$ 1,233,641</u>	<u>\$ 5,208,101</u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

12. Long-Term Debt (Continued)

B. Change in Long-Term Obligations

	Beginning of Year Balance	Additions	Reductions	End of Year Balance	Current
Bank loan	\$ 4,230,770	\$ -	\$ 256,410	\$ 3,974,360	\$ 256,410
Net OPEB obligation	7,000	-	-	7,000	-
Compensated absences	29,402	11,564	10,252	30,714	2,500
	<u>\$ 4,267,172</u>	<u>\$ 11,564</u>	<u>\$ 266,662</u>	<u>\$ 4,012,074</u>	<u>\$ 258,910</u>

Compensated absences are generally liquidated by the general fund.

There were no long-term obligations for the business-type activities.

13. Risk Management

The town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In an effort to reduce the rising costs of commercial insurance, the town purchases its insurance coverage for liability and workers' compensation from a plan sponsored by the Florida League of Cities, Inc.

The plan is a public entity risk pool currently operating as a common risk management and insurance program for local municipalities. The town pays an annual premium to the plan for property coverage, liability and workers' compensation. The plan, through its various trusts, establishes premium rates based on members' experience and provides the insurance coverage for over 300 Florida municipalities. Each trust carries its own reinsurance coverage.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

14. Contracts and Agreements

Police Protection - The town has contracted with the Town of Indian Shores, Florida for police protection through September 30, 2011 at an annual cost of \$397,514. The fee is adjusted annually to equal 35% of the Town of Indian Shores annual police budget.

Refuse Collection - The town has contracted with a private company for collection of refuse through September 30, 2019. Various fees are fixed until October 1, 2011 at which time they can be adjusted based upon the consumer price index. The costs for the fiscal year ended September 30, 2010 was \$240,219.

Public Library - The town has contracted with the Gulf Beaches Library, Inc. for library service for the year ending September 30, 2010 at a cost of \$24,866.

Fire Protection - The town has contracted with the Cities of Madeira Beach and Seminole, Florida for fire protection through September 30, 2020. The cost for the year ended September 30, 2010 was \$200,538. The cost for each subsequent year increases by the US Department of Labor Price Index.

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 town expects such amounts, if any, to be immaterial.

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

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

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

16. Florida Retirement System

The town participates in the Florida Retirement System (FRS), a non-contributory cost sharing multiple employer public employee retirement system. All employees of the town hired prior to December 31, 1995 are required to participate in the FRS. The town contributes to 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 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 may be obtained by writing to:

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

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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

16. Florida Retirement System (Continued)

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

Membership Category	Retirement Benefit	Vesting	Town Contributions Rate Actuarially Determined	
			Employer Contribution Rates Through June 30, 1010	Employer Contribution Rates Beginning July 1, 2010
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.	8.69% of covered payroll	9.63% of covered payroll
Executive	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	15.37% of covered payroll	17.50% of covered payroll

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 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 12.25% of salary for all DROP participants. FRS also provides disability and survivors' benefits.

The District's contributions include 1.11% for a post-retirement health insurance subsidy. FRS also provides disability and survivors' benefits. Benefits are established by Florida State Statute.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

16. Florida Retirement System (Continued)

The contribution requirements of employers are established and may be amended by the Division of Retirement. The town's contributions and its required contributions for the ten years ended September 30, 2010 are summarized as follows:

<u>Year Ended September 30</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2001	\$ 12,921	100%
2002	19,998	100
2003	9,985	100
2004	7,266	100
2005	9,670	100
2006	11,814	100
2007	15,980	100
2008	16,749	100
2009	18,352	100
2010	18,886	100

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

17. Employee Retirement Systems (Continued)

Employees' Defined Contribution Plan

The town provides retirement benefits for all of its full-time employees not covered under the Florida Retirement System through a defined contribution plan administered by the Florida Municipal Trust Fund (Trust) as a third party administrator and investment advisor under their prototype profit-sharing plan and trust agreement. At September 30, 2010 there were four plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of employment. The town's contributions for each employee (and interest allocated to the employee's account) are fully vested after three years of continuous service. Town contributions for, and interest forfeited by, employees who leave employment before three years of service are used to reduce the town's current-period contribution requirement. Plan provisions and contribution requirements are established and may be amended by the town commission.

The town's total payroll in fiscal year 2010 was \$358,271. The town's contributions at 7.3% were calculated using the participants' salary amount of \$169,965. The town made the required contributions of \$12,407 for the fiscal year ended September 30, 2010.

The Employees' Defined Contribution Plan has not issued a stand alone financial report for the fiscal year ended September 30, 2010.

INDIVIDUAL FUND

FINANCIAL SCHEDULES

ENTERPRISE FUND

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

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

TOWN OF REDINGTON SHORES, FLORIDA

SEWER ENTERPRISE FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUES:				
Charges for sales and services	\$ 750,000	\$ 750,000	\$ 754,027	\$ 4,027
Total operating revenues	750,000	750,000	754,027	4,027
OPERATING EXPENSES:				
Materials and supplies	163,000	158,100	165,836	(7,736)
Treatment fees	538,062	538,062	338,519	199,543
Repairs and maintenance	119,238	118,328	67,460	50,868
Depreciation	-	-	36,235	(36,235)
Total operating expenses	820,300	814,490	608,050	206,440
OPERATING INCOME (LOSS)	(70,300)	(64,490)	145,977	210,467
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	12,000	4,500	1,713	(2,787)
Other	-	-	356	356
Total nonoperating revenues (expenses)	12,000	4,500	2,069	(2,431)
Income (loss) before contributions and transfers	(58,300)	(59,990)	148,046	208,036
Capitalized expenses	-	-	15,390	15,390
CHANGE IN NET ASSETS	(58,300)	(59,990)	163,436	223,426
NET ASSETS, OCTOBER 1	2,304,835	2,304,835	2,304,835	-
NET ASSETS, SEPTEMBER 30	\$ 2,246,535	\$ 2,244,845	\$ 2,468,271	\$ 223,426

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

TOWN OF REDINGTON SHORES, FLORIDA

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

SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Governmental Funds Capital Assets:		
Land	\$ 2,481,698	\$ 2,481,698
Buildings	844,514	844,514
Improvements other than buildings	778,339	684,156
Machinery and equipment	292,438	286,819
Construction in progress		2,182,060
Infrastructure	<u>10,696,370</u>	<u>7,825,135</u>
Total Governmental Funds Capital Assts	<u>\$ 15,093,359</u>	<u>\$ 14,304,382</u>
Governmental Funds Capital Assets by Source:		
General Fund	\$ 6,977,130	\$ 6,188,153
Capital improvements fund	<u>8,116,229</u>	<u>8,116,229</u>
Total Governmental Funds Capital Assets	<u>\$ 15,093,359</u>	<u>\$ 14,304,382</u>

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

TOWN OF REDINGTON SHORES, FLORIDA

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

SEPTEMBER 30, 2010 AND 2009

Function and Activity	2010						
	Total	Land	Buildings and Improvements	Improvements Other Than Buildings	Equipment	Construction in Progress	Infra-structure
General Government:							
Finance and Administration	\$ 1,418,472	\$ 576,816	\$ 721,938	\$ 17,736	\$ 101,982	\$ -	\$ -
Total general government	1,418,472	576,816	721,938	17,736	101,982	-	-
Public Safety:							
Code Enforcement	48,345	13,503	21,561	-	13,281	-	-
Civil Defense	50,510	-	-	-	50,510	-	-
Total public safety	98,855	13,503	21,561	-	63,791	-	-
Physical Environment:							
Streets	11,221,643	5,000	24,043	413,124	83,106	-	10,696,370
Total physical environment	11,221,643	5,000	24,043	413,124	83,106	-	10,696,370
Culture and Recreation:							
Parks and Recreation	2,354,389	1,886,379	76,972	347,479	43,559	-	-
Total culture and recreation	2,354,389	1,886,379	76,972	347,479	43,559	-	-
Total governmental fund Capital Assets	\$ 15,093,359	\$ 2,481,698	\$ 844,514	\$ 778,339	\$ 292,438	\$ -	\$ 10,696,370

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

TOWN OF REDINGTON SHORES, FLORIDA

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

SEPTEMBER 30, 2010 AND 2009

Function and Activity	2009						
	Total	Land	Buildings and Improvements	Improvements Other Than Buildings	Equipment	Construction in Progress	Infra- structure
General Government:							
Finance and Administration	\$ 1,397,209	\$ 576,816	\$ 721,938	\$ -	\$ 98,455	\$ -	\$ -
Total general government	1,397,209	576,816	721,938	-	98,455	-	-
Public Safety:							
Code Enforcement	41,820	13,503	21,561	-	6,756	-	-
Civil Defense	50,510	-	-	-	50,510	-	-
Total public safety	92,330	13,503	21,561	-	57,266	-	-
Physical Environment:							
Streets	10,482,005	5,000	24,043	358,228	87,539	2,182,060	7,825,135
Total physical environment	10,482,005	5,000	24,043	358,228	87,539	2,182,060	7,825,135
Culture and Recreation:							
Parks and Recreation	2,332,838	1,886,379	76,972	325,928	43,559	-	-
Total culture and recreation	2,332,838	1,886,379	76,972	325,928	43,559	-	-
Total governmental fund							
Capital Assets	\$ 14,304,382	\$ 2,481,698	\$ 844,514	\$ 684,156	\$ 286,819	\$ 2,182,060	\$ 7,825,135

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

TOWN OF REDINGTON SHORES, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Function and Activity	Governmental Fund Capital Assets October 1, 2010	Additions	Deductions	Governmental Fund Capital Assets September 30, 2010
General Government:				
Finance and Administration	\$ 1,397,209	\$ 26,839	\$ 5,576	\$ 1,418,472
Total general government	1,397,209	26,839	5,576	1,418,472
Public Safety:				
Code Enforcement	41,820	6,525	-	48,345
Civil Defense	50,510	-	-	50,510
Total public safety	92,330	6,525	-	98,855
Physical Environment:				
Streets	10,482,005	739,638	-	11,221,643
Total physical environment	10,482,005	739,638	-	11,221,643
Culture and Recreation:				
Parks and Recreation	2,332,838	21,551	-	2,354,389
Total culture and recreation	2,332,838	21,551	-	2,354,389
Total governmental funds				
Capital Assets	\$ 14,304,382	\$ 794,553	\$ 5,576	\$ 15,093,359

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

STATISTICAL SECTION

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

Content	Page
Financial Trends	63
<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	69
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	73
<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>	
Operating Information	77
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

COMMENTS ON THE STATISTICAL SECTION

September 30, 2010

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

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

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

FINANCIAL TRENDS

TOWN OF REDINGTON SHORES, FLORIDA

NET ASSETS BY COMPONENT

LAST THREE FISCAL YEARS

(accrual basis of accounting)

	<u>2010</u>		<u>2009</u>		<u>2008</u>
Governmental activities:					
Invested in capital assets	\$ 9,767,070	\$	9,065,976	\$	7,271,720
Restricted	1,661,612		1,933,910		1,574,951
Unrestricted	<u>3,684,592</u>		<u>3,462,858</u>		<u>4,120,587</u>
Total governmental activities net assets	\$ <u>15,113,274</u>	\$	<u>14,462,744</u>	\$	<u>12,967,258</u>
Business-type activities:					
Invested in capital assets	\$ 708,602	\$	729,447	\$	393,065
Restricted	-		-		-
Unrestricted	<u>1,759,669</u>		<u>1,575,388</u>		<u>1,920,161</u>
Total business-type activities net assets	\$ <u>2,468,271</u>	\$	<u>2,304,835</u>	\$	<u>2,313,226</u>
Primary government:					
Invested in capital assets,	\$ 10,475,672	\$	9,795,423	\$	7,664,785
Restricted	1,661,612		1,933,910		1,574,951
Unrestricted	<u>5,444,261</u>		<u>5,038,246</u>		<u>6,040,748</u>
	\$ <u>17,581,545</u>	\$	<u>16,767,579</u>	\$	<u>15,280,484</u>

TOWN OF REDINGTON SHORES, FLORIDA

CHANGES IN NET ASSETS
LAST THREE FISCAL YEARS

(accrual basis of accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
EXPENSES			
Governmental Activities:			
General government	\$ 455,471	\$ 526,256	\$ 427,644
Public safety	712,867	686,996	673,886
Physical environment	810,923	686,990	616,970
Culture and recreation	74,181	72,014	71,792
Interest on long-term debt	<u>159,625</u>	<u>169,436</u>	<u>184,940</u>
Total governmental activities expenses	<u>2,213,067</u>	<u>2,141,692</u>	<u>1,975,232</u>
Business-type activities:			
Sewer	<u>592,660</u>	<u>766,749</u>	<u>712,814</u>
Total business-type activities expenses	<u>592,660</u>	<u>766,749</u>	<u>712,814</u>
Total primary government expenses	<u>\$ 2,805,727</u>	<u>\$ 2,908,441</u>	<u>\$ 2,688,046</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services	\$ 634,535	\$ 594,521	\$ 634,581
Capital grants and contributions	<u>423,714</u>	<u>1,091,376</u>	<u>223,866</u>
Total governmental activities program revenues	1,058,249	1,685,897	858,447
Business-type activities:			
Charges for services:			
Sewer	<u>754,027</u>	<u>748,041</u>	<u>758,926</u>
Total business-type activities revenues	<u>754,027</u>	<u>748,041</u>	<u>758,926</u>
Total primary government program revenues	<u>\$ 1,812,276</u>	<u>\$ 2,433,938</u>	<u>\$ 1,617,373</u>
NET (EXPENSE) REVENUE			
Governmental activities	\$ (1,154,818)	\$ (455,795)	\$ (1,116,785)
Business-type activities	<u>161,367</u>	<u>(18,708)</u>	<u>46,112</u>
Total primary government net expense	<u>\$ (993,451)</u>	<u>\$ (474,503)</u>	<u>\$ (1,070,673)</u>

TOWN OF REDINGTON SHORES, FLORIDA

CHANGES IN NET ASSETS (CONTINUED)

LAST THREE FISCAL YEARS

(accrual basis of accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities:			
Taxes:			
Property taxes	\$ 1,033,368	\$ 1,101,025	\$ 964,927
Franchise fees	231,622	209,133	185,316
Intergovernmental Revenues:			
Infrastructure sales surtax	177,477	231,861	246,709
Half-cent sales tax	119,990	126,711	134,797
Local option gas tax	30,528	33,181	33,245
Communication			
services tax	114,273	133,412	116,409
State revenue sharing	51,015	50,582	51,572
Other taxes	7,658	4,649	4,133
Capital contributions	17,733	13,655	36,165
Investment earnings	7,294	36,892	95,321
Miscellaneous	<u>14,390</u>	<u>10,180</u>	<u>9,168</u>
Total governmental activities	1,805,348	1,951,281	1,877,762
Business-type activities:			
Investment earnings	1,713	8,870	21,140
Miscellaneous	<u>356</u>	<u>1,447</u>	<u>498</u>
Total business-type activities	<u>2,069</u>	<u>10,317</u>	<u>21,638</u>
Total primary government	\$ <u><u>1,807,417</u></u>	\$ <u><u>1,961,598</u></u>	\$ <u><u>1,899,400</u></u>
CHANGE IN NET ASSETS			
Governmental activities	\$ 650,530	\$ 1,495,486	\$ 760,977
Business-type activities	<u>163,436</u>	<u>(8,391)</u>	<u>67,750</u>
Total primary government	\$ <u><u>813,966</u></u>	\$ <u><u>1,487,095</u></u>	\$ <u><u>828,727</u></u>

TOWN OF REDINGTON SHORES, FLORIDA

PROGRAM REVENUES BY FUNCTIONS/PROGRAMS

LAST THREE FISCAL YEARS

(accrual basis of accounting)

	<u>PROGRAM REVENUES</u>	<u>PROGRAM REVENUES</u>	<u>PROGRAM REVENUES</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>FUNCTIONS/PROGRAMS</u>			
Governmental Activities:			
General government	\$ 187,108	\$ 211,041	\$ 260,027
Public safety	11,265	11,969	12,553
Physical environment	856,308	1,459,703	550,363
Culture and recreation	<u>3,568</u>	<u>3,184</u>	<u>35,504</u>
Subtotal governmental activities	<u>1,058,249</u>	<u>1,685,897</u>	<u>858,447</u>
Business-type activities:			
Sewer	<u>754,027</u>	<u>748,041</u>	<u>758,926</u>
Subtotal business-type activities	<u>754,027</u>	<u>748,041</u>	<u>758,926</u>
Total primary government	\$ <u><u>1,812,276</u></u>	\$ <u><u>2,433,938</u></u>	\$ <u><u>1,617,373</u></u>

TOWN OF REDINGTON SHORES, FLORIDA

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:			
Reserved	\$ 6,382	\$ 16,362	\$ 18,175
Unreserved, undesignated	<u>3,213,788</u>	<u>2,994,005</u>	<u>3,024,669</u>
Total general fund	<u>\$ 3,220,170</u>	<u>\$ 3,010,367</u>	<u>\$ 3,042,844</u>
 All Other Governmental Funds:			
Reserved, reported in:			
Capital improvements fund	\$ 1,661,612	\$ 1,933,910	\$ 1,573,213
Unreserved, reported in:			
Capital improvements fund	<u>540,885</u>	<u>529,780</u>	<u>1,125,159</u>
Total all governmental funds	<u>\$ 2,202,497</u>	<u>\$ 2,463,690</u>	<u>\$ 2,698,372</u>

TOWN OF REDINGTON SHORES, FLORIDA

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
REVENUES			
Taxes	\$ 1,033,368	\$ 1,101,025	\$ 964,927
Franchise fees	231,622	209,133	185,316
Licenses, fees and permits	104,400	65,698	96,041
Intergovernmental	514,703	650,156	586,865
Charges for services	522,841	513,829	525,987
Fines and forfeits	11,265	11,969	12,553
Contributions and grants	423,714	1,021,616	223,866
Interest earnings	7,294	36,892	95,321
Miscellaneous	<u>14,390</u>	<u>13,205</u>	<u>9,168</u>
Total revenues	2,863,597	3,623,523	2,700,044
EXPENDITURES			
General government	1,221,873	503,452	1,806,515
Public safety	706,342	680,381	667,268
Physical environment	515,969	2,241,040	471,191
Culture and recreation	52,630	51,327	248,902
Debt service:			
Principal	256,410	256,410	256,410
Interest	<u>161,764</u>	<u>171,726</u>	<u>181,606</u>
Total expenditures	<u>2,914,988</u>	<u>3,904,336</u>	<u>3,631,892</u>
Excess of revenues over (under) expenditures	(51,391)	(280,813)	(931,848)
OTHER FINANCING SOURCES (USES)			
Capital contributions	-	13,655	36,165
Transfers in	320,411	630,073	-
Transfers out	<u>(320,411)</u>	<u>(630,073)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>13,655</u>	<u>36,165</u>
Net change in fund balances	\$ <u>(51,391)</u>	\$ <u>(267,158)</u>	\$ <u>(895,683)</u>
Debt service as a percentage of noncapital expenditures	<u>14.3%</u>	<u>21.1%</u>	<u>27.5%</u>

REVENUE CAPACITY

TOWN OF REDINGTON SHORES, FLORIDA

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

Fiscal Year	Assessed Valuations						Percentage			
							Assessed Values to Estimated Market	Yearly Increases		Total Direct Tax Rate
	Real Property Residential	Commercial	Personal Property	Total Taxable	Total Exempt	Total All		Taxable	Total	
2008	\$ 649,722,140	\$ -	\$ 8,517,190	\$ 658,239,330	\$ 191,543,460	\$ 849,782,790	100 %	0.44 %	0.35 %	1.5229
2009	\$ 623,557,557	\$ -	\$ 8,617,794	\$ 632,175,351	\$ 150,304,589	\$ 782,479,940	100 %	(3.96) %	(7.92) %	1.8016
2010	\$ 525,711,180	\$ -	\$ 8,233,513	\$ 533,944,693	\$ 110,581,354	\$ 644,526,047	100 %	(15.54) %	(17.63) %	2.0000

Source: Pinellas County Property Appraiser.

TOWN OF REDINGTON SHORES, FLORIDA

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total valuations	\$ 644,526,047	\$ 782,479,940	\$ 849,782,790
Real estate exemptions:			
Government exemption	17,122,107	16,446,500	18,359,800
Institutional exemption	401,953	420,800	547,900
Assessment differential (F.S. 193.155) ⁽³⁾	55,617,605	93,783,314	152,602,186
Individual or homestead exemptions	<u>37,439,689</u>	<u>39,653,975</u>	<u>20,033,574</u>
Total exemptions and adjustments	<u>110,581,354</u>	<u>150,304,589</u>	<u>191,543,460</u>
Total taxable valuation	\$ <u>533,944,693</u>	\$ <u>632,175,351</u>	\$ <u>658,239,330</u>
Millage levied	<u>2.0000</u>	<u>1.8016</u>	<u>1.5229</u>
Total taxes levied	\$ 1,067,889	\$ 1,140,333	\$ 1,002,433
Less: Adjustments and discounts	<u>34,521</u>	<u>39,308</u>	<u>37,506</u>
Net taxes levied	\$ <u>1,033,368</u>	\$ <u>1,101,025</u>	\$ <u>964,927</u>
Net collected ⁽¹⁾⁽²⁾	\$ <u>1,033,368</u>	\$ <u>1,101,025</u>	\$ <u>964,927</u>

Source: Pinellas County Property Appraiser

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

⁽²⁾ Net collected includes penalties or late payments.

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

TOWN OF REDINGTON SHORES, FLORIDA

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Town of Redington Shores:			
Operating	2.0000	1.8016	1.5229
Debt service	-	-	-
	<u>2.0000</u>	<u>1.8016</u>	<u>1.5229</u>
Total Town millage	2.0000	1.8016	1.5229
 Pinellas County School Board:			
Operating	8.3460	8.0160	7.7310
 Pinellas County:			
Operating	4.8108	4.8108	4.8730
Debt service	-	-	-
	<u>4.8108</u>	<u>4.8108</u>	<u>4.8730</u>
Total County millage	4.8108	4.8108	4.8730
 County-wide millage set by other taxing authorities:			
-Pinellas Suncoast Transit Authority	0.5601	0.5601	0.5601
-Pinellas County Planning Council	0.0125	0.0170	0.0170
-Juvenile Welfare Board	0.7915	0.7915	0.7384
-South West Florida Water Management District	0.3866	0.3866	0.3866
-Pinellas Anclote River Basin	0.3200	0.3600	0.3701
-EMS	0.5832	0.5832	0.5832
	<u>2.6539</u>	<u>2.6984</u>	<u>2.6554</u>
Total County-wide millage	2.6539	2.6984	2.6554
 TOTAL	<u>17.8107</u>	<u>17.3268</u>	<u>16.7823</u>

Source: Pinellas County Tax Collector

TOWN OF REDINGTON SHORES, FLORIDA

PROPERTY LEVIES AND COLLECTIONS
LAST THREE FISCAL YEARS

Fiscal Year	Total Assessed Valuation		Taxable Assessed Valuation		Levy		Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Collections to Date	
							Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$	849,782,790	\$	658,239,330	\$	1,002,433	\$ 963,852	96%	\$ 1,075	\$ 964,927	96%
2009	\$	782,479,940	\$	632,175,351	\$	1,140,333	\$ 1,099,799	97%	\$ 1,226	\$ 1,101,025	97%
2010	\$	644,526,047	\$	533,944,693	\$	1,067,889	\$ 1,032,107	97%	\$ 1,261	\$ 1,033,368	97%

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

Source: Pinellas County Property Appraiser.

DEBT CAPACITY

TOWN OF REDINGTON SHORS, FLORIDA

PERCENTAGE OF ANNUAL GENERAL DEBT SERVICE TO
GENERAL GOVERNMENTAL EXPENDITURES -
BANK LOAN
LAST THREE FISCAL YEARS

Fiscal Year	Debt Service		Total General Governmental Expenditures ⁽¹⁾	Percentage of Debt Service to General Governmental Expenditures
	Bank Loan	Total Debt		
2008	\$ 438,016	\$ 438,016	\$ 3,631,892	12.06 %
2009	\$ 428,136	\$ 428,136	\$ 3,904,336	10.97 %
2010	\$ 418,174	\$ 418,174	\$ 2,914,988	14.34 %

⁽¹⁾ Includes general and capital improvement

TOWN OF REDINGTON SHORES, FLORIDA

PLEDGED-REVENUE COVERAGE
LAST THREE FISCAL YEARS

<u>Fiscal Year</u>	<u>Non Ad Valorem Revenues</u>		<u>Ad Valorem Revenues</u>		<u>Essential Service Expenditures</u>		<u>Net Available Revenue</u>		<u>Debt Service</u>		<u>Coverage⁽¹⁾</u>
									<u>Principal</u>	<u>Interest</u>	
2008	\$	1,771,282	\$	964,927	\$	3,193,876	\$	(457,667)	\$ 256,410	\$ 181,606	(1.05) %
2009		2,536,153		1,101,025		3,476,200		160,978	256,410	171,726	37.60
2010		1,830,229		1,033,368		2,496,814		366,783	256,410	161,764	87.71

⁽¹⁾ Required 1.25.

TOWN OF REDINGTON SHORES, FLORIDA

PERCENTAGE OF BANK LOAN
TO TAXABLE ASSESSED VALUATION AND NET BONDED DEBT
PER CAPITA
LAST THREE FISCAL YEARS

<u>Fiscal Year</u>	<u>Population⁽¹⁾</u>	<u>Taxable Assessed Valuation</u>	<u>Bank Loan</u>	<u>Less Sinking Fund</u>	<u>Net Bank Loan</u>	<u>Percent of Net Bank Loan to Assessed Valuation</u>	<u>Net Bank Loan Per Capita</u>
2008	2,500	\$ 658,239,330	\$ 4,487,180	\$ -	\$ 4,487,180	0.68	\$ 1,795
2009	2,500	632,175,351	4,230,770	-	4,230,770	0.67	1,692
2010	2,500	533,944,693	3,974,360	-	3,974,360	0.74	1,590

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

OPERATING
INFORMATION

TOWN OF REDINGTON SHORES, FLORIDA

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

	Net General Obligation Bonded Debt Outstanding	Net General Nonself- Supporting Revenue Debt	Total	Percentage Applicable to Town of Redington Shores	Amount Applicable to Town of Redington Shores
Direct Debt:					
Town of Redington	\$ -	\$ 3,974,360	\$ 3,974,360	100 %	\$ 3,974,360
Overlapping debt:					
Pinellas County School Board ⁽¹⁾	\$ 29,955,000	\$ -	\$ 29,955,000	0.92 %	275,586
Pinellas County, Florida	-	-	-		
Total Overlapping debt	<u>\$ 29,955,000</u>	<u>\$ -</u>	<u>\$ 33,929,360</u>		
Total Direct and Overlapping debt					<u>\$ 4,249,946</u>
RATIO:					
Overall debt to 2010 taxable value				<u>0.80%</u>	
Overall debt per capita				<u>\$ 1,700</u>	

(1) The Town's share is calculated based on the ratio of the 2010 County Taxable Value of \$58,280,632,666 to the Town's Taxable Value of \$533,844,693.

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

TOWN OF REDINGTON SHORES, FLORIDA

FULL-TIME EQUIVALENT
TOWN EMPLOYEES BY FUNCTION
LAST THREE FIISCAL YEARS

<u>FUNCTION</u>	Full-time Equivalent Employees as of September 30,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government	2	2	2
Public Safety: - General employees	4	4	4
Physical Environment	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u><u>7</u></u>	<u><u>7</u></u>	<u><u>7</u></u>

TOWN OF REDINGTON SHORES, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST THREE FISCAL YEARS

<u>FUNCTION</u>	Fiscal Year Ended September 30,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Physical Environment:			
Resurfacing	1.1 miles	2.234 mi.	-
Pothole repaired	3	3	2
Cultural and Recreation:			
Pavilion rental	35	38	1
Sewer:			
New connections	12	5	1
Main breaks	-	-	1
Average consumption	12,407	12,407	12,407

TOWN OF REDINGTON SHORES, FLORIDA

CAPITAL ASSETS STATISTICS
LAST THREE FISCAL YEARS

<u>FUNCTION</u>	Fiscal Year Ended September 30,		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Physical Environment:			
Streets (Miles)	5.11	5.11	5.11
Traffic signs	150	150	150
Culture and Recreation:			
Park acreage	29.23	29.23	29.23
Parks	3	3	3
Tennis Courts	1	1	1
Shuffle Board Court	1	1	1
Volley Ball	1	1	1

TOWN OF REDINGTON SHORES, FLORIDA

MISCELLANEOUS STATISTICAL DATA

September 30, 2010

Date of Incorporation	August 30, 1955	Term of Office:
Date First Charter Adopted	1955	Mayor - 3 Years, voted at large
Date Present Charter Adopted	1955	Commissioners - 2 Years, voted by district
Form of Government: Mayor - Commission		Average Annual Temperature - 70.75 degrees
Commission Composed of: Mayor and Four Commissioners		Average Annual Rainfall - 52.42 inches
		Area - 0.36 square miles

MUNICIPAL UTILITIES, SERVICES AND EVENTS

Parks and Recreation

- 1 playground in residential area - Spitzer Park
- 1 playground on Gulf Boulevard, with pavillion, grills, half basketball court, shuffle board court, volleyball, and park house (rental) with bathrooms and kitchen
- 1 nature park with walking trail, exercise stations, kayak launch, pavillions
- 1 Tennis Court

Parkland acreage - 29.23 acres recreation/open space

Major Annual Community Events

People Attending

Annual Holiday Tree Lighting	250
Annual Town Picnic and Recycling Rally	400
Annual Holiday Lighted Boat Parade	
Annual Santa Parade and House Decorating Contest	

Cultural Facilities Available in Redington Shores and the Tampa Bay Area

Gulf Beaches Public Library
Suncoast Seabird Sanctuary
Clearwater Marine Aquarium
Salvador Dali Museum
Heritage Village
Florida Botanical Gardens
Weedon Island preserve

OTHER REPORTS

TOWN OF REDINGTON SHORES

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

AND

MANAGEMENT LETTER

AND

MANAGEMENT MEMORANDUM
ON REVIEW OF INTERNAL CONTROL STRUCTURE

September 30, 2010

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

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
(727)734-5437 or 736-0771
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The Honorable Mayor
and Town Commission
Town of Redington Shores, Florida

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of the Town as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 18, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

The Honorable Mayor
and Town Commissioners
Town of Redington Shores, Florida

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town in a separate letter dated May 18, 2011.

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

Davidson, Jamison & Cristen, P.L.

May 18, 2011

MANAGEMENT LETTER

Davidson, Jamieson & Cristini, P.L.
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The Honorable Mayor and
Town Commission
Town of Redington Shores, Florida

We have audited the financial statements of the Town of Redington Shores, Florida as of and for the fiscal year ended September 30, 2010 and have issued our report thereon dated May 18, 2011.

We conducted our audit in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting. Disclosures in that report, which are dated May 18, 2011 should be considered in conjunction with this management letter.

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

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

As required by the Rules of the Auditor General (Section 10.554(1)(i)(2)), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town complied with Section 218.415, Florida Statutes.

The Honorable Mayor
and Town Commission
Town of Redington Shores, Florida

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

The Rules of the Auditor General (Section 10.554(1)(i)(4)) requires address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

The Rules of the Auditor General (Section 10.554(1)(i)(6)) requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter unless disclosed in the notes to the financial statements. Legal authority includes the general law, special acts, ordinances, resolutions, or other means by which the local government entity was created and is governed. This disclosure has been included in the Town's Annual Financial Report for the fiscal year ended September 30, 2010.

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

The Rules of the Auditor General (Section 10.554(1)(i)7.b requires a statement as to whether or not the financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the current audit period. We determined that the Comprehensive Annual Financial Report for the Town for the fiscal year ended September 30, 2010 is in agreement with the financial report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2010.

The Honorable Mayor
and Town Commission
Town of Redington Shores, Florida

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

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

Davidson, Jamison & Cristine, P.L.

May 18, 2011

**MANAGEMENT MEMORANDUM
ON REVIEW
OF INTERNAL CONTROL STRUCTURE**

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

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Florida Institute of
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May 18, 2011

The Honorable Mayor
and Town Commission
Town of Redington Shores, Florida

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparisons for the general fund and the aggregate remaining fund information which collectively comprise the basic financial statements of the Town of Redington Shores, Florida as of and for the year ended September 30, 2010, and have issued our report thereon dated May 18, 2011.

We have issued our Report on Compliance and Internal Accounting Controls in Accordance with *Government Auditing Standards* dated May 18, 2011. Disclosures in that report, if any, should be considered in conjunction with this management memorandum.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

The Honorable Mayor
and Town Council
Town of Redington Shores, Florida

We present our observations and recommendations under the following captions for your consideration:

CURRENT YEAR

Implementation of GASB Statement 54

PRIOR YEAR

Due to Other Funds

CURRENT YEAR

Implementation of GASB Statement 54

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

PRIOR YEAR

Due to Other Funds

During our 2009 audit procedures we found that over the last several years the general fund continued to report its borrowings from the Capital Improvements and Sewer Funds as a current liability.

From the standpoint of the term of repayment of liabilities, a current liability is deemed to be repayable during the next twelve month operating cycle. We recommended that the General Fund repay those borrowings.

This recommendation has been implemented.

* * * * *

This memorandum is intended solely for the use of the Mayor and Town Commission, the Pinellas County, Florida Board of Commissioners and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

DAVIDSON, JAMIESON & CRISTINI, P.L.

MANAGEMENT RESPONSE



Redington Shores

*17425 Gulf Boulevard
Redington Shores FL 33708
727-397-5538*

June 1, 2011

TOWN OF REDINGTON SHORES CHIEF EXECUTIVE'S ANSWERS TO AUDITOR'S MANAGEMENT LETTER

ACCOUNTING PROCEDURES

1. Implementation of GASB Statement 54

The Town Clerk/Treasurer and Finance Commissioner will discuss and plan for GASB Statement 54.

Mary F. Palmer, MMC
Town Clerk/Treasurer

MFP