

CITY OF MADEIRA BEACH, FLORIDA

Comprehensive Annual Financial Report



**For the Fiscal Year Ended
September 30, 2014**

**Comprehensive
Annual Financial Report
of the
City of Madeira Beach, Florida**

**For the Fiscal Year Ended
September 30, 2014**

Prepared by: City of Madeira Beach Finance Department

CITY OF MADEIRA BEACH, FLORIDA
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2014

Table of Contents

| | <u>Page</u> |
|--|--------------------|
| Section I - Introductory Section | |
| Letter of Transmittal | i |
| GFOA Certificate of Achievement | vi |
| Principal City Officials | vii |
| Organizational Chart..... | viii |
| Section II - Financial Section | |
| Independent Auditor’s Report..... | 2 |
| Management’s Discussion and Analysis (Unaudited) | 4 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 17 |
| Statement of Activities..... | 18 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 19 |
| Reconciliation of the Balance Sheet to the Statement of Net Position..... | 20 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 21 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 22 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund | 23 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Local Option Sales Tax Fund | 24 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Archibald Fund | 25 |
| Statement of Net Position - Proprietary Funds | 26 |
| Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds | 28 |
| Statement of Cash Flows - Proprietary Funds | 29 |
| Notes to the Financial Statements | 30 |

Section III – Required Supplementary Information (Unaudited)

Other Postemployment Benefits:

Schedule of Employer Contributions 57
Schedule of Funding Progress 57

Section IV - Statistical Section

Financial Trends:

Net Position by Component..... 60
Changes in Net Position 61
Fund Balances of Governmental Funds 63
Changes in Fund Balances of Governmental Funds..... 64

Revenue Capacity:

Taxable and Estimated Actual Value of Taxable Property 65
Property Tax Rates, Direct and Overlapping Governments 66
Principal Property Taxpayers 67
Property Tax Levies and Collections 68

Debt Capacity:

Computation of Direct and Overlapping Debt 69

Demographic and Economic Information:

Demographic Statistics..... 70
Principal Employers 71

Operating Information:

Full-time Equivalent City Government Employees by Function 72
Operating Indicators by Function..... 73
Capital Asset Statistics by Function 74

Section V - Other Reports

Independent Auditor’s Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*..... 76
Independent Auditor’s Management Letter 78
Schedule of Findings and Responses 80
Independent Accountant’s Report..... 81

Section I

Introductory Section





City of Madeira Beach
300 Municipal Drive
Madeira Beach, FL 33708
(727) 391-9951

April 29, 2015

Honorable Mayor and
Members of the Board of Commissioners, and
Citizens of the City of Madeira Beach, Florida

The Comprehensive Annual Financial Report (CAFR) of the City of Madeira Beach for the fiscal year ended September 30, 2014, is hereby submitted. In addition to meeting legal requirements of the City Charter, Florida Statutes and the Rules of the Auditor General of the State of Florida, the report continues to present the City's tradition of full financial disclosure. The CAFR represents the official report of the City's financial position and operations to the citizens, Board of Commissioners, rating agencies, bond holders and other interested parties.

Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the City. Management believes the data as presented are accurate in all material respects; that the report is presented in a manner which fairly illustrates the financial activity of the various funds; and that all disclosures necessary to enable the reader to gain a complete understanding of the City's financial activities have been included.

To provide a reasonable basis for making the presentations, management maintains an internal control structure that provides reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition; that transactions are executed in accordance with management's authorization; and that transactions are recorded properly to facilitate preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Pursuant to the City Charter, Florida Statutes Chapters 11.45 and 218, and Chapter 10.550 of the Rules of the Auditor General of the State of Florida, an audit of the accounts and financial statements of the City of Madeira Beach has been completed by the City's independent certified public accountants, Mayer Hoffman McCann P.C., whose opinion is included in the financial section of this report. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Madeira Beach's financial statements for the fiscal year ended September 30, 2014, are fairly presented in conformity with GAAP.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Madeira Beach's MD&A can be found immediately following the audit report.

Profile of the Government

The City of Madeira Beach originally began as a fishing village. Located on a barrier island at John's Pass with direct access to the Gulf of Mexico, Madeira Beach connects to the mainland near St. Petersburg by a free causeway and to the other barrier islands by bridges. The City was incorporated in 1947 with a Council-Manager form of government. The permanent resident population is 4,323, complemented by a visiting population of over 15,000 annual tourists.

The City of Madeira Beach provides a traditional range of services, including fire protection and emergency medical service; maintenance of parks, streets and other infrastructure; stormwater and sanitation collection services; a municipal marina; and recreational programs and events. The City contracts with the Pinellas County Sheriff's Office for law enforcement. Pinellas County provides potable water, sanitary sewerage, solid waste disposal and treatment, and criminal justice systems.

The annual budget serves as the foundation for the City's financial planning and control. Department directors are required to submit budget requests to the Assistant City Manager/Finance Director, who then develops the proposed budget based on additional direction from the City Manager. The City Manager is required by City Charter to present the proposed budget to the Board of Commissioners prior to July 1. The Board of Commissioners is required to hold public hearings on the proposed budget and to adopt a final budget by September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The City Manager may transfer any unencumbered appropriation or portion thereof between classifications of expenditures within a department. The Board of Commissioners may, by resolution, make additional appropriations or transfer any unencumbered appropriation from any department to another department. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The comparisons are presented on pages 23-25 as part of the basic financial statements for governmental funds.

Local economy

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

The City of Madeira Beach is one of twenty-four incorporated municipalities in Pinellas County. The sunny climate and long stretches of white, sandy beaches along the Gulf of Mexico attract visitors and new residents each year. Tourism is the primary industry of Pinellas County as well as the City of Madeira Beach.

Madeira Beach is home to John's Pass Village, a regional commercial fishing hub that also includes retail shops, condominium rentals, restaurants, and a beach and waterfront boardwalk for visitors and tourists. The Village provides a unique, multi-purpose experience for fishing, shopping, dining and

entertainment. The City works closely together with the John's Pass merchants to ensure the Village remains a destination attraction, both locally and nationally.

Major Initiatives

Since fiscal year 2012, the Board of Commissioners has encouraged the development of new or expanded City services and aggressive capital improvement activity. Management has supported the Board's direction by achieving revenue enhancements, reducing operational costs, and restructuring the City's budget to facilitate the use of available resources.

Specifically, parking revenue has experienced tremendous growth over the past three years, generating unrestricted net revenue to provide for services such as new special events and expanded recreational programs. Meanwhile, costs associated with the parking enforcement operation have been contained by privatizing ticket processing.

The City is moving forward on previously deferred capital projects, including the replacement of several facilities, new park amenities, critical infrastructure reinvestment, and aesthetic improvements to encourage private development. Though the scope of several projects is still under review, the financial plans require a combination of cash contributions and debt financing. Accordingly, the Finance Department has completed two debt issues in a thirteen-month period, including the City's first bond since fiscal year 1987. As of September 30, 2014, the following major projects are in design or under construction:

- City Centre reconstruction:
 - City hall, fire station, recreation center replacement
 - Recreation field beautification and enhancements
- Gulf Blvd. utility line undergrounding
- Citywide stormwater drainage and roadway improvements

Several funds have been closed and transferred to the General Fund, removing undue restrictions on spending. Recent revisions to establish the current fund structure include the following:

- The sale of the City's sewer system to Pinellas County on October 1, 2006 resulted in a large cash inflow to the Sewer Fund. The Sewer Fund was subsequently eliminated and remaining assets were transferred to the General Fund. Proceeds from the sale were previously reported as an assignment of fund balance, to be used for capital improvements. In December 2013, the Board of City Commissioners authorized appropriation of the assignment to support the City Centre reconstruction project.
- The fiscal year 2013 adopted budget eliminated the Vehicle Replacement Fund. All vehicles intended for replacement were subsequently budgeted and/or scheduled within the appropriate department and fund, while the corresponding assignment of fund balance was removed.
- The fiscal year 2014 adopted budget eliminated the John's Pass Village Fund and Parking Fund, transferring all assets and liabilities to the General Fund. The operations previously reported in the two funds were established as divisions within the General Fund.
- The fiscal year 2014 adopted budget established the Archibald Fund, which reports all revenues collected and expenditures incurred at Archibald Memorial Beach Park. The National Park Service requires all funds generated on the property to be expended for park and recreation-related purposes.

Management considers the City's operating budget structurally sound, as the General Fund budget has been adopted each of the past three years without appropriating fund balance. The City realized a 4.64% increase in property values for fiscal year 2014 followed by a 6.04% increase for fiscal year 2015. Meanwhile, the Board of City Commissioners authorized the City's first millage increase since fiscal year 1989, raising the rate from 1.79 mills to 1.99 mills. Despite the increase, Madeira Beach continues to operate on the lowest tax rate of all cities in Pinellas County.

City staff has worked closely with the business community to encourage private development. The City's first commercial hotel opened in March 2015, adding to the infrastructure of motels and condominium rentals available along the beach. Other recent development projects have contributed to unprecedented building permit revenue and staff anticipates continued positive short-term growth. As development continues, so too should tourism and parking activity, reinforcing the connection between Madeira Beach's status as a destination and its economic condition.

Relevant financial policies and practices

In February 2015, management received direction from the Board of Commissioners to establish formal budget and finance policies appropriate for the City's current financial goals and requirements. Prioritized items include a fund balance policy, budget policy, and investment policy. In the meantime, management is governed by the following policies and practices:

Long term financial planning

The City uses a five-year Capital Improvement Program (CIP), located in the budget document, to link the comprehensive annual financial report (CAFR) with long-term financial estimates and capital improvement planning. The General Fund, for example, begins with the unassigned balance as reported in the CAFR and projects current-year revenue and expenditures to derive an estimated year-end final balance. Management then allocates funding plans for various capital needs based on direction from the Board of City Commissioners. The CIP illustrates the City's desire to balance capital investment with cash preservation.

Investment policy

The City formally repealed its previous investment policy in 2004, limiting authorized investments to those specified by Florida Statute 218.415. Investment options include the following:

- Local government investment pools
- Money market funds
- Certificates of deposit
- Direct obligations of the U.S. Treasury

Stabilization arrangement

The City annually reserves one-third of the General Fund operating budget for unforeseen emergencies, as reported in the committed balance.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Madeira Beach for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the 16th consecutive year the City has received the prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). The report must satisfy generally accepted accounting principles, applicable legal requirements, and best practices established by GFOA. Management believes the current report also conforms to the Certificate of Achievement program's requirements.

Preparation of the CAFR relies on the diligent and professional efforts of everyone in the Finance Department. The year-end closing procedure, particularly in light of the various budgetary and fund structure changes, was an arduous process involving tireless efforts by staff. The City's independent auditors, Mayer Hoffman McCann P.C., also contributed invaluable to the process by testing data integrity and internal controls.

Management believes the CAFR clearly illustrates the financial position of the City of Madeira Beach and thanks you for your support and commitment to valuing and preserving the City's financial condition.

Respectfully submitted,



Shane B. Crawford
City Manager



Vincent M. Tenaglia
Assistant City Manager/Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Madeira Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

CITY OF MADEIRA BEACH, FLORIDA

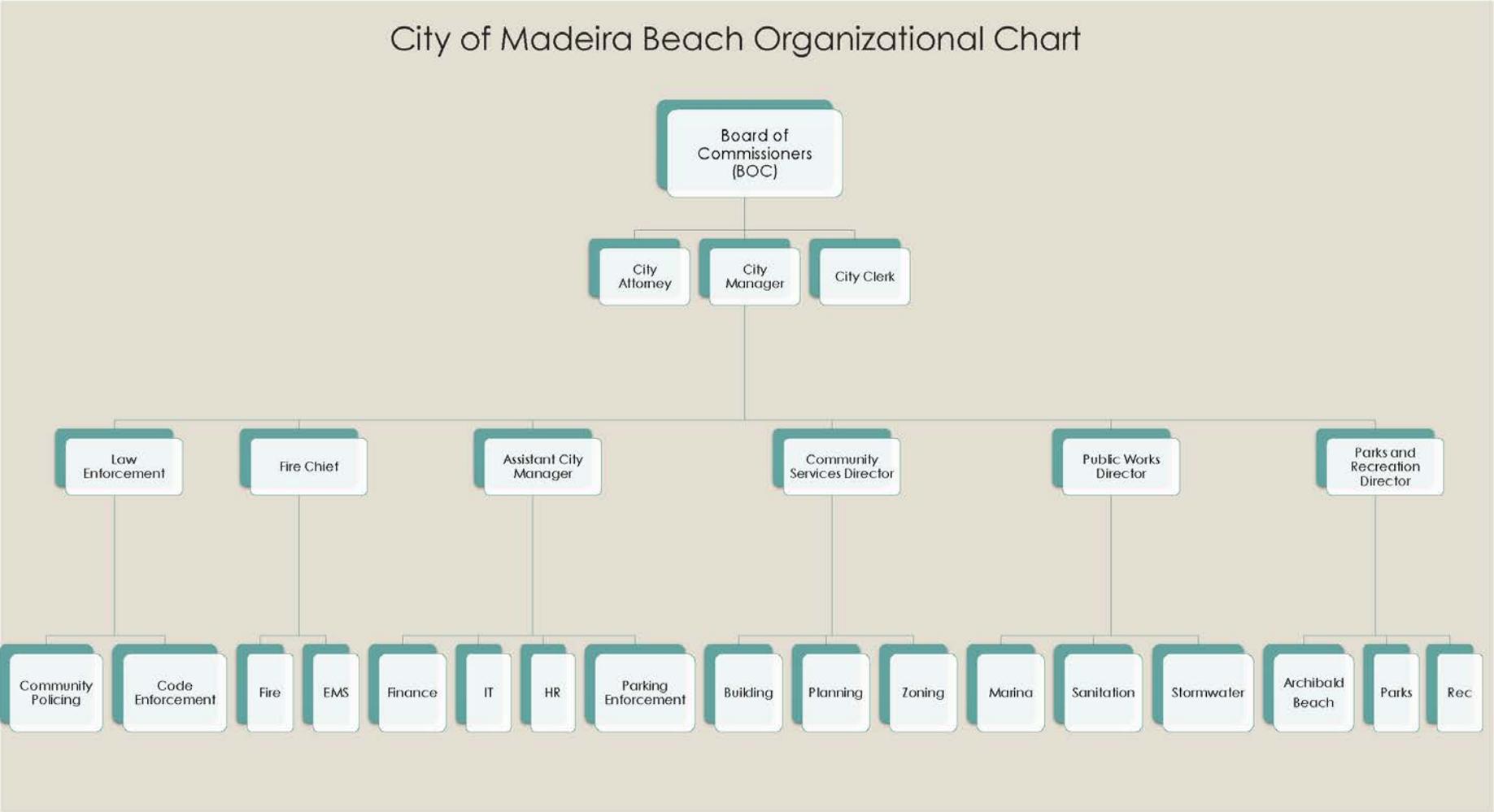
Principal City Officials*

September 30, 2014

| | |
|--|----------------------------|
| Mayor | Travis Palladeno |
| Commissioner District 1 | Terry Lister |
| Commissioner District 2 | Nancy Hodges |
| Commissioner/Vice Mayor District 3 | Elaine Poe |
| Commissioner District 4 | Patricia Shontz |
| City Manager | Shane B. Crawford |
| City Attorney | Thomas J. Trask |
| City Clerk | Aimee Servedio |
| Assistant City Manager/Finance Director | Vincent M. Tenaglia |

*** Officials as of financial report date.**

THE CITY OF MADEIRA BEACH, FLORIDA
ORGANIZATIONAL CHART
SEPTEMBER 2014



Section II

Financial Section





Independent Auditor's Report

To the Honorable Mayor and Board of Commissioners
City of Madeira Beach, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Madeira Beach, Florida (the "City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 16 and the schedule of employer contribution and schedule of funding progress on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mayer Hoffmax McCann P.C.

April 29, 2015
Clearwater, Florida

CITY OF MADEIRA BEACH, FLORIDA

Management's Discussion and Analysis

**September 30, 2014
(Unaudited)**

Management's discussion and analysis (MD&A) is designed to focus on significant financial issues and provide an overview of the City of Madeira Beach's financial activity for the fiscal year ended September 30, 2014. The MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts. It should be read in conjunction with the transmittal letter (beginning on page i), basic financial statements (beginning on page 17), and notes to the financial statements (beginning on page 30).

Overview of the Financial Statements and Financial Highlights:

The financial statements provide insight into the City of Madeira Beach's (the City's) ability to provide services and meet obligations, both now and in the future. Trends in assets, liabilities and equity (net position) highlight the City's financial position, and can be evaluated to determine whether the City is better off or worse off as a result of its operations.

The City's financial position as of September 30, 2014 compared to September 30, 2013:
Government-wide assets increased 21.2%, primarily due to new construction and capital project activity
Government-wide liabilities (plus deferred inflows) increased 713.9%, as a result of issuing debt to finance the new assets
Government-wide net position increased 3.2%

The financial statements include three components that should be considered together in order to gain a comprehensive understanding of the City's financial position: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

1. Government-wide Financial Statements:

The government-wide financial statements provide a broad overview of the City's finances, in a manner similar to the private sector. The statements can be found on pages 17-18 of this document, and include two different reports: the statement of net position and the statement of activities.

The **statement of net position** presents information on all of the City's assets and liabilities. The difference between assets (plus deferred outflows of resources) and liabilities (plus deferred inflows of resources) is known in governmental accounting as net position. Analysis of net position requires evaluation of unrestricted and restricted net position as well as net investment in capital assets. The latter category represents the net assets being used by the City to provide goods and services to the community. As such, these assets are not readily available for spending without first being converted to financial resources. Restricted net assets represent those which are controlled by state statutes, enabling legislation, debt covenants, or other external requirements. The remaining balance is reported as unrestricted net position, which represents available resources the City may use to meet ongoing demands.

CITY OF MADEIRA BEACH, FLORIDA

Management's Discussion and Analysis

September 30, 2014
(Unaudited)

Composition of the City's net position changed dramatically between fiscal year 2013 and fiscal year 2014. The City initiated its "City Centre" project to reconstruct the municipal campus, including new city hall, fire station and recreation center facilities and amenities. To do so, the City issued its first bonds since fiscal year 1987 and committed cash resources to fund part of the project on a "pay as you go" basis. As a result, while total net position increased 3.2%, the individual components of net position shifted greatly. Net investment in capital assets increased 23.0%, as the City Centre and other capital outlay increased construction in progress 573.5%. Meanwhile, restricted net position declined 19.3%, as the City funded its construction activity with assets that had been restricted for infrastructure improvements. Unrestricted net position ultimately declined 12.5%.

The **statement of activities** illustrates *how* the City's net position changed as a result of operations during the fiscal year. This section categorizes City services by program and illustrates the extent to which various functions are subsidized by general tax revenues. Distinction is made between those operations which are expected to be supported by taxes (governmental activities) and those which are intended to recover their costs (business-type activities).

The City's governmental activities posed less of a financial burden in fiscal year 2014 than in fiscal year 2013. The operation of governmental activities such as public safety, parks and recreation, public works, and general administration resulted in a net expense of \$3.20M, as compared to \$3.97M in the prior year. The difference can be attributed to reorganization of the City's budget; previously, the City's parking enforcement and John's Pass Village services were reported as business-type activities. The two functions have generated unprecedented revenue for the City over the past several years. Their transfer shifted \$1.06M in revenue from business-type activities to governmental-activities.

2. Fund Financial Statements:

In governmental accounting, a "fund" is a segregated group of related accounts used to ensure and demonstrate compliance with enabling legislation, legal requirements, or other financial administration goals and objectives. The City of Madeira Beach reports two types of funds: governmental and proprietary.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements (i.e., public safety, parks and recreation, public works, and general administration). However, unlike the government-wide financial statements, governmental fund financial statements focus on financial resources rather than economic resources. Financial resources represent those which may be used to meet near-term requirements. Economic resources, such as capital assets which cannot be quickly converted to finance near-term requirements, are excluded from governmental fund reporting. The narrower focus is intended to emphasize the use of spendable assets.

CITY OF MADEIRA BEACH, FLORIDA

Management's Discussion and Analysis

**September 30, 2014
(Unaudited)**

The long-term impact of the City's shorter-term financial activities can be determined by comparing governmental fund reporting to the government-wide statements. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison.

The fiscal year 2014 reconciliation reports appear much different than the fiscal year 2013 reports, due to the impact of the City Centre project and related bond issuance. Rather than depreciating construction costs over the life of the new facilities, governmental fund reporting records the project as a spike in current expenditures. Meanwhile, the impact of debt issuance to current financial resources is reported as a cash infusion; long-term debt liability is excluded from governmental fund reporting. The net effects are illustrated on pages 20 and 22 of this report.

The City maintains three governmental funds: the General Fund, Archibald Fund, and Local Option Sales Tax Fund. Each is considered a major fund for which appropriations are adopted annually. Budgetary comparison statements are provided in this report to demonstrate compliance with the legally adopted budget. Governmental fund financial statements begin on page 19.

Proprietary funds, as reported by the City of Madeira Beach, include three enterprise funds: the Sanitation Fund, Stormwater Fund, and Marina Fund. These funds report the same functions and use the same basis of accounting as the business-type activities presented in the government-wide financial statements. Proprietary fund statements are located on pages 26-29.

Prior to fiscal year 2014, the City reported its parking enforcement and John's Pass Village functions as enterprise funds. Upon adoption of the fiscal year 2014 budget, the Board of Commissioners authorized the transfer of all Parking Fund and John's Pass Village Fund assets and liabilities to the General Fund. Total assets of the City's proprietary funds decreased 39.1% as a result.

3. Notes to the Financial Statements:

Notes to the financial statements provide additional information that is essential to gaining a full understanding of the data provided in the government-wide and fund financial statements. The notes begin on page 30 of this report.

CITY OF MADEIRA BEACH, FLORIDA

Management's Discussion and Analysis

**September 30, 2014
(Unaudited)**

Government-Wide Financial Analysis:

As of September 30, 2014 the City's total net position was \$32,197,729, an increase of 3.2% over the prior year. The City experienced a significant shift in net position between its governmental activities and business-type activities as a result of restructuring its budget. Net position of governmental activities increased 26.7 % while business-type activities decreased 42.6%.

Because the City committed significant resources to the provision of new projects and services, unrestricted net position declined 12.5%. Resources were largely committed to new capital improvement activity, resulting in a 23.0% increase to net position invested in capital assets. Meanwhile, restricted net assets that had been set aside for infrastructure improvements were expended to help fund capital projects. As such, restricted net position declined 19.3%.

The following tables present the condensed statement of net position and statement of activities for the current year as compared to the previous year. More detailed information can be found on pages 17 and 18 of the basic financial statements.

City of Madeira Beach's Net Position

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Totals</u> | |
|-----------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|-------------------|-------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Current and other assets | \$ 14,288,727 | \$ 13,652,584 | 2,811,296 | 4,177,446 | 17,100,023 | 17,830,030 |
| Capital assets | 18,070,210 | 7,520,304 | 3,635,279 | 6,654,254 | 21,705,489 | 14,174,558 |
| Total assets | 32,358,937 | 21,172,888 | 6,446,575 | 10,831,700 | 38,805,512 | 32,004,588 |
| Long-term liabilities outstanding | 4,980,473 | 204,766 | 70,918 | 60,907 | 5,051,391 | 265,673 |
| Other liabilities | 1,209,145 | 299,904 | 307,515 | 194,091 | 1,516,660 | 493,995 |
| Total liabilities | 6,189,618 | 504,670 | 378,433 | 254,998 | 6,568,051 | 759,668 |
| Deferred inflows of resources | 39,732 | 52,183 | - | - | 39,732 | 52,183 |
| Net assets: | | | | | | |
| Invested in capital assets | 13,799,242 | 7,520,304 | 3,635,279 | 6,654,254 | 17,434,521 | 14,174,558 |
| Restricted | 1,491,307 | 1,847,565 | - | - | 1,491,307 | 1,847,565 |
| Unrestricted | 10,839,038 | 11,248,166 | 2,432,863 | 3,922,448 | 13,271,901 | 15,170,614 |
| Total net position | \$ 26,129,587 | 20,616,035 | 6,068,142 | 10,576,702 | 32,197,729 | 31,192,737 |

CITY OF MADEIRA BEACH, FLORIDA

Management's Discussion and Analysis

**September 30, 2014
(Unaudited)**

City of Madeira Beach's Statement of Activities

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Totals</u> | |
|--|--------------------------------|------------------|---------------------------------|------------------|-------------------|------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 3,144,831 | \$ 1,091,249 | 3,678,838 | 4,375,152 | 6,823,669 | 5,466,401 |
| Operating grants and contributions | - | 52,730 | - | - | - | 52,730 |
| Capital grants and contributions | 230,813 | 75,000 | - | - | 230,813 | 75,000 |
| General revenues: | | | | | | |
| Property taxes | 1,490,180 | 1,424,325 | - | - | 1,490,180 | 1,424,325 |
| Other taxes | 1,246,640 | 1,158,034 | - | - | 1,246,640 | 1,158,034 |
| Other | 1,435,739 | 1,359,570 | 19,731 | 54,019 | 1,455,470 | 1,413,589 |
| Total revenues | 7,548,203 | 5,160,908 | 3,698,569 | 4,429,171 | 11,246,772 | 9,590,079 |
| Expenses: | | | | | | |
| General government | 1,738,593 | 1,524,928 | - | - | 1,738,593 | 1,524,928 |
| Physical environment | 397,459 | 441,568 | - | - | 397,459 | 441,568 |
| Transportation | - | 7,316 | - | - | - | 7,316 |
| Public safety | 2,419,548 | 2,325,689 | - | - | 2,419,548 | 2,325,689 |
| Culture and recreation | 1,226,418 | 892,963 | - | - | 1,226,418 | 892,963 |
| Sanitation | - | - | 1,120,079 | 987,491 | 1,120,079 | 987,491 |
| Stormwater | - | - | 455,957 | 373,158 | 455,957 | 373,158 |
| Marina | - | - | 2,095,009 | 1,800,831 | 2,095,009 | 1,800,831 |
| John's Pass Village | - | - | - | 326,085 | - | 326,085 |
| Parking | 266,139 | - | - | 206,832 | 266,139 | 206,832 |
| Interest and other fees from long-term debt | 522,578 | - | - | - | 522,578 | - |
| Total expenses | 6,570,735 | 5,192,464 | 3,671,045 | 3,694,397 | 10,241,780 | 8,886,861 |
| Increase (decrease) in net position before transfers | 977,468 | (31,556) | 27,524 | 734,774 | 1,004,992 | 703,218 |
| Transfers | 4,536,084 | 75,500 | (4,536,084) | (75,500) | - | - |
| Increase (decrease) in net position | 5,513,552 | 43,944 | (4,508,560) | 659,274 | 1,004,992 | 703,218 |
| Net position: October 1 | 20,616,035 | 20,572,091 | 10,576,702 | 9,917,428 | 31,192,737 | 30,489,519 |
| Net position: September 30 | \$ 26,129,587 | 20,616,035 | 6,068,142 | 10,576,702 | 32,197,729 | 31,192,737 |

1. Governmental Activities:

The City continued to experience unprecedented parking revenue growth. Because this revenue is now reported in governmental activities rather than business-type, total governmental activity revenue increased 46.3% while business-type revenue decreased 16.5%.

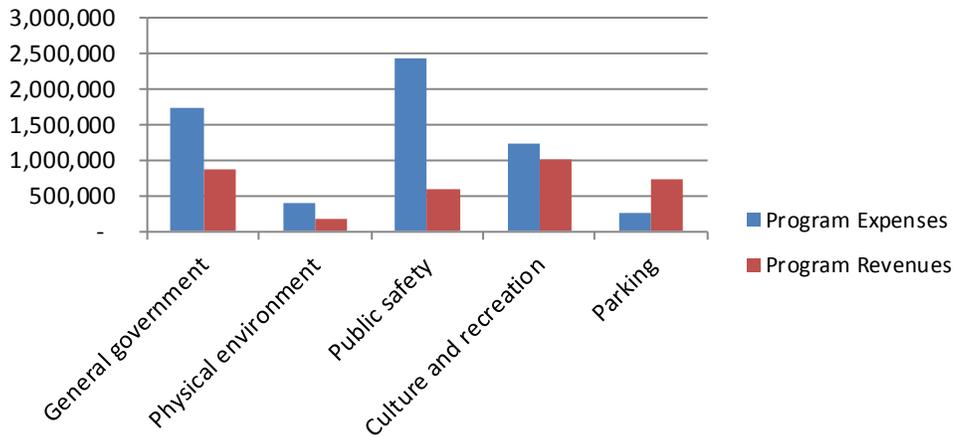
CITY OF MADEIRA BEACH, FLORIDA

Management’s Discussion and Analysis

**September 30, 2014
(Unaudited)**

General government expenses increased 14.0%, primarily as a result of personnel increases. The City adjusted the salaries of multiple positions based on the results of a compensation survey. Personnel expenses also included the one-time costs of an employee buyout incentive agreement approved by the Board of Commissioners. It is expected that the long-run effects of the agreement will help reduce personnel costs, beginning in fiscal year 2015. The City also significantly expanded special event activities such as farmer’s markets, fishing tournaments, and holiday celebrations. The costs for these events are reported as general government expenses.

Expenses and Revenues - Governmental Activities



2. Business-type Activities

Each of the City’s enterprise funds operated as planned in fiscal year 2014. The Sanitation Fund reported net program revenue of \$25,119, breaking even as intended. The Stormwater Fund drew down resources as the City initiated new repair and replacement efforts, reporting an operating loss of \$108,059. And the Marina Fund continued its recent success, with net program revenue of \$90,733.

Expenses increased in the Sanitation Fund 13.4%, primarily related to new depreciation costs associated with recent vehicle and equipment acquisitions. Depreciation expense increased 92.8%, while revenue was essentially flat, leading to \$140,765 less operating income than the prior year.

Stormwater Fund revenue declined 4.1% while personnel costs increased 52.1%. These are concerning trends considering the City’s intent to have the Stormwater Fund support major repair and replacement projects over the next several years. As such, the Board of Commissioners authorized a stormwater fee increase on October 1, 2014 to address the fund’s long-term outlook.

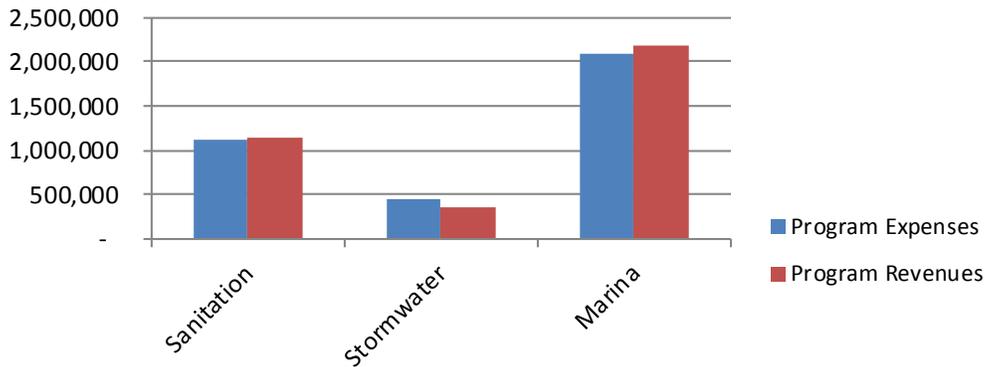
CITY OF MADEIRA BEACH, FLORIDA

Management’s Discussion and Analysis

**September 30, 2014
(Unaudited)**

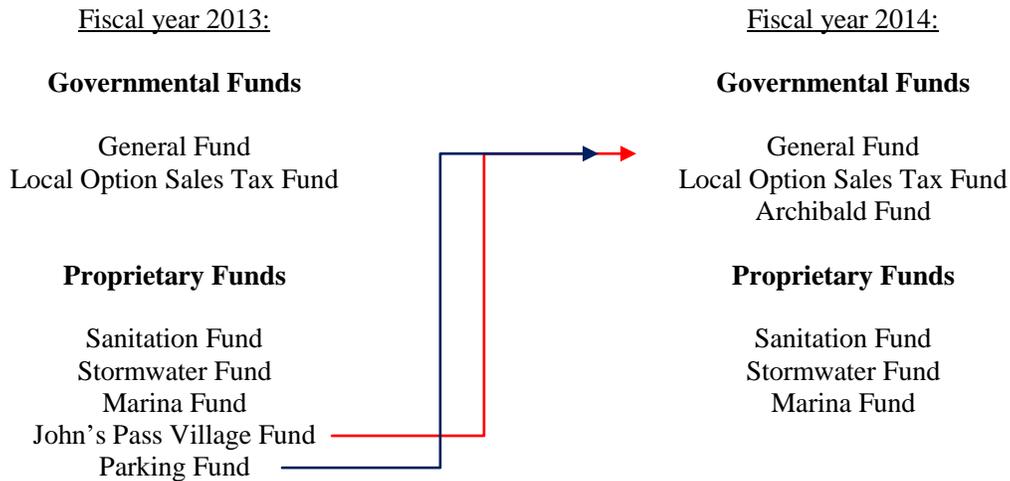
The Marina Fund achieved its best financial performance since its inception in fiscal year 2003. Program revenue increased 17.1%, driven by a 22.3% increase in fuel sales. The marina’s financial performance has improved significantly over the past several years as the City has introduced new special events and promotions, such as fishing tournaments, which draw visitors and customers to the marina.

Expenses and Revenues - Business-type Activities



Fund Statement Financial Analysis:

The fiscal year 2014 fund financial statements are largely impacted by the budget structure revisions to the General Fund, Parking Fund, and John’s Pass Village Fund. Below is a comparison of funds operated by the City as of September 30, 2014 compared to the prior year:



CITY OF MADEIRA BEACH, FLORIDA

Management's Discussion and Analysis - Continued

1. Governmental Funds

Net position of governmental funds was \$26,129,587, an increase of 26.7% over the prior year based largely on the infusion of cash from the previously operated John's Pass Village Fund and Parking Fund. Liabilities (plus deferred inflows) as a percent of assets increased from 2.6% to 7.3%, as accounts payable at September 30, 2014 included a progress payment of nearly \$600,000 for the City Centre construction project.

As described previously, the treatment of governmental funds is perhaps the most unique feature of governmental financial reporting. The difference between assets and liabilities in a governmental fund is known as fund balance. Fund balance is a commonly used measure of a government's available resources and liquidity. Designations are applied to various components of fund balance to describe the extent to which resources may be limited.

Non-spendable fund balance items include inventories, prepaid accounts, and other resources that are inherently not easily convertible into financial resources. The City's non-spendable fund balance as of September 30, 2014 was \$424,229.

Restricted fund balance includes accounts and designations upon which restrictions have been externally imposed. The City's restricted balance includes remaining General Fund bond proceeds; resources of the Local Option Sales Tax Fund, which are governed by Pinellas County's *Penny for Pinellas* local option sales tax; the Archibald Fund, which is restricted by the National Park Service for parks and recreation purposes; and net excess building permit revenues, which are regulated by Florida Statutes. Restricted balance as of September 30, 2014 was \$1,491,307.

Committed fund balance includes resources set aside by the Board of Commissioners (BOC). These funds may only be spent upon authorization by the BOC, and have been reserved for the purpose of emergency response (i.e., hurricanes, floods, etc.). Committed balance represents 1/3 of the City's fiscal year 2015 adopted General Fund operating budget, which was \$1,855,566 as of September 30, 2014.

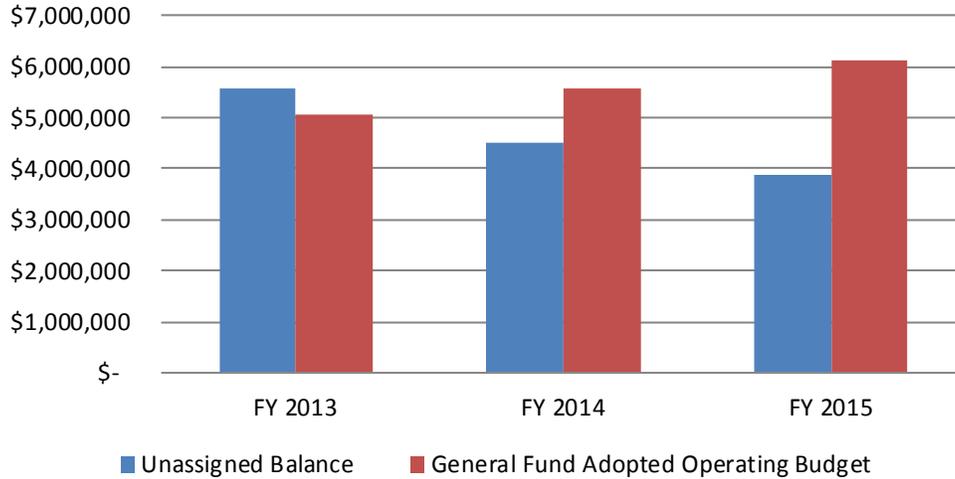
Assigned fund balance represents management's intended use of specific resources. The City's assigned balance includes reserves for existing purchase orders (encumbrances) and vacation and sick leave liabilities (compensated absences). The City's assigned balance as of September 30, 2014 was \$5,602,878.

Unassigned fund balance should be considered the City's most liquid resource available for appropriation. Trends in unassigned balance may reflect policy changes (i.e., intentionally building up or drawing down reserves), and planned or unplanned financial changes (i.e., budgetary imbalances). The City's unassigned balance of \$3,871,126 represents a 13.8% decline from the prior year, which is consistent with the BOC's direction to utilize available resources to fund various capital projects on a "pay as you go" basis. Unassigned balance as of September 30, 2014 represented 63.3% of the fiscal year 2015 adopted General Fund operating budget. The table below illustrates trends in unassigned balance, as compared to the budget, over the past three years.

CITY OF MADEIRA BEACH, FLORIDA

Management’s Discussion and Analysis - Continued

General Fund Budget and Fund Balance Trends



1a. Governmental Fund Budgetary Highlights – General Fund:

Total fund balance increased 7.7% to \$12,334,762; the net result of revenue increases, cash infusions provided by bond proceeds and fund transfers, and capital outlay, which is recognized as a current expenditure in governmental funds. The increase to fund balance should be considered temporary, as encumbrances and bond proceeds planned to be spent in fiscal year 2015 comprise 47.7% of the total.

While the overarching change to fund balance is consistent with the City’s financial plan, individual items within the budget have varied as compared to staff estimates. Such variances may be considered of two types: estimated revenue and expenditure revisions from the adopted to final budget, as approved by the Board of Commissioners (BOC); and deviation of actual results compared to the final budget.

Revisions from adopted to final budget:

The fiscal year 2014 final budget was revised to include \$483,670 in additional operating revenue, based on two primary sources: building permits and parking activity. Prior to fiscal year 2014, the City contracted building permit services to a third party; internal building management is a relatively new service offered by the City. Staff estimates regarding construction activity and related revenue were not developed at the time of preparing and adopting the fiscal year 2014 budget. The budget was subsequently revised based on actual experience, which happened to include peak levels of construction activity.

Meanwhile, parking activity continued to generate unprecedented revenue for the City, following the installation of digital pay stations, new rates, and local tourism growth. Budgeted parking revenue estimates intentionally did not factor in the rate increases, based on anticipated delays in implementing the new fees and uncertainty regarding their impact.

CITY OF MADEIRA BEACH, FLORIDA

Management's Discussion and Analysis - Continued

Budgeted expenditures were revised to include net additional appropriations of \$40,013. The most significant changes included the addition of an employee buyout agreement, which increased personnel budgets in several General Fund departments, and reduction of the estimated costs of bond issuance. The City had assumed significant fees for bond validation proceedings that were ultimately not incurred.

The City adopted 18 budget amendments in fiscal year 2014 which netted to the aggregate variances described above. Below are the most significant individual General Fund amendments adopted by the BOC:

| Description | Adopted budget | Final budget |
|--|----------------|--------------|
| Revenue | | |
| Parking-related revenue | \$ 644,000 | \$ 1,224,000 |
| Building permit revenue | \$ 140,000 | \$ 515,000 |
| Capital project reimbursement (unanticipated) | \$ - | \$ 50,000 |
| Gulf Blvd. Improvements reimbursement schedule | \$ 659,800 | \$ 128,470 |
| Bond proceeds* | \$ 4,400,000 | \$ 4,658,156 |

* Reported as Other Financing Sources

| | | |
|--------------------------------|------------|------------|
| Expenditures | | |
| Employee buyout package | \$ - | \$ 120,811 |
| Bond costs of issuance | \$ 400,000 | \$ 145,156 |
| Debt service | \$ 550,000 | \$ 236,963 |
| Parking ticket processing fees | \$ 95,000 | \$ 140,000 |

Deviation of actual results:

All General Fund departmental expenditures were within budget, as expected. The most significant individual areas of departure included the following:

- a. Debt service: Year-end debt service expenditures included an accounting entry to reclassify debt service fees as expenditures rather than netting the fees off of bond proceeds.
- b. Fire/EMS Department personnel costs: Personnel expenditures were significantly below budgeted estimates, due to staff turnover. Overtime expenditures were well below budgeted estimates, based on management of personnel resources by the Fire Chief.
- c. Recreation personnel costs: New management revised the personnel structure in the Recreation Department, which helped limit personnel expenditures in fiscal year 2014. However, it is expected that Recreation personnel costs will increase greatly in fiscal year 2015 and beyond, as the City shifts priorities to include expanded recreation services.
- d. City Manager's Office personnel costs: The city manager's contract provides for an annual payout of unused vacation hours. The actual expenditure was 15.6% less than originally estimated.

CITY OF MADEIRA BEACH, FLORIDA

Management's Discussion and Analysis - Continued

- e. Information Technology (IT) services: The City contracted with a new IT service provider, expecting costs to increase significantly based on anticipated work orders. Actual experience proved to be 68.9% less costly than planned.
- f. City Hall building maintenance: Management essentially terminated all building maintenance activities at the city hall facility while the new replacement facility was in the final stages of construction. Final costs were less than 50% of budgeted estimates.
- g. Softball registration: Realized revenue was 37.5% less than budgeted, due to the unanticipated temporary closure of softball fields during construction of the new City Centre facility.

1b. Governmental Fund Budgetary Highlights – Local Option Sales Tax Fund:

The Local Option Sales Tax Fund includes revenue allocated to the City generated by Pinellas County's *Penny for Pinellas* sales tax surcharge. Proceeds may only be expended for infrastructure improvements and emergency response vehicles, per Florida Statutes. The City elected to draw down funds in fiscal year 2014, committing resources to the projects and equipment listed below. As a result, fund balance decreased 52.4%.

- 9/11 Memorial
- Archibald Memorial Beach Park rehabilitation
- Marina dock construction
- Stormwater drainage and roadway improvements
- Beach groyne rehabilitation
- ALS vehicle acquisition

1c. Governmental Fund Budgetary Highlights – Archibald Fund:

The fiscal year 2014 adopted budget included the introduction of the Archibald Fund, a special revenue fund that reports all revenue earned and expenditures incurred at Archibald Memorial Beach Park.

Archibald Fund revenue largely consists of parking fees, as the park is located at the City's most popular beach. Like other locations throughout the City, the park experienced tremendous growth in parking revenue during fiscal year 2014. Meanwhile, expenditures were generally consistent with staff allocations. The result was a \$30,520 increase to fund balance, which is restricted for future parks and recreation related expenditures.

CITY OF MADEIRA BEACH, FLORIDA

Management’s Discussion and Analysis - Continued

2. Proprietary Funds

The City’s proprietary (enterprise) fund statements provide the same type of information located in the government-wide financial statements, using the same basis of accounting. While fund balance is emphasized in governmental fund reporting, unrestricted net position should be considered the focal point for analysis of proprietary fund financial statements.

Unrestricted net position of proprietary funds decreased 38.0% after transferring all assets of the Parking Fund and John’s Pass Village Fund to the General Fund. Remaining funds reported the following changes to unrestricted net position, for reasons cited previously in the government-wide business-type activities analysis:

| | |
|------------------|----------------|
| Sanitation Fund: | 9.3% increase |
| Stormwater Fund: | 23.2% decrease |
| Marina Fund: | 77.8% increase |

Capital Assets and Debt Administration:

1. Capital Assets

The chart below illustrates the impact of various policy changes described throughout this report: concerted efforts to complete previously deferred capital projects; issuance of new debt to finance construction; and reclassifying previous business-type activities as current governmental activities. Notes to the financial statements provide additional information regarding capital asset activity on page 43.

| | Governmental Activities | | Business-type Activities | | Totals | |
|-----------------------------------|-------------------------|------------------|--------------------------|------------------|-------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 2,784,675 | \$ 2,370,228 | - | 414,447 | 2,784,675 | 2,784,675 |
| Buildings | 150,400 | 130,994 | 440,726 | 548,077 | 591,126 | 679,071 |
| Improvements other than buildings | 7,124,367 | 3,518,316 | 2,527,992 | 4,850,648 | 9,652,359 | 8,368,964 |
| Vehicles and equipment | 809,079 | 527,706 | 335,622 | 695,708 | 1,144,701 | 1,223,414 |
| Construction in progress | 7,201,689 | 973,060 | 330,939 | 145,374 | 7,532,628 | 1,118,434 |
| Total | <u>\$ 18,070,210</u> | <u>7,520,304</u> | <u>3,635,279</u> | <u>6,654,254</u> | <u>21,705,489</u> | <u>14,174,558</u> |

2. Long-term Debt

Below is a summary of the City’s current debt schedule, which includes \$3,010,000 reported as a subsequent event:

| Description | Date issued | Principal Borrowed | Scheduled Total Interest Due | Final Maturity |
|-----------------------------------|-------------|--------------------|------------------------------|----------------|
| Capital improvement revenue bonds | 10/24/2013 | \$4,760,000 | \$4,173,376 | 10/1/2043 |
| Interlocal payments revenue bond* | 11/14/2014 | \$3,010,000 | \$139,572 | 5/1/2019 |

*Reported as Subsequent Event

CITY OF MADEIRA BEACH, FLORIDA

Management's Discussion and Analysis - Continued

Next Year's Budget and Rates:

To help stabilize the City's financial condition in the long-term, the Board of Commissioners (BOC) authorized the first millage rate increase since fiscal year 1989. The increase from 1.7900 to 1.9900 was sufficient to generate \$173,400 in additional property tax revenue. The General Fund budget was balanced without appropriating fund balance.

As mentioned elsewhere in this report, the City has committed to substantial stormwater drainage and roadway improvements over the next several years. In fiscal year 2014, the Stormwater Fund operated at a loss of \$108,059 as the City initiated that effort. In response, the BOC authorize a stormwater fee increase, from \$5/month to \$10/month per equivalent residential unit. The additional revenue will sustain operations and support the City's next phase of borrowing, tentatively scheduled for September 2015.

Requests for Information:

This financial report is designed to provide a general overview of the City of Madeira Beach's financial position for all those interested in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant City Manager/Finance Director at 300 Municipal Drive, Madeira Beach, Florida 33708.

CITY OF MADEIRA BEACH, FLORIDA

Statement of Net Position

For the Year Ended September 30, 2014

| | Primary Government | | |
|--|------------------------------------|-------------------------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 4,846,518 | 2,711,327 | 7,557,845 |
| Investments | 8,722,982 | 134,850 | 8,857,832 |
| Accounts receivable, net | 169,011 | 9,887 | 178,898 |
| Internal balances | 421,075 | (421,075) | - |
| Due from other governments, net | 125,987 | 239,350 | 365,337 |
| Inventories | 558 | 94,433 | 94,991 |
| Prepaid items | 2,596 | 3,000 | 5,596 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 39,524 | 39,524 |
| Capital assets (not depreciable): | | | |
| Land | 2,784,675 | - | 2,784,675 |
| Construction in progress | 7,201,689 | 330,939 | 7,532,628 |
| Capital assets (depreciable, net): | | | |
| Buildings | 150,400 | 440,726 | 591,126 |
| Improvements other than buildings | 7,124,367 | 2,527,992 | 9,652,359 |
| Vehicles and equipment | 809,079 | 335,622 | 1,144,701 |
| | 32,358,937 | 6,446,575 | 38,805,512 |
| Liabilities | | | |
| Accounts payable and other current liabilities | 1,003,289 | 267,991 | 1,271,280 |
| Accrued interest payable | 205,256 | - | 205,256 |
| Unearned revenue | 600 | - | 600 |
| Liabilities payable from restricted assets | - | 39,524 | 39,524 |
| Noncurrent liabilities: | | | |
| Due within one year | 118,780 | 5,460 | 124,240 |
| Due in more than one year | 4,861,693 | 65,458 | 4,927,151 |
| | 6,189,618 | 378,433 | 6,568,051 |
| Deferred Inflows of Resources | | | |
| Local business tax - future year | 35,244 | - | 35,244 |
| Rental inspections - future year | 4,488 | - | 4,488 |
| | 39,732 | - | 39,732 |
| Net Position | | | |
| Net investment in capital assets | 13,799,242 | 3,635,279 | 17,434,521 |
| Restricted for: | | | |
| Capital acquisitions and improvements | 1,379,941 | - | 1,379,941 |
| Florida building code | 100,100 | - | 100,100 |
| Transportation impact fee reserve | 11,266 | - | 11,266 |
| Unrestricted | 10,839,038 | 2,432,863 | 13,271,901 |
| | \$ 26,129,587 | 6,068,142 | 32,197,729 |

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

CITY OF MADEIRA BEACH, FLORIDA

Statement of Activities

For the Year Ended September 30, 2014

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | |
|--|------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|-------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Governmental Activities | Business-type Activities | |
| Primary Government | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 1,738,593 | 808,209 | - | 50,000 | (880,384) | - | (880,384) |
| Physical environment | 397,459 | - | - | 180,813 | (216,646) | - | (216,646) |
| Public safety | 2,419,548 | 601,222 | - | - | (1,818,326) | - | (1,818,326) |
| Culture and recreation | 1,226,418 | 1,017,541 | - | - | (208,877) | - | (208,877) |
| Parking | 266,139 | 717,859 | - | - | 451,720 | - | 451,720 |
| Interest and other fees on long term debt | 522,578 | - | - | - | (522,578) | - | (522,578) |
| Total governmental activities | 6,570,735 | 3,144,831 | - | 230,813 | (3,195,091) | - | (3,195,091) |
| Business-type activities: | | | | | | | |
| Sanitation | 1,120,079 | 1,145,198 | - | - | - | 25,119 | 25,119 |
| Stormwater | 455,957 | 347,898 | - | - | - | (108,059) | (108,059) |
| Marina | 2,095,009 | 2,185,742 | - | - | - | 90,733 | 90,733 |
| Total business-type activities | 3,671,045 | 3,678,838 | - | - | - | 7,793 | 7,793 |
| Total primary government | \$ 10,241,780 | 6,823,669 | - | 230,813 | (3,195,091) | 7,793 | (3,187,298) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | \$ 1,490,180 | - | | 1,490,180 |
| Franchise taxes | | | | 493,538 | - | | 493,538 |
| Utility taxes | | | | 753,102 | - | | 753,102 |
| Intergovernmental revenues: | | | | | | | |
| Local option gas tax | | | | 58,389 | - | | 58,389 |
| Local option sales tax | | | | 383,159 | - | | 383,159 |
| Communications services tax | | | | 241,800 | - | | 241,800 |
| Half-cent sales tax, unrestricted | | | | 248,444 | - | | 248,444 |
| State revenue sharing, unrestricted | | | | 205,593 | - | | 205,593 |
| Alcoholic beverage license tax, unrestricted | | | | 25,008 | - | | 25,008 |
| Motor fuel tax | | | | 3,482 | - | | 3,482 |
| Local business tax receipts | | | | 71,249 | - | | 71,249 |
| Investment earnings | | | | 19,742 | 180 | | 19,922 |
| Miscellaneous revenues | | | | 178,873 | 19,551 | | 198,424 |
| Transfers | | | | 4,536,084 | (4,536,084) | | - |
| Total general revenues and transfers | | | | 8,708,643 | (4,516,353) | | 4,192,290 |
| Change in net position | | | | 5,513,552 | (4,508,560) | | 1,004,992 |
| Net position - beginning | | | | 20,616,035 | 10,576,702 | | 31,192,737 |
| Net position - ending | | | | \$ 26,129,587 | 6,068,142 | | 32,197,729 |

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

CITY OF MADEIRA BEACH, FLORIDA

**Balance Sheet
Governmental Funds**

September 30, 2014

| | <u>General Fund</u> | <u>Local Option Sales Tax Fund</u> | <u>Archibald Fund</u> | <u>Total Governmental Funds</u> |
|---|-----------------------------|--|-----------------------------|---|
| Assets | | | | |
| Cash and cash equivalents | \$ 4,190,513 | 593,782 | 62,223 | 4,846,518 |
| Investments | 8,491,717 | 231,265 | - | 8,722,982 |
| Accounts receivable, net | 168,637 | - | 374 | 169,011 |
| Advance to other funds | 421,075 | - | - | 421,075 |
| Due from other governments, net | 71,208 | 54,779 | - | 125,987 |
| Inventories | 558 | - | - | 558 |
| Prepaid items | 2,596 | - | - | 2,596 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | \$ <u>13,346,304</u> | <u>879,826</u> | <u>62,597</u> | <u>14,288,727</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 767,801 | 2 | 5,095 | 772,898 |
| Accrued expenditures | 203,409 | - | 26,982 | 230,391 |
| Unearned revenue | 600 | - | - | 600 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>971,810</u> | <u>2</u> | <u>32,077</u> | <u>1,003,889</u> |
| Deferred inflows of resources: | | | | |
| Local business tax - future year | 35,244 | - | - | 35,244 |
| Rental inspection - future year | 4,488 | - | - | 4,488 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total deferred inflows of resources | <u>39,732</u> | <u>-</u> | <u>-</u> | <u>39,732</u> |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Inventories | 558 | - | - | 558 |
| Prepaid items | 2,596 | - | - | 2,596 |
| Advance due to other funds | 421,075 | - | - | 421,075 |
| Restricted: | | | | |
| Capital acquisitions and improvements | 469,597 | 879,824 | 30,520 | 1,379,941 |
| Florida building code | 100,100 | - | - | 100,100 |
| Transportation impact fee reserve | 11,266 | - | - | 11,266 |
| Committed: | | | | |
| Emergency reserve | 1,855,566 | - | - | 1,855,566 |
| Assigned: | | | | |
| Encumbrances | 5,415,078 | - | - | 5,415,078 |
| Compensated absences | 187,800 | - | - | 187,800 |
| Unassigned | 3,871,126 | - | - | 3,871,126 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>12,334,762</u> | <u>879,824</u> | <u>30,520</u> | <u>13,245,106</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities, deferred inflows of resources and fund balances | \$ <u>13,346,304</u> | <u>879,826</u> | <u>62,597</u> | <u>14,288,727</u> |

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

CITY OF MADEIRA BEACH, FLORIDA

**Reconciliation of the Balance Sheet
to the Statement of Net Position**

For the Year Ended September 30, 2014

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

| | | | |
|--|--------------------|----------------------|--|
| Fund balances- total governmental funds | | \$ 13,245,106 | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds: | | | |
| Governmental capital assets | \$ 27,060,401 | | |
| Less accumulated depreciation | <u>(8,990,191)</u> | 18,070,210 | |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds: | | | |
| Bonds payable, net of bond discount | \$ (4,740,565) | | |
| Accrued interest payable | (205,256) | | |
| Compensated absences | (187,800) | | |
| Other post-employment benefits | <u>(52,108)</u> | <u>(5,185,729)</u> | |
| Net position of governmental activities | | \$ <u>26,129,587</u> | |

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

CITY OF MADEIRA BEACH, FLORIDA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

For the Year Ended September 30, 2014

| | <u>General Fund</u> | <u>Local Option Sales Tax Fund</u> | <u>Archibald Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|--|---------------------------|---|
| Revenues | | | | |
| Taxes: | | | | |
| Property taxes | \$ 1,490,180 | - | - | 1,490,180 |
| Franchise taxes | 493,538 | - | - | 493,538 |
| Utility taxes | 753,102 | - | - | 753,102 |
| Licenses and permits | 637,928 | - | - | 637,928 |
| Intergovernmental revenue | 1,615,190 | 383,159 | - | 1,998,349 |
| Charges for services | 473,716 | - | 200,835 | 674,551 |
| Parking enforcement | 1,060,849 | - | - | 1,060,849 |
| Fines and forfeitures | 241,091 | - | - | 241,091 |
| Investment earnings | 17,959 | 1,783 | - | 19,742 |
| Miscellaneous revenue | 178,873 | - | - | 178,873 |
| | <u>6,962,426</u> | <u>384,942</u> | <u>200,835</u> | <u>7,548,203</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 1,750,569 | - | - | 1,750,569 |
| Physical environment | 284,055 | - | - | 284,055 |
| Public safety | 2,330,872 | - | - | 2,330,872 |
| Culture and recreation | 778,115 | - | 170,315 | 948,430 |
| Parking | 252,357 | - | - | 252,357 |
| Debt service: | | | | |
| Cost of issuance | 225,515 | - | - | 225,515 |
| Interest | 91,807 | - | - | 91,807 |
| Capital outlay: | | | | |
| General government | 6,494,499 | 1,352,683 | - | 7,847,182 |
| Physical environment | 5,325 | - | - | 5,325 |
| Public safety | 28,449 | - | - | 28,449 |
| Culture and recreation | 35,066 | - | - | 35,066 |
| | <u>12,276,629</u> | <u>1,352,683</u> | <u>170,315</u> | <u>13,799,627</u> |
| Excess (deficiency) of revenues over expenditures | <u>(5,314,203)</u> | <u>(967,741)</u> | <u>30,520</u> | <u>(6,251,424)</u> |
| Other Financing Sources (Uses) | | | | |
| Debt proceeds | 4,760,000 | - | - | 4,760,000 |
| Discount on debt issued | (19,435) | - | - | (19,435) |
| Transfers in | 1,455,469 | - | - | 1,455,469 |
| | <u>6,196,034</u> | <u>-</u> | <u>-</u> | <u>6,196,034</u> |
| Net change in fund balances | 881,831 | (967,741) | 30,520 | (55,390) |
| Fund balances - beginning | <u>11,452,931</u> | <u>1,847,565</u> | <u>-</u> | <u>13,300,496</u> |
| Fund balances - ending | <u>\$ 12,334,762</u> | <u>879,824</u> | <u>30,520</u> | <u>13,245,106</u> |

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

CITY OF MADEIRA BEACH, FLORIDA

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended September 30, 2014

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

Net change in fund balances - total governmental funds \$ (55,390)

Governmental funds report capital outlays as expenditures. However,
in the statement of activities the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense:

| | | |
|--|------------------|-----------|
| Current year expenditures for capital assets | \$ 7,977,173 | |
| Current year depreciation | <u>(516,640)</u> | 7,460,533 |

The issuance of long-term debt, net of issuance discount, provides
current financial resources to governmental funds; however, are reported
as long-term debt in the Statement of Net Position (4,740,565)

Some expenses reported in the Statement of Activities do not require the
use of current financial resources, and therefore, are not reported
as expenditure in governmental funds:

| | | |
|---|------------------|------------------|
| Capital assets, net of liabilities, transferred from Enterprise Funds | 3,080,615 | |
| Net book value of capital asset dispositions | 8,758 | |
| Compensated absences | (24,555) | |
| Other post-employment benefits | (10,588) | |
| Accrued interest expense on long-term debt | <u>(205,256)</u> | <u>2,848,974</u> |

Change in net position of governmental activities \$ 5,513,552

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

CITY OF MADEIRA BEACH, FLORIDA

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund**

For the Year Ended September 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|--|-------------------------|---------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
| Revenues | | | | |
| Taxes: | | | | |
| Property tax | \$ 1,462,900 | 1,462,900 | 1,490,180 | 27,280 |
| Franchise tax | 515,600 | 515,600 | 493,538 | (22,062) |
| Utility tax | 620,200 | 620,200 | 753,102 | 132,902 |
| Licenses and permits | 214,800 | 589,800 | 637,928 | 48,128 |
| Intergovernmental revenue | 2,061,100 | 1,589,770 | 1,615,190 | 25,420 |
| Charges for services | 467,500 | 467,500 | 473,716 | 6,216 |
| Parking enforcement | 584,000 | 1,016,500 | 1,060,849 | 44,349 |
| Fines and forfeitures | 66,000 | 213,500 | 241,091 | 27,591 |
| Investment earnings | 54,000 | 54,000 | 17,959 | (36,041) |
| Miscellaneous revenue | 190,400 | 190,400 | 178,873 | (11,527) |
| Total revenues | <u>6,236,500</u> | <u>6,720,170</u> | <u>6,962,426</u> | <u>242,256</u> |
| Expenditures | | | | |
| General government: | | | | |
| City Manager | 424,400 | 427,600 | 380,530 | (47,070) |
| Community Development | 359,900 | 380,358 | 361,355 | (19,003) |
| Finance | 377,200 | 412,175 | 407,331 | (4,844) |
| City Clerk/Commission | 269,700 | 282,262 | 258,217 | (24,045) |
| Non-Departmental | 384,300 | 383,100 | 343,136 | (39,964) |
| Total general government | <u>1,815,500</u> | <u>1,885,495</u> | <u>1,750,569</u> | <u>(134,926)</u> |
| Physical environment: | | | | |
| Central Services | 275,700 | 304,152 | 284,055 | (20,097) |
| Total physical environment | <u>275,700</u> | <u>304,152</u> | <u>284,055</u> | <u>(20,097)</u> |
| Public safety: | | | | |
| Fire | 1,291,500 | 1,283,785 | 1,189,796 | (93,989) |
| Law Enforcement | 1,142,100 | 1,142,100 | 1,141,076 | (1,024) |
| Total public safety | <u>2,433,600</u> | <u>2,425,885</u> | <u>2,330,872</u> | <u>(95,013)</u> |
| Culture and recreation: | | | | |
| Parks | 192,700 | 238,278 | 217,612 | (20,666) |
| Recreation | 479,500 | 600,810 | 459,427 | (141,383) |
| John's Pass Village | 114,000 | 114,000 | 101,076 | (12,924) |
| Total culture and recreation | <u>786,200</u> | <u>953,088</u> | <u>778,115</u> | <u>(174,973)</u> |
| Parking enforcement: | | | | |
| Parking | 227,700 | 272,700 | 252,357 | (20,343) |
| Total physical environment | <u>227,700</u> | <u>272,700</u> | <u>252,357</u> | <u>(20,343)</u> |
| Capital Outlay | 11,447,800 | 11,498,230 | 6,563,339 | (4,934,891) |
| Debt Service | 550,000 | 236,963 | 317,322 | 80,359 |
| Total expenditures | <u>17,536,500</u> | <u>17,576,513</u> | <u>12,276,629</u> | <u>(5,299,884)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(11,300,000)</u> | <u>(10,856,343)</u> | <u>(5,314,203)</u> | <u>5,542,140</u> |
| Other Financing Sources (Uses) | | | | |
| Debt proceeds | 4,400,000 | 4,658,156 | 4,760,000 | 101,844 |
| Transfers in | - | - | 1,455,469 | 1,455,469 |
| Discount on debt issued | - | - | (19,435) | (19,435) |
| Total other financing sources (uses) | <u>4,400,000</u> | <u>4,658,156</u> | <u>6,196,034</u> | <u>1,537,878</u> |
| Net change in fund balances | (6,900,000) | (6,198,187) | 881,831 | 7,080,018 |
| Fund balances - beginning | 11,452,931 | 11,452,931 | 11,452,931 | (498,833) |
| Fund balances - ending | \$ <u>4,552,931</u> | <u>5,254,744</u> | <u>12,334,762</u> | <u>6,581,185</u> |

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

CITY OF MADEIRA BEACH, FLORIDA

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Local Option Sales Tax Fund**

For the Year Ended September 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------------|-------------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental revenue | \$ 367,900 | 367,900 | 383,159 | 15,259 |
| Investment earnings | 3,500 | 3,500 | 1,783 | (1,717) |
| Total revenues | <u>371,400</u> | <u>371,400</u> | <u>384,942</u> | <u>13,542</u> |
| Expenditures | | | | |
| General government: | | | | |
| Capital outlay | <u>1,146,000</u> | <u>2,076,810</u> | <u>1,352,683</u> | <u>(724,127)</u> |
| Total expenditures | <u>1,146,000</u> | <u>2,076,810</u> | <u>1,352,683</u> | <u>(724,127)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(774,600)</u> | <u>(1,705,410)</u> | <u>(967,741)</u> | <u>737,669</u> |
| Fund balances - beginning | <u>675,926</u> | <u>1,514,414</u> | <u>1,847,565</u> | <u>(76,820)</u> |
| Fund balances - ending | <u><u>\$ (98,674)</u></u> | <u><u>(190,996)</u></u> | <u><u>879,824</u></u> | <u><u>(1,070,820)</u></u> |

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

CITY OF MADEIRA BEACH, FLORIDA

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Archibald Fund**

For the Year Ended September 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-----------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Charges for services | \$ 141,900 | 141,900 | 200,835 | 58,935 |
| Total revenues | <u>141,900</u> | <u>141,900</u> | <u>200,835</u> | <u>58,935</u> |
| Expenditures | | | | |
| Culture and recreation: | | | | |
| Parks | <u>70,000</u> | <u>164,666</u> | <u>170,315</u> | <u>5,649</u> |
| Total expenditures | <u>70,000</u> | <u>164,666</u> | <u>170,315</u> | <u>5,649</u> |
| Excess (deficiency) of revenues over expenditures | <u>71,900</u> | <u>(22,766)</u> | <u>30,520</u> | <u>53,286</u> |
| Fund balances - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 71,900</u> | <u>(22,766)</u> | <u>30,520</u> | <u>(53,286)</u> |

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

CITY OF MADEIRA BEACH, FLORIDA

**Statement of Net Position
Proprietary Funds**

For the Year Ended September 30, 2014

| | Business-type Activities - Enterprise Funds | | | | | Total |
|---|---|--------------------|------------------|---------------------------------|---------------------|--------------------|
| | Sanitation Fund | Stormwater Fund | Marina Fund | John's Pass Village Fund (1) | Parking Fund (1) | |
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 1,331,395 | 998,631 | 381,301 | - | - | 2,711,327 |
| Investments | 50,733 | 84,117 | - | - | - | 134,850 |
| Accounts receivable, net | 1,513 | 1,169 | 7,205 | - | - | 9,887 |
| Due from other governments, net | 179,168 | 60,182 | - | - | - | 239,350 |
| Inventories | - | - | 94,433 | - | - | 94,433 |
| Prepaid items | - | - | 3,000 | - | - | 3,000 |
| Restricted cash and cash equivalents: | | | | | | |
| Customer deposits | - | - | 39,524 | - | - | 39,524 |
| Total current assets | <u>1,562,809</u> | <u>1,144,099</u> | <u>525,463</u> | <u>-</u> | <u>-</u> | <u>3,232,371</u> |
| Capital assets: | | | | | | |
| Buildings | - | - | 494,724 | - | - | 494,724 |
| Improvements other than buildings | - | 2,654,549 | 1,036,677 | - | - | 3,691,226 |
| Vehicles and equipment | 694,774 | 78,217 | 122,732 | - | - | 895,723 |
| Construction in progress | - | 321,589 | 9,350 | - | - | 330,939 |
| Less accumulated depreciation | <u>(438,653)</u> | <u>(655,261)</u> | <u>(683,419)</u> | <u>-</u> | <u>-</u> | <u>(1,777,333)</u> |
| Total capital assets (net of accumulated depreciation) | <u>256,121</u> | <u>2,399,094</u> | <u>980,064</u> | <u>-</u> | <u>-</u> | <u>3,635,279</u> |
| Total assets | <u>1,818,930</u> | <u>3,543,193</u> | <u>1,505,527</u> | <u>-</u> | <u>-</u> | <u>6,867,650</u> |

(1) Fund was transferred and closed to the General Fund as of October 1, 2013.

(Continued)

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

CITY OF MADEIRA BEACH, FLORIDA

**Statement of Net Position - Continued
Proprietary Funds**

| | Business-type Activities - Enterprise Funds | | | | | Total |
|---|--|----------------------------|------------------------|---|-----------------------------|------------------|
| | Sanitation Fund | Stormwater Fund | Marina Fund | John's Pass Village Fund (1) | Parking Fund (1) | |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and other current liabilities | \$ 55,315 | 123,339 | 89,337 | - | - | 267,991 |
| Advance from other funds | - | - | 22,794 | - | - | 22,794 |
| Compensated absences | 3,019 | 1,176 | 1,265 | - | - | 5,460 |
| Current liabilities payable from restricted assets: | | | | | | |
| Customer deposits payable | - | - | 39,524 | - | - | 39,524 |
| Total current liabilities | 58,334 | 124,515 | 152,920 | - | - | 335,769 |
| Noncurrent liabilities: | | | | | | |
| Compensated absences | 27,166 | 10,585 | 11,380 | - | - | 49,131 |
| Other post-employment benefits | 10,744 | 1,708 | 3,875 | - | - | 16,327 |
| Advance from other funds | - | - | 398,281 | - | - | 398,281 |
| Total noncurrent liabilities | 37,910 | 12,293 | 413,536 | - | - | 463,739 |
| Total liabilities | 96,244 | 136,808 | 566,456 | - | - | 799,508 |
| Net Position | | | | | | |
| Net investment in capital assets | 256,121 | 2,399,094 | 980,064 | - | - | 3,635,279 |
| Unrestricted | 1,466,565 | 1,007,291 | (40,993) | - | - | 2,432,863 |
| Total net position | \$ 1,722,686 | 3,406,385 | 939,071 | - | - | 6,068,142 |

(1) Fund was transferred and closed to the General Fund as of October 1, 2013.

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

CITY OF MADEIRA BEACH, FLORIDA

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds**

For the Year Ended September 30, 2014

| | Business-type Activities - Enterprise Funds | | | | | |
|--|--|----------------------------|------------------------|---|-----------------------------|-------------------------|
| | Sanitation Fund | Stormwater Fund | Marina Fund | John's Pass Village Fund (1) | Parking Fund (1) | Total |
| Operating revenues: | | | | | | |
| Charges for sales and services | \$ 1,145,198 | 347,898 | 2,185,742 | - | - | 3,678,838 |
| Miscellaneous | 6,441 | | 13,110 | - | - | 19,551 |
| Total operating revenues | <u>1,151,639</u> | <u>347,898</u> | <u>2,198,852</u> | <u>-</u> | <u>-</u> | <u>3,698,389</u> |
| Operating expenses: | | | | | | |
| Personnel | 345,457 | 222,388 | 202,454 | - | - | 770,299 |
| Supplies and services | 673,534 | 164,728 | 1,826,250 | - | - | 2,664,512 |
| Depreciation | 101,088 | 68,841 | 66,305 | - | - | 236,234 |
| Total operating expenses | <u>1,120,079</u> | <u>455,957</u> | <u>2,095,009</u> | <u>-</u> | <u>-</u> | <u>3,671,045</u> |
| Operating income (loss) | <u>31,560</u> | <u>(108,059)</u> | <u>103,843</u> | <u>-</u> | <u>-</u> | <u>27,344</u> |
| Non operating revenues (expenses): | | | | | | |
| Investment earnings (loss) | 106 | 207 | (133) | - | - | 180 |
| Total nonoperating revenues (expenses) | <u>106</u> | <u>207</u> | <u>(133)</u> | <u>-</u> | <u>-</u> | <u>180</u> |
| Income (loss) before transfers | 31,666 | (107,852) | 103,710 | - | - | 27,524 |
| Transfers out | - | - | - | (899,299) | (556,170) | (1,455,469) |
| Transfer of long-term assets and liabilities to governmental activities | | | | (2,947,126) | (133,489) | (3,080,615) |
| Total transfers | - | - | - | <u>(3,846,425)</u> | <u>(689,659)</u> | <u>(4,536,084)</u> |
| Change in net position | 31,666 | (107,852) | 103,710 | (3,846,425) | (689,659) | (4,508,560) |
| Total net position - beginning | <u>1,691,020</u> | <u>3,514,237</u> | <u>835,361</u> | <u>3,846,425</u> | <u>689,659</u> | <u>10,576,702</u> |
| Total net position - ending | \$ <u><u>1,722,686</u></u> | <u><u>3,406,385</u></u> | <u><u>939,071</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>6,068,142</u></u> |

(1) Fund was transferred and closed to the General Fund as of October 1, 2013.

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

CITY OF MADEIRA BEACH, FLORIDA

**Statement of Cash Flows
Proprietary Funds**

For the Year Ended September 30, 2014

| | <u>Sanitation Fund</u> | <u>Stormwater Fund</u> | <u>Marina Fund</u> | <u>John's Pass Village Fund</u> | <u>Parking Fund</u> | <u>Total</u> |
|---|----------------------------|----------------------------|------------------------|-------------------------------------|-------------------------|------------------|
| Cash Flows from Operating Activities | | | | | | |
| Receipts from customers | \$ 1,149,461 | 346,673 | 2,204,885 | - | 3,974 | 3,704,993 |
| Payments to suppliers | (529,373) | 5,987 | (1,799,252) | (9,809) | (16,110) | (2,348,557) |
| Payments to employees | (339,740) | (221,653) | (197,814) | - | (43) | (759,250) |
| Payments to general fund for services | (127,300) | (54,600) | (65,500) | - | - | (247,400) |
| Net cash provided (used) by operating activities | <u>153,048</u> | <u>76,407</u> | <u>142,319</u> | <u>(9,809)</u> | <u>(12,179)</u> | <u>349,786</u> |
| Cash Flows from Noncapital Financing Activities | | | | | | |
| Transfers to other funds | - | - | - | (899,299) | (556,170) | (1,455,469) |
| Cash Flows from Capital and Related Financing Activities | | | | | | |
| Purchase, acquisition and construction of capital assets, net | (7,383) | (265,395) | (26,134) | - | - | (298,912) |
| Payment on advance from other funds | - | - | (22,453) | - | - | (22,453) |
| Net cash used by capital and related financing activities | <u>(7,383)</u> | <u>(265,395)</u> | <u>(48,587)</u> | <u>-</u> | <u>-</u> | <u>(321,365)</u> |
| Cash Flows from Investing Activities | | | | | | |
| Purchase of investments | (50,733) | (84,117) | - | - | - | (134,850) |
| Receipt of (loss on) interest | 106 | 207 | (133) | - | - | 180 |
| Net cash used by capital and related financing activities | <u>(50,627)</u> | <u>(83,910)</u> | <u>(133)</u> | <u>-</u> | <u>-</u> | <u>(134,670)</u> |
| Net increase (decrease) in cash and cash equivalents | 95,038 | (272,898) | 93,599 | (909,108) | (568,349) | (1,561,718) |
| Cash and cash equivalents - October 1 | <u>1,236,357</u> | <u>1,271,529</u> | <u>327,226</u> | <u>909,108</u> | <u>568,349</u> | <u>4,312,569</u> |
| Cash and cash equivalents - September 30 | \$ <u>1,331,395</u> | <u>998,631</u> | <u>420,825</u> | <u>-</u> | <u>-</u> | <u>2,750,851</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | | | | |
| Operating income (loss) | \$ 31,560 | (108,059) | 103,843 | - | - | 27,344 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Depreciation expense | 101,088 | 68,841 | 66,305 | - | - | 236,234 |
| (Increase) decrease in accounts receivable | 6,275 | 349 | (1,807) | - | - | 4,817 |
| (Increase) decrease in due from other governments | (8,453) | (1,574) | - | - | 3,974 | (6,053) |
| (Increase) in inventories | - | - | (34,029) | - | - | (34,029) |
| (Increase) in prepaid items | - | - | (3,000) | - | - | (3,000) |
| Increase (decrease) in accounts payable, non capital | 16,861 | 116,115 | (1,473) | (9,809) | (16,110) | 105,584 |
| Increase (decrease) in compensated absences | 4,314 | 64 | 3,880 | - | (43) | 8,215 |
| Increase (decrease) in other post-employment benefits | 1,403 | 671 | 760 | - | - | 2,834 |
| Increase in customer deposits | - | - | 7,840 | - | - | 7,840 |
| Net cash provided (used) by operating activities | \$ <u>153,048</u> | <u>76,407</u> | <u>142,319</u> | <u>(9,809)</u> | <u>(12,179)</u> | <u>349,786</u> |
| Noncash operating activities: | | | | | | |
| Transfer of other post-employment benefits | \$ - | - | - | - | 1,038 | 1,038 |
| Noncash investing, capital and financing activities: | | | | | | |
| Transfer of capital assets to governmental activities | \$ - | - | - | (2,947,126) | (134,527) | (3,081,653) |
| Purchase of capital assets in accounts payable | - | 78,981 | - | - | - | 78,981 |

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

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements

September 30, 2014

(1) Summary of Significant Accounting Policies

The City of Madeira Beach, Florida, is a political subdivision of the State of Florida located in Pinellas County. The legislative branch of the City is composed of a five (5) member elected Board of Commissioners. The Board of Commissioners is governed by the City Charter and by state and local laws and regulations. The Board of Commissioners is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the City Manager.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

(a) Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

In applying the above criteria, management has determined that there are no component units to be included within the reporting entity.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the City. Certain interfund activities, such as internal balances, have been removed from these statements. Individual funds are not displayed, but the statements distinguish governmental activities, which normally are supported by taxes and intergovernmental revenues, from business-type activities, which rely to a significant extent on fees and charges for support. The Statement of Net Position presents the financial position of the City's governmental and business-type activities at year-end.

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

Separate fund financial statements are provided for the governmental funds and enterprise funds. Individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements. All funds of the City are considered major.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*, as are the enterprise fund 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 City 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. This approach differs from the manner in which the governmental activities of the City are presented in the government-wide financial statements. The governmental fund financial statements, therefore, include a reconciliation to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenditures vs. expenses. Under the modified accrual basis, property taxes, franchise taxes, licenses, 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.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund, and is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

The *Local Option Sales Tax Fund* is a special revenue fund used to account for the proceeds and expenditures of the City's share of Pinellas County's local option sales tax, known as Penny for Pinellas. State statutes require that local discretionary sales surtaxes may only be used for infrastructure improvements.

The *Archibald Fund* is a special revenue fund used to account for revenues collected and expenditures incurred at Archibald Memorial Beach Park. The National Park Service requires all funds generated on the property to be expended only for parks and recreation related purposes.

The City reports three major proprietary funds, which are enterprise funds financed and operated in a manner similar to the private sector. Costs of providing services to the general public on a continuing basis are financed or recovered primarily through user charges.

Sanitation Fund – To account for the City's solid waste collection and disposal services provided to residential and commercial customers in the City. Collection and disposal of recyclable items is performed by a vendor under contract.

Stormwater Fund – To account for stormwater utility fee revenues, and expenses for drainage and stormwater related projects, including National Pollutant Discharge Elimination System (NPDES) reporting and compliance.

Marina Fund – To account for the operations of the Madeira Beach Municipal Marina.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

John's Pass Village Fund – To account for the rental income and beautification and maintenance expenses of John's Pass Village, a commercial activity center located within the City.

Parking Fund – To account for revenues and expenses associated with the City's metered parking lots.

For the fiscal year ended September 30, 2014, the City approved the transfer of the John's Pass Village Fund and Parking Fund, previously considered enterprise funds, to the General Fund. See Note (3)(i) for further discussion.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are general and administrative service charges from governmental activities and other charges between the City's business-type functions. Elimination of such 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, including special assessments. Internally dedicated resources not restricted to specific functions or activities, are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, interest revenue, and other miscellaneous 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 revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(d) Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

The City is governed by Chapter 218.415(17), *Florida Statutes*, which authorizes investments in the following securities:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, 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 U.S. Treasury.

2. Internal Balances

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 the business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Taxes

Property taxes are levied on October 1 of each year, on property values assessed on January 1 of the same year, and are due and payable on March 31 of the following year. 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. Taxes paid in March are not subject to discount. Delinquent taxes on real property bear interest at 18% per year. All unpaid taxes are delinquent on April 1 following the year in which they are assessed. On or about May 31 following the tax year, certificates are sold for all delinquent taxes on real property. Application for a tax deed on any unredeemed tax certificates may be made to the certificate holder after a period of two years. Unsold certificates are held by the County.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(d) Assets, Liabilities and Net Position or Equity - Continued

4. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

5. Restricted Assets

The use of certain assets of the Marina Fund are restricted in accordance with agreements with various parties (i.e., customer deposits for wet slips and dry storage spaces). Assets so designated are identified as restricted assets on the statement of net position for proprietary funds.

6. Capital Assets

Capital assets, which include land, buildings, improvements, vehicles and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as items with an individual cost of \$1,000 or more and an estimated useful life of one year or more. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest for the fiscal year ended September 30, 2014.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | <u>Years</u> |
|------------------------|--------------|
| Buildings | 20 - 40 |
| Improvements | 10 - 50 |
| Vehicles and equipment | 3 - 10 |

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(d) Assets, Liabilities and Net Position or Equity - Continued

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vested or accumulated vacation leave is recorded as an expense and liability of the appropriate fund as the benefits accrue to employees. No liability is recorded for the non-vesting accumulating right to receive sick pay benefits; however, a liability is recognized for that portion estimated to be paid at separation.

The enterprise funds report 100% of compensated absence liability in both the Government-wide and the Proprietary Fund statements, because they are accrued when incurred. The General Fund reports 100% of the amount due in the Government-wide statements because it is accrued when incurred, but only the amount the City estimates to be due and payable as of the balance sheet date is recorded as a liability in the governmental fund statements. The remaining amount is presented as assigned fund balance. The City estimates that approximately 10% of compensated absences will become due and payable within one year.

8. Accrued Liabilities and Long-term Obligations

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

9. Net Position/Fund Balance

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components – net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any external bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

Restricted consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(d) Assets, Liabilities and Net Position or Equity - Continued

Unrestricted consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority which includes the city charter, ordinances, and resolutions. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed because they are supported by management’s intent rather than a formal action of the Board of Commissioners. In the General Fund, assigned balances represent the intended uses as established by the City Manager and Assistant City Manager/Finance Director.

Unassigned can only be found in the General Fund. It represents the residual amount of fund balance not contained in the other classifications.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(d) Assets, Liabilities and Net Position or Equity - Continued

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

The City annually reserves one-third of the General Fund operating budget for unforeseen emergencies, as reported in the committed balance of the General Fund. These funds would be available upon approval by the Board of Commissioners following an event such as a flood or hurricane.

10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(e) Recently Issued and Implemented Accounting Pronouncements

Government Accounting Standards Board (GASB) Statement No. 66, *Technical Corrections – 2012 and amendment of GASB Statements No. 10 and No. 62* – The amendment to GASB Statement No. 10 removes the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. The amendment to GASB Statement No. 62 modifies the specific guidance on accounting for (1) operating lease payments that vary from a straight line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of GASB 66 are effective in fiscal year 2014. Its implementation did not have any effect on the City's financial statements.

Government Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pensions* – This Statement amends GASB No. 25. Its objective is to improve accounting and financial reporting by state and local governmental pension plans. The requirements of GASB 67 are effective in fiscal year 2014. Implementation of this Statement did not have any impact on the City's financial statements or disclosure reporting.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(e) Recently Issued and Implemented Accounting Pronouncements - Continued

Government Accounting Standards Board (GASB) Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this Statement are effective in fiscal year 2014. Its implementation did not have any impact on the City's financial statements.

(2) Stewardship, Compliance and Accountability

(a) Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The appropriated budget is adopted by fund and department. The legal level of budgetary control is at the department level, since the City Manager may transfer funds between line items within a department. The City cannot legally exceed the budget; however, at any time during the year, the Board of Commissioners may, by resolution, transfer part or all of any unencumbered appropriation balance between departments or funds.

The Board of Commissioners may also amend the adopted budget to provide supplemental appropriations or to revise budgeted estimates.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as committed or assigned fund balance, depending on the dollar amount and authorization required, and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

(b) Excess of Expenditures Over Appropriations

For the year ended September 30, 2014, all General Fund departmental expenditures were within budget. Debt service expenditures, which are reported separately on the General Fund budgetary comparison Statement of Revenues, Expenditures and Changes in Fund Balance, exceeded appropriations by \$80,359.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(3) Detailed Notes on All Funds

(a) Deposits and Investments

As of September 30, 2014, the City had the following cash and investment balances:

| | <u>Balance</u> | <u>Percentage</u> |
|-----------------------------------|---------------------|-------------------|
| Pooled cash operating account | \$ 3,391,812 | 21% |
| Money market funds | 4,205,557 | 26% |
| Local government investment pools | 6,457,832 | 39% |
| Certificates of deposits | 2,400,000 | 15% |
| | <u>\$16,455,201</u> | <u>100%</u> |

The carrying amount of the City's operating cash deposits was \$3,389,972 and the bank balance was \$3,442,851. Operating cash deposits were covered by Federal Depository Insurance.

The City formally repealed its investment policy in 2004, limiting available investment options to local government surplus trust funds, money market funds, certificates of deposit and U.S. Treasuries per s. 218.415 Florida Statutes. The City's investments may be evaluated in terms of several risk factors:

Interest rate risk:

Fixed income securities expose the City to the risk of prevailing interest rate changes. In order to address interest rate risk, management has refrained from local government investment pools with a variable rate net asset value. In May 2014, the City liquidated its balance in the Florida Municipal Investment Trust local government investment pool bond fund accordingly.

A portion of the City's portfolio includes laddered certificate of deposit investments with short-term maturities, which ensures any potential interest rate risk is limited in scope. As of September 30, 2014, the City held the following non-negotiable certificates of deposit:

| <u>Institution</u> | <u>Term</u> | <u>Rate</u> | <u>Fair Value</u> |
|--------------------|-------------|-------------|---------------------|
| Bank United | 90 days | 0.20% | \$ 300,000 |
| Bank United | 90 days | 0.20% | 300,000 |
| Bank United | 90 days | 0.20% | 300,000 |
| Bank United | 180 days | 0.25% | 1,500,000 |
| | | | <u>\$ 2,400,000</u> |

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(3) Detailed Notes on All Funds - Continued

(a) Deposits and Investments - Continued

Credit risk:

The selection of banking and investment institutions exposes the City to the possibility of default by external parties. To mitigate credit risk, the City holds all investments on deposit with members of the State of Florida Collateral Pool, which maintains the ability to assess banking institutions for collateralized assets in the event of default.

The City invests only in money market funds and local government investment pools with the highest credit quality ratings. As of September 30, 2014, the City held assets in the following investment pools:

| <u>Local Government Investment Pool</u> | <u>Rating</u> | <u>Rating Agency</u> | <u>Fair Value</u> |
|---|---------------|----------------------|---------------------|
| Florida Surplus Asset Trust Fund | AAAm | Standard and Poor's | \$ 6,292,854 |
| Florida Prime | AAAm | Standard and Poor's | 164,978 |
| | | | <u>\$ 6,457,832</u> |

Custodial risk:

All cash and securities are held in the name of the City of Madeira Beach and are insured by FDIC or collateralized via the State of Florida Qualified Public Depository Program.

Concentration risk:

The City is exposed to concentration risk, specifically in regards to certificates of deposit. Approximately 15% of the total assets of the City's portfolio were on deposit with Bank United as of September 30, 2014. The bank is a qualified public depository participating in the State of Florida Qualified Public Depository Program and competitively bid against competing institutions for the deposits. Management has addressed the risk by diversifying certificate of deposit investments since September 30, 2014. As of January 31, 2015, total assets on deposit at Bank United decreased to 6%.

(b) Receivables

Receivables balances for the year ended September 30, 2014 were as follows:

| | <u>General</u> | <u>Local Option Sales Tax</u> | <u>Archibald</u> | <u>Sanitation</u> | <u>Stormwater</u> | <u>Marina</u> | <u>Total</u> |
|--|----------------|-----------------------------------|------------------|-------------------|-------------------|---------------|--------------|
| Accounts receivable | \$ 169,374 | - | 374 | 1,513 | 1,169 | 11,849 | 184,279 |
| Due from other governments | 71,208 | 54,779 | - | 187,511 | 62,926 | - | 376,424 |
| Total | 240,582 | 54,779 | 374 | 189,024 | 64,095 | 11,849 | 560,703 |
| Less: Allowance for uncollectible accounts | (737) | - | - | (8,343) | (2,744) | (4,644) | (16,468) |
| Receivable, net | \$ 239,845 | 54,779 | 374 | 180,681 | 61,351 | 7,205 | 544,235 |

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(3) Detailed Notes on All Funds - Continued

(c) Advances to/from

The General Fund loaned \$500,000 to the Marina Fund in fiscal year 2011 for construction of the Ship Store, a recreational and commercial fishing center. The loan is scheduled to be repaid over 20 years, at an interest rate of 1.5%. The balance as of September 30, 2014 was as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|--------------------------|
| General Fund | Marina Fund | \$ <u>421,075</u> |
| Total | | \$ <u><u>421,075</u></u> |

(d) Deferred Inflows of Resources

Governmental funds report unearned revenue in conjunction with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. The amount reported for unearned revenue on both the government-wide statement of net position and the governmental fund balance sheet consists of payments received during July, August and September for local business taxes and rental inspections which were billed in July for the coming fiscal year.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(3) Detailed Notes on All Funds - Continued

(e) Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|--------------------|--------------------|---------------------------|
| Governmental activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 2,370,228 | - | - | 414,447 | 2,784,675 |
| Construction in progress | 973,060 | 6,700,932 | (474,783) | 2,480 | 7,201,689 |
| Total capital assets, not being depreciated | <u>3,343,288</u> | <u>6,700,932</u> | <u>(474,783)</u> | <u>416,927</u> | <u>9,986,364</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 1,362,396 | - | (454,170) | 235,564 | 1,143,790 |
| Improvements other than buildings | 8,027,205 | 1,659,146 | (530,811) | 4,490,838 | 13,646,378 |
| Vehicles and equipment | 2,027,408 | 113,526 | (150,219) | 293,154 | 2,283,869 |
| Total capital assets, being depreciated | <u>11,417,009</u> | <u>1,772,672</u> | <u>(1,135,200)</u> | <u>5,019,556</u> | <u>17,074,037</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (1,231,402) | (23,055) | 414,184 | (153,117) | (993,390) |
| Improvements other than buildings | (4,508,889) | (340,664) | 524,393 | (2,196,851) | (6,522,011) |
| Vehicles and equipment | (1,499,702) | (152,921) | 187,865 | (10,032) | (1,474,790) |
| Total accumulated depreciation | <u>(7,239,993)</u> | <u>(516,640)</u> | <u>1,126,442</u> | <u>(2,360,000)</u> | <u>(8,990,191)</u> |
| Total capital assets, being depreciated, net | <u>4,177,016</u> | <u>1,256,032</u> | <u>(8,758)</u> | <u>2,659,556</u> | <u>8,083,846</u> |
| Governmental activities capital assets, net | \$ <u>7,520,304</u> | <u>7,956,964</u> | <u>(483,541)</u> | <u>3,076,483</u> | <u>18,070,210</u> |
| Business-type activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 414,447 | - | - | (414,447) | - |
| Construction in progress | 145,374 | 268,789 | (80,744) | (2,480) | 330,939 |
| Total capital assets, not being depreciated | <u>559,821</u> | <u>268,789</u> | <u>(80,744)</u> | <u>(416,927)</u> | <u>330,939</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 749,078 | - | (18,790) | (235,564) | 494,724 |
| Improvements other than buildings | 8,126,891 | 55,194 | (21) | (4,490,838) | 3,691,226 |
| Vehicles and equipment | 1,158,126 | 109,353 | (78,602) | (293,154) | 895,723 |
| Total capital assets, being depreciated | <u>10,034,095</u> | <u>164,547</u> | <u>(97,413)</u> | <u>(5,019,556)</u> | <u>5,081,673</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (201,001) | (27,700) | 21,586 | 153,117 | (53,998) |
| Improvements other than buildings | (3,276,243) | (95,512) | 11,727 | 2,196,794 | (1,163,234) |
| Vehicles and equipment | (462,418) | (113,022) | 5,307 | 10,032 | (560,101) |
| Total accumulated depreciation | <u>(3,939,662)</u> | <u>(236,234)</u> | <u>38,620</u> | <u>2,359,943</u> | <u>(1,777,333)</u> |
| Total capital assets, being depreciated, net | <u>6,094,433</u> | <u>(71,687)</u> | <u>(58,793)</u> | <u>(2,659,613)</u> | <u>3,304,340</u> |
| Business-type activities capital assets, net | \$ <u>6,654,254</u> | <u>197,102</u> | <u>(139,537)</u> | <u>(3,076,540)</u> | <u>3,635,279</u> |

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(3) Detailed Notes on All Funds - Continued

(e) Capital Assets - Continued

Depreciation expense was charged to activities of the City as follows:

| | |
|---|-------------------|
| Governmental activities: | |
| General government | \$ 46,557 |
| Physical environment | 111,553 |
| Public safety | 73,478 |
| Culture and recreation | 272,916 |
| Parking enforcement | <u>12,136</u> |
| Total depreciation expense - governmental activities | <u>\$ 516,640</u> |
| Business-type activities: | |
| Sanitation | \$ 101,088 |
| Stormwater | 68,841 |
| Marina | <u>66,305</u> |
| Total depreciation expense - business-type activities | <u>236,234</u> |
| Total depreciation expense | <u>\$ 752,874</u> |

(f) Construction Commitments

The following schedule represents open purchase orders related to construction in progress as of September 30, 2014:

| <u>Capital Project Description</u> | <u>Total</u> |
|--|---------------------|
| Municipal Complex Reconstruction | \$ 4,549,560 |
| Stormwater Drainage and Roadway Improvements | 282,584 |
| Gulf Boulevard Beautification | 200,994 |
| Marina Dock Improvements | 452,768 |
| Storm Sewer Lining | 33,286 |
| Marina Signage | <u>1,500</u> |
| | <u>\$ 5,520,692</u> |

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(3) Detailed Notes on All Funds - Continued

(g) Interfund Transfers

Transfers to/from other funds for the year ended September 30, 2014 were as follows:

| | <u>Transfer in</u> | <u>Transfer out</u> |
|--------------------------|---------------------|---------------------|
| General Fund | \$ 1,455,469 | - |
| John's Pass Village Fund | - | 899,299 |
| Parking Fund | - | 556,170 |
| | <u>\$ 1,455,469</u> | <u>1,455,469</u> |

During the fiscal year, the City transferred \$1,455,469 from the John's Pass Village and Parking Funds to the General Fund as part of an approved fund reclassification. See Note (3)(i) for further details.

(h) Long-term Liabilities

Long-term liabilities of governmental activities are generally liquidated by the General Fund. Long-term liability activity for the year ended September 30, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Transfers</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---------------------------------|------------------------------|------------------|-------------------|------------------|---------------------------|--------------------------------|
| Governmental activities | | | | | | |
| Revenue bond | \$ - | 4,760,000 | - | - | 4,760,000 | 100,000 |
| Unamortized discount | - | (19,435) | - | - | (19,435) | - |
| Total revenue bond | - | 4,740,565 | - | - | 4,740,565 | 100,000 |
| Compensated absences | 163,245 | 199,057 | (174,502) | - | 187,800 | 18,780 |
| Other postemployment benefits | 41,520 | 9,550 | - | 1,038 | 52,108 | - |
| Long-term liabilities | <u>\$ 204,765</u> | <u>4,949,172</u> | <u>(174,502)</u> | <u>1,038</u> | <u>4,980,473</u> | <u>118,780</u> |
| Business-type activities | | | | | | |
| Compensated absences | \$ 46,376 | 62,268 | (54,053) | - | 54,591 | 5,460 |
| Other postemployment benefits | 14,531 | 2,834 | - | (1,038) | 16,327 | - |
| Long-term liabilities | <u>\$ 60,907</u> | <u>65,102</u> | <u>(54,053)</u> | <u>(1,038)</u> | <u>70,918</u> | <u>5,460</u> |

On October 24, 2013, the City issued \$4,760,000 in Capital Improvement Revenue Bonds for the purpose of financing municipal facility replacements. Pledged revenue included a combination of utility taxes, franchise taxes and intergovernmental revenue. Total debt service payments of approximately \$8,900,000 will be paid over 30 years, at an interest rate ranging from 3.00% to 5.00%.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(3) Detailed Notes on All Funds - Continued

(h) Long-term Liabilities - Continued

The annual debt service requirements for the governmental activities long-term debt as of September 30, 2014 are as follows:

| <u>Year Ending September 30,</u> | <u>Capital Improvement Revenue Bonds, Series 2013</u> | | |
|--------------------------------------|---|------------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2015 | \$ 100,000 | 197,063 | 297,063 |
| 2016 | 90,000 | 207,513 | 297,513 |
| 2017 | 95,000 | 204,813 | 299,813 |
| 2018 | 95,000 | 201,963 | 296,963 |
| 2019 | 100,000 | 199,113 | 299,113 |
| 2020 - 2024 | 540,000 | 948,663 | 1,488,663 |
| 2025 - 2029 | 650,000 | 844,625 | 1,494,625 |
| 2030 - 2034 | 795,000 | 692,125 | 1,487,125 |
| 2035 - 2039 | 1,005,000 | 477,750 | 1,482,750 |
| 2040 - 2044 | 1,290,000 | 199,750 | 1,489,750 |
| | <u>\$ 4,760,000</u> | <u>4,173,376</u> | <u>8,933,376</u> |

(i) Closing of Enterprise Funds

In developing the fiscal year 2014 budget, management reevaluated the purpose of the John's Pass Village Fund and the Parking Fund and determined that operations were not required, nor appropriate, to be reported as enterprise funds. Governments are not required to report an enterprise fund unless one of three conditions applies to the underlying activity: 1) issued debt is backed solely by fees and charges; 2) recovery of costs is legally required; or 3) recovery of costs is designed by policy. The activities of the John's Pass Village Fund and Parking Fund both failed to meet these criteria. As such, upon adoption of the annual budget, the Board of Commissioners approved reclassification of the funds into the General Fund. All current assets and liabilities, of the John's Pass Village Fund and Parking Fund, in the amount of \$899,299 and \$556,170, respectively, were transferred to the General Fund, while the long-term assets and long-term liabilities, in the amounts of \$2,947,126 and \$133,489, respectively, were transferred to governmental activities.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(3) Detailed Notes on All Funds - Continued

(j) Termination Benefits

The City offered a voluntary termination package from September 2, 2014 until September 30, 2014, for the purpose of encouraging employees considering an early leave decision to accelerate their plans. Nine employees elected to voluntarily resign from City employment, effective September 30, 2014. As material inducement, the City agreed to pay a one-time, lump-sum payout equal to 1,040 hours, at the employee's rate of pay in effect at September 30, 2014 or pay the employee every two weeks, beginning October 17, 2014 through April 3, 2015, equal to 80 hours per installment, at the employee's rate of pay in effect on September 30, 2014. The City also agreed to contribute 9% to the employee's retirement fund and pay on the employee's behalf the premium due for the first 6 months of Consolidated Omnibus Budget Reconciliation Act ("COBRA") coverage following enrollment. These amounts are in addition to any accrued sick leave otherwise payable upon retirement.

Since both the acceptance of the offer and termination of the employees occurred on September 30, 2014, the City recorded a liability and expense at the government-wide level and in the governmental fund and proprietary fund financial statements. The liability at September 30, 2014, and expenditure in the government-wide financial statements approximated \$202,000 which represents actual future payments to be made.

(4) Other Information

(a) Risk Management

During the ordinary course of its operations, the City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City does not retain risk. Commercial insurance coverage is maintained in amounts management feels is adequate to protect and safeguard the assets of the City. In the opinion of the City's management and legal counsel, legal claims and litigation are not anticipated to have a material impact on the financial position of the City. The amount of insurance settlements has not exceeded insurance coverage for any of the past three fiscal years.

(b) Contingent Liabilities

The City participates in several programs that are fully or partially funded by grants received from state, county or federal governmental agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor. As of September 30, 2014, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(4) Other Information – Continued

(c) Other Postemployment Benefits (OPEB)

The City does not provide any postretirement health care or life insurance benefits for employees. As mandated by Chapter 112.0801, *Florida Statutes*, retirees and their eligible dependents are offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The entire premium cost is paid by the retirees.

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in the fiscal year ended September 30, 2010. Even though the City does not provide any postretirement health care or life insurance benefits for employees, there is an implicit rate subsidy because retirees are able to purchase insurance coverage at the same premium cost applicable to active employees. This practice creates an OPEB liability based on the theory that retirees have higher utilization of health care benefits than active employees, and the retirees are therefore subsidized by the active employees. This liability must be actuarially determined and recognized in the financial statements. The City was eligible to utilize the alternative measurement method for the OPEB actuarial requirements. Under this alternative measurement method, the City may obtain actuarial valuations triennially. The latest actuarial report used by the City is the September 30, 2013 actuarial date.

Plan Description: The City administers a single-employer defined benefit healthcare plan that provides medical and dental coverage to retirees as well as their eligible spouses. Benefits are provided through the City’s group health insurance plan, which covers both active and retired members.

Number of Covered Participants:

| | |
|----------|------------------|
| Active | 42 |
| Retired | 1 |
| Eligible | 0 |
| Spouses | <u>11</u> |
| Total | <u><u>54</u></u> |

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(4) Other Information - Continued

(c) Other Postemployment Benefits (OPEB) - Continued

Funding Policy: For all retired employees, the employee contributes 100% of the active premium rate and may also purchase spouse coverage at the active premium rate. The City does not contribute any amount. Plan provisions and contribution requirements are established and may be amended by the City Manager. The postretirement medical and dental benefits are currently funded on a pay-as-you go basis (i.e., the City funds on a cash basis as benefits are paid). No assets have been segregated and restricted to provide postretirement benefits. No trust or agency fund has been established for the plan.

Annual OPEB Cost and Net OPEB Obligation: The City's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's net OPEB obligation:

| Description | Calculated Amount |
|--|-------------------------|
| Annual Required Contribution (ARC) | \$ 21,280 |
| Interest on Net OPEB Obligation (NOO) | 2,802 |
| Adjustment to Annual Required Contribution (ARC) | <u>(3,226)</u> |
| Annual OPEB Cost (Expense) | 20,856 |
| Age Adjusted Contributions Made | <u>(8,472)</u> |
| Change in Net OPEB Obligation (NOO) | 12,384 |
| Net OPEB Obligation (NOO) - Beginning of Year | <u>56,051</u> |
| Net OPEB Obligation (NOO) - End of Year | <u>\$ <u>68,435</u></u> |

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(4) Other Information - Continued

(c) Other Postemployment Benefits (OPEB) - Continued

The assumptions used in the actuarial valuation include:

- 1% payroll growth rate
- 0% investment return
- 0% post-retirement benefit increases
- 5% healthcare cost trend rate
- 0% general inflation rate

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions by the City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial accrued liability is being amortized as a level percentage of payroll over thirty years (closed basis).

Funded Status and Funding Progress: As of September 30, 2013, the latest actuarial valuation date, the actuarial accrued liability for benefits was \$108,265, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,924,475 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 5.63 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The following schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(4) Other Information - Continued

(c) Other Postemployment Benefits (OPEB) - Continued

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a/c) |
|--------------------------|-------------------------------|---------------------------------|---|--------------------|---------------------|---|
| 9/30/2014 | N/A | N/A | N/A | N/A | N/A | N/A |
| 9/30/2013 | \$ - | \$ 108,265 | \$ 108,265 | 0.00% | \$ 1,924,475 | 5.63% |
| 9/30/2012 | N/A | N/A | N/A | N/A | N/A | N/A |

The AAL is the present value of projected benefits (other than pension benefits, or OPEB) for retirees plus a portion of expected OPEB for active members that have been earned but are not going to be paid in the current year. The AAL is calculated using one of six actuarial cost methods acceptable under GASB 45. The retiree portion of the AAL consists of the current year OPEB and the present value of future OPEB payments.

The active member portion of the AAL consists of the present value of expected future benefit payments attributable to prior service, excluding payment of active member benefits for the current year. The AAL does not include future benefit payment for future services.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial costs method used in the valuation to determine the Actuarial Accrued Liability (AAL) and the Actuarial Required Contribution (ARC) was the Entry Age Method.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding fiscal years were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Age Adjusted Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|---------------------------|--|---------------------|
| 9/30/2014 | \$ 20,856 | \$ 8,472 | 40.6% | \$ 68,435 |
| 9/30/2013 | \$ 20,738 | \$ 8,472 | 40.9% | \$ 56,051 |
| 9/30/2012 | \$ 30,260 | \$ 15,665 | 51.8% | \$ 43,785 |

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(4) Other Information - Continued

(d) Employee Retirement Systems and Pension Plans

Florida Retirement System

General employees hired before January 1, 1996 and all firefighters, regardless of date of hire, participate in the Florida Retirement System (“System”), a cost-sharing multiple employer public employee retirement system administered by the State of Florida Department of Management Services, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, *Florida Statutes*, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions.

For general employees in the Regular Class, the System provides vesting of benefits after the member completes six (6) years of creditable service and attains age 62, or completes 30 years of creditable service, regardless of age, which may include a maximum of 4 years of military service credit as long as such credit is not claimed under any other system.

For firefighters in the Special Risk Class, the System provides vesting of benefits after the member completes 6 or more years of creditable service in the Special Risk Class and attains age 55; completes 25 years of creditable service in the Special Risk Class, regardless of age; or completes 25 years of creditable service and attains age 52, which service may include a maximum of 4 years of military service credit as long as such credit is not claimed under any other system and the remaining years are in the Special Risk Class.

Early retirement benefits may also be provided; however, there is a reduction in benefits for each year prior to normal retirement. Generally, membership is compulsory for all full-time and part-time employees. Presently, the System requires a 3.00% contribution from covered members in the regular and special risk classes.

The employer’s statutory contribution rates as a percent of earnings were as follows:

| | <u>10/1/2013 - 6/30/2014</u> | <u>7/1/2014 - 9/30/2014</u> |
|---|----------------------------------|---------------------------------|
| Regular employees - members not qualifying for other classes | 6.95% | 7.37% |
| Special Risk employees - members employed as firefighters | 19.06% | 19.82% |
| DROP - members enrolled in the Deferred Retirement Option Program | 12.84% | 12.28% |

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(4) Other Information - Continued

(d) Employee Retirement Systems and Pension Plans - Continued

The 2014 Florida Legislature continued the uniform contribution rate system under which participating employers make uniform contributions to support both the FRS Pension Plan and the FRS Investment Plan.

Under this system, employers contribute based upon blended rates determined as a percentage of the total payroll for each class or subclass of FRS membership, regardless of which retirement plan individual employees may elect.

Employer contribution rates for regular and special risk employees include the 1.11% Health Insurance Subsidy (HIS) contribution rate and the 0.05% assessment for administering the FRS Investment Plan and funding an educational component of the FRS. The DROP rate includes the 1.11% HIS contribution, but the 0.05% administrative/educational fee for the FRS Investment Plan does not apply to DROP participants.

Contributions required and made to the System for City employees were as follows:

| <u>Fiscal Year Ended</u> | <u>Required Contribution</u> | <u>% Contributed</u> |
|------------------------------|----------------------------------|--------------------------|
| 9/30/2014 | \$129,125 | 100% |
| 9/30/2013 | \$109,857 | 100% |
| 9/30/2012 | \$103,329 | 100% |

For a stand-alone report of the Florida Retirement System, contact the Department of Management Services, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

During the fiscal year, the System held no securities issued by the employer.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(4) Other Information - Continued

(d) Employee Retirement Systems and Pension Plans - Continued

General Employee 401(a) Plan

The City maintains a single-employer defined contribution plan for all general employees and elected officials hired after January 1, 1996. This is a tax-qualified plan pursuant to section 401(a) of the Internal Revenue Code. This plan was established by Resolution 98.20. Amendments to the plan provisions or contribution requirements may be made by resolution.

The plan, administered by the ICMA Retirement Corporation, provides for the employer to contribute 9% of earnings. Employees are not required to contribute to this plan; however, each employee directs the investment of his or her account. Employees are eligible to participate after one year of employment, and the vesting schedule provides for employees to be fully vested after five years of service, or upon reaching the plan retirement age of 65 while employed by the City. The plan permits distributions of the vested amount for retirement, death, disability, hardship or direct rollover to another eligible retirement plan. For the year ended September 30, 2014, employer contributions required and made totaled \$98,986 and covered payroll totaled \$1,141,830.

Participation in the plan at September 30, 2014 was as follows:

| <u>Years of Service</u> | <u>Percent Vested</u> | <u>Number of Employees</u> |
|-----------------------------|---------------------------|--------------------------------|
| 5 or more | 100% | 12 |
| 4 | 0% | 3 |
| 3 | 0% | 2 |
| 2 | 0% | 6 |
| 1 | 0% | 2 |
| 0 | 0% | 8 |

The City also maintains a defined contribution plan for the Senior Management Class, which includes the City Manager. This is a tax-qualified plan pursuant to section 401(a) of the Internal Revenue Code and is administered by the ICMA Retirement Corporation. This plan was established by Resolution 96.02. Amendments to the plan provisions or contribution requirements may be made by resolution. It provides for the employer to contribute 10% of the City Manager's base salary. The City Manager is eligible to participate immediately upon employment and is immediately vested. The City has designated a retirement age of 62 for this plan. Distributions of the vested amount for retirement, death, disability, hardship or direct rollover to another eligible retirement plan are permitted.

CITY OF MADEIRA BEACH, FLORIDA

Notes to Financial Statements - Continued

(4) Other Information - Continued

(d) Employee Retirement Systems and Pension Plans - Continued

Deferred Compensation Plan

The City offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Section 457(b). The plans, which are available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or other unforeseen non-reimbursed emergency. Because all assets of the plans must be held in trust for the exclusive benefit of plan participants and their beneficiaries, these plans are not accounted for in the City's financial statements.

(e) Single Audit Act

The City did not expend more than the \$500,000 single audit threshold for the fiscal year ended September 30, 2014, and therefore it is not subject to the requirements of the Single Audit Act.

(f) Subsequent Events

On November 14, 2014, the City issued \$3,010,000 in Interlocal Payment Revenue Bonds for the purpose of financing improvements to Gulf Boulevard, a State-owned highway that serves as the Pinellas County beach communities' primary commercial roadway. Pledged revenue included reimbursement installments to be provided by the County, based on an interlocal agreement. Total debt service payments of approximately \$3,150,000 will be paid over 5 years, at an interest rate of 1.43%.

With the issuance of the above revenue bond, the City's annual debt service requirements for the governmental activities long-term debt are as follows:

| Year Ending September 30, | Revenue Bonds | | |
|--------------------------------------|----------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2015 | \$ 100,000 | 217,030 | 317,030 |
| 2016 | 280,000 | 249,197 | 529,197 |
| 2017 | 580,000 | 241,671 | 821,671 |
| 2018 | 726,000 | 230,841 | 956,841 |
| 2019 | 1,804,000 | 211,296 | 2,015,296 |
| 2020 - 2024 | 540,000 | 948,663 | 1,488,663 |
| 2025 - 2029 | 650,000 | 844,625 | 1,494,625 |
| 2030 - 2034 | 795,000 | 692,125 | 1,487,125 |
| 2035 - 2039 | 1,005,000 | 477,750 | 1,482,750 |
| 2040 - 2044 | 1,290,000 | 199,750 | 1,489,750 |
| | <u>\$ 7,770,000</u> | <u>4,312,948</u> | <u>12,082,948</u> |

Section III

Required Supplementary Information



CITY OF MADEIRA BEACH, FLORIDA

Other Postemployment Benefits

**September 30, 2014
(Unaudited)**

Schedule of Employer Contributions for the last 3 years is as follows:

| Fiscal Year Ended | Annual Required Contributions | Percentage Contributed |
|------------------------------|--|-----------------------------------|
| 9/30/2014 | \$ 21,280 | 40.6% |
| 9/30/2013 | 21,069 | 40.2% |
| 9/30/2012 | 30,260 | 51.8% |

Schedule of Funding Progress for the last 3 years is as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a/c) |
|-------------------------------------|--|--|--|-----------------------------------|------------------------------------|--|
| 9/30/2014 | N/A | N/A | N/A | N/A | N/A | N/A |
| 9/30/2013 | \$ - | \$ 108,265 | \$ 108,265 | 0.00% | \$ 1,924,475 | 5.63% |
| 9/30/2012 | N/A | N/A | N/A | N/A | N/A | N/A |

Section IV

Statistical Section



Statistical Section

This part of the City of Madeira Beach’s comprehensive annual financial reports presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the government’s overall health.

| Contents | <u>Page</u> |
|---|--------------------|
| <i>Financial Trends</i> | 60 |
| These schedules contain trend information to help the reader understand and assess how the City’s financial position has changed over time. | |
| <i>Revenue Capacity</i> | 65 |
| These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate own-source revenues, such as property taxes. | |
| <i>Debt Capacity</i> | 69 |
| These schedules present information to help the reader understand and assess the City’s debt burden and its ability to issue additional debt. | |
| There are no limitations placed upon the amount of debt the City of Madeira Beach may issue by either the City Charter or the City’s Code of Ordinances, or by <i>Florida Statutes</i> . | |
| <i>Demographic and Economic Information</i> | 70 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place, and to facilitate comparison of financial statement information over time and among governments. | |
| <i>Operating Information</i> | 72 |
| These schedules contain contextual information about the City’s operations and resources to assist readers in using financial statement information to understand and assess the City’s economic condition. | |

CITY OF MADEIRA BEACH, FLORIDA

Net Position by Component

**Last Ten Fiscal Years
(Accrual Basis of Accounting)**

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt \$ | 5,450,410 | 6,934,604 | 7,353,902 | 7,232,486 | 7,097,593 | 6,976,034 | 6,776,719 | 6,597,288 | 7,520,304 | 13,799,242 |
| Restricted | - | - | - | - | - | 1,843,426 | 2,157,106 | 2,226,885 | 1,847,565 | 1,491,307 |
| Unrestricted | 6,232,005 | 5,799,196 | 9,269,916 | 10,586,636 | 12,078,708 | 11,402,917 | 11,737,179 | 11,747,918 | 11,248,166 | 10,839,038 |
| Total governmental activities net position | <u>11,682,415</u> | <u>12,733,800</u> | <u>16,623,818</u> | <u>17,819,122</u> | <u>19,176,301</u> | <u>20,222,377</u> | <u>20,671,004</u> | <u>20,572,091</u> | <u>20,616,035</u> | <u>26,129,587</u> |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt \$ | 8,405,077 | 8,944,507 | 6,391,839 | 6,329,622 | 6,424,302 | 6,308,041 | 6,700,068 | 6,470,374 | 6,654,254 | 3,635,279 |
| Unrestricted | 2,235,639 | 2,538,792 | 1,789,131 | 2,304,286 | 2,501,584 | 2,731,237 | 2,678,753 | 3,447,054 | 3,922,448 | 2,432,863 |
| Total business-type net position | <u>10,640,716</u> | <u>11,483,299</u> | <u>8,180,970</u> | <u>8,633,908</u> | <u>8,925,886</u> | <u>9,039,278</u> | <u>9,378,821</u> | <u>9,917,428</u> | <u>10,576,702</u> | <u>6,068,142</u> |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt \$ | 13,855,487 | 15,879,111 | 13,745,741 | 13,562,108 | 13,521,895 | 13,284,075 | 13,476,787 | 13,067,662 | 14,174,558 | 17,434,521 |
| Restricted | - | - | - | - | - | 1,843,426 | 2,157,106 | 2,226,885 | 1,847,565 | 1,491,307 |
| Unrestricted | 8,467,644 | 8,337,988 | 11,059,047 | 12,890,922 | 14,580,292 | 14,134,154 | 14,415,932 | 15,194,972 | 15,170,614 | 13,271,901 |
| Total primary government net position | <u>22,323,131</u> | <u>24,217,099</u> | <u>24,804,788</u> | <u>26,453,030</u> | <u>28,102,187</u> | <u>29,261,655</u> | <u>30,049,825</u> | <u>30,489,519</u> | <u>31,192,737</u> | <u>32,197,729</u> |

CITY OF MADEIRA BEACH, FLORIDA

Changes in Net Position

**Last Ten Fiscal Years
(Accrual Basis of Accounting)**

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|---|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 1,166,824 | 1,122,940 | 1,813,398 | 1,130,296 | 1,086,703 | 1,312,167 | 1,341,581 | 1,414,883 | 1,524,928 | 1,738,593 |
| Physical environment | 199,371 | 198,930 | 220,830 | 257,527 | 260,610 | 237,705 | 318,218 | 212,283 | 441,568 | 397,459 |
| Transportation | 297,571 | 381,944 | 496,778 | 405,240 | 337,064 | 342,946 | 340,079 | 424,878 | 7,316 | - |
| Public safety | 2,117,793 | 2,215,395 | 2,340,684 | 2,460,537 | 2,394,698 | 2,093,721 | 2,256,879 | 2,313,010 | 2,325,689 | 2,419,548 |
| Culture and recreation | 924,474 | 951,054 | 1,117,355 | 1,053,540 | 976,627 | 859,420 | 931,641 | 931,781 | 892,963 | 1,226,418 |
| Parking | - | - | - | - | - | - | - | - | - | 266,139 |
| Total governmental activities expenses | \$ <u>4,706,033</u> | <u>4,870,263</u> | <u>5,989,045</u> | <u>5,307,140</u> | <u>5,055,702</u> | <u>4,845,959</u> | <u>5,188,398</u> | <u>5,296,835</u> | <u>5,192,464</u> | <u>6,048,157</u> |
| Business-type activities: | | | | | | | | | | |
| Sanitation | \$ 1,039,268 | 1,084,902 | 1,151,053 | 1,165,309 | 1,111,563 | 954,521 | 1,026,855 | 1,011,249 | 987,491 | 1,120,079 |
| Sewer | 987,424 | 952,421 | 868,932 | - | - | - | - | - | - | - |
| Stormwater | 121,713 | 160,835 | 195,439 | 207,037 | 207,445 | 191,310 | 163,079 | 193,432 | 373,158 | 455,957 |
| Marina | 658,556 | 716,146 | 889,377 | 1,298,083 | 1,034,711 | 1,200,024 | 1,260,832 | 1,654,840 | 1,800,831 | 2,095,009 |
| John's Pass Village | 250,374 | 277,805 | 341,919 | 306,732 | 299,483 | 423,876 | 308,891 | 353,162 | 326,085 | - |
| Parking | - | - | - | - | - | 145,345 | 165,211 | 161,615 | 206,832 | - |
| Total business-type activities expenses | <u>3,057,335</u> | <u>3,192,109</u> | <u>3,446,720</u> | <u>2,977,161</u> | <u>2,653,202</u> | <u>2,915,076</u> | <u>2,924,868</u> | <u>3,374,298</u> | <u>3,694,397</u> | <u>3,671,045</u> |
| Total government expenses | \$ <u>7,763,368</u> | <u>8,062,372</u> | <u>9,435,765</u> | <u>8,284,301</u> | <u>7,708,904</u> | <u>7,761,035</u> | <u>8,113,266</u> | <u>8,671,133</u> | <u>8,886,861</u> | <u>9,719,202</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 20,025 | 9,131 | 40,100 | 38,353 | 60,420 | 98,119 | 177,728 | 272,485 | 251,011 | 808,209 |
| Physical environment | 500 | 48,000 | 10,000 | 500 | - | - | - | - | - | - |
| Public safety | 669,540 | 722,257 | 714,202 | 750,530 | 789,634 | 618,752 | 585,333 | 575,210 | 553,202 | 601,222 |
| Culture and recreation | 545,478 | 519,891 | 508,616 | 488,054 | 490,086 | 200,073 | 203,200 | 255,098 | 287,036 | 1,017,541 |
| Parking | - | - | - | - | - | - | - | - | - | 717,859 |
| Operating grants and contributions | 30,699 | 30,441 | 31,063 | 32,268 | 32,490 | 298,564 | 390,330 | 49,504 | - | - |
| Capital grants and contributions | 2,885 | - | 78,795 | - | 10,500 | - | - | - | - | 230,813 |
| Total governmental activities program revenues | \$ <u>1,269,127</u> | <u>1,329,720</u> | <u>1,382,776</u> | <u>1,309,705</u> | <u>1,383,130</u> | <u>1,215,508</u> | <u>1,356,591</u> | <u>1,152,297</u> | <u>1,091,249</u> | <u>3,375,644</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sanitation | \$ 971,553 | 1,091,642 | 1,177,699 | 1,207,575 | 1,156,865 | 1,154,523 | 1,178,605 | 1,084,248 | 1,152,111 | 1,145,198 |
| Sewer | 772,814 | 1,218,377 | - | - | - | - | - | - | - | - |
| Stormwater | 141,715 | 352,261 | 359,856 | 362,219 | 360,048 | 356,465 | 374,918 | 322,611 | 362,754 | 347,898 |
| Marina | 604,709 | 708,350 | 877,384 | 1,203,823 | 969,331 | 1,012,880 | 1,221,047 | 1,640,660 | 1,866,683 | 2,185,742 |
| John's Pass Village | 331,114 | 320,210 | 378,360 | 530,492 | 530,633 | 95,736 | 96,707 | 531,490 | 581,835 | - |
| Parking | - | - | - | - | - | 666,247 | 723,666 | 338,753 | 411,769 | - |
| Operating grants and contributions | 2,422 | 2,426 | 3,393 | 4,701 | 3,406 | 3,407 | - | - | - | - |
| Capital grants and contributions | 444,675 | 2,787 | 198,013 | 264,537 | 84,580 | 19,848 | - | - | - | - |
| Total business-type activities program revenues | <u>3,269,002</u> | <u>3,696,053</u> | <u>2,994,705</u> | <u>3,573,347</u> | <u>3,104,863</u> | <u>3,309,106</u> | <u>3,594,943</u> | <u>3,917,762</u> | <u>4,375,152</u> | <u>3,678,838</u> |
| Total government program revenues | \$ <u>4,538,129</u> | <u>5,025,773</u> | <u>4,377,481</u> | <u>4,883,052</u> | <u>4,487,993</u> | <u>4,524,614</u> | <u>4,951,534</u> | <u>5,070,059</u> | <u>5,466,401</u> | <u>7,054,482</u> |

(Continued)

CITY OF MADEIRA BEACH, FLORIDA

Changes in Net Position - Continued

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|---|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (3,436,906) | (3,540,543) | (4,606,269) | (3,997,435) | (3,672,572) | (3,630,451) | (3,831,807) | (4,144,538) | (3,973,485) | (3,195,091) |
| Business-type activities | 211,667 | 503,944 | (452,015) | 596,186 | 451,661 | 394,030 | 670,075 | 534,469 | 680,755 | 7,793 |
| Total governmental net expense | \$ <u>(3,225,239)</u> | <u>(3,036,599)</u> | <u>(5,058,284)</u> | <u>(3,401,249)</u> | <u>(3,220,911)</u> | <u>(3,236,421)</u> | <u>(3,161,732)</u> | <u>(3,610,069)</u> | <u>(3,292,730)</u> | <u>(3,187,298)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 1,733,117 | 2,061,249 | 2,417,146 | 2,232,709 | 2,018,974 | 1,694,316 | 1,506,269 | 1,444,836 | 1,424,325 | 1,490,180 |
| Franchise and utility taxes | 928,499 | 1,022,197 | 1,060,469 | 1,062,953 | 1,166,572 | 1,298,111 | 1,207,346 | 1,167,978 | 1,158,034 | 1,246,640 |
| Intergovernmental revenues | 1,231,641 | 1,233,980 | 1,209,167 | 1,240,610 | 1,140,996 | 1,086,522 | 1,055,587 | 1,096,656 | 1,127,736 | 1,165,875 |
| Local business tax receipts | 73,741 | 80,141 | 80,524 | 84,356 | 79,969 | 78,535 | 76,886 | 65,474 | 71,022 | 71,249 |
| Investment earnings | 155,637 | 305,879 | 508,916 | 272,689 | 74,681 | 87,888 | (599) | 71,210 | 26,261 | 19,742 |
| Gain/(loss) on disposal of capital assets | 9,576 | 2,197 | 11,970 | 3,472 | (19,492) | 6,220 | (33,846) | - | - | - |
| Miscellaneous revenues | 108,376 | 91,555 | 69,586 | 100,150 | 174,051 | 131,035 | 130,715 | 155,071 | 134,551 | 178,873 |
| Transfers | 543,700 | (199,945) | 2,942,701 | 195,800 | 194,000 | 293,900 | 338,076 | 44,400 | 75,500 | 4,536,084 |
| Total governmental activities | \$ <u>4,784,287</u> | <u>4,597,253</u> | <u>8,300,479</u> | <u>5,192,739</u> | <u>5,029,751</u> | <u>4,676,527</u> | <u>4,280,434</u> | <u>4,045,625</u> | <u>4,017,429</u> | <u>8,708,643</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | \$ 69,293 | 121,535 | 79,925 | 43,357 | 10,589 | 11,119 | 1,306 | 2,486 | 331 | 180 |
| Gain/(loss) on disposal of capital assets | 7,650 | 720 | - | 3,025 | 15,753 | (17,964) | (9,847) | 18,975 | 37,220 | - |
| Miscellaneous revenues | 26,164 | 16,439 | 12,462 | 6,170 | 7,975 | 20,107 | 16,085 | 18,082 | 16,468 | 19,551 |
| Transfers | (543,700) | 199,945 | (2,942,701) | (195,800) | (194,000) | (293,900) | (338,076) | (44,400) | (75,500) | (4,536,084) |
| Total business-type activities | <u>(440,593)</u> | <u>338,639</u> | <u>(2,850,314)</u> | <u>(143,248)</u> | <u>(159,683)</u> | <u>(280,638)</u> | <u>(330,532)</u> | <u>(4,857)</u> | <u>(21,481)</u> | <u>(4,516,353)</u> |
| Total government | \$ <u>4,343,694</u> | <u>4,935,892</u> | <u>5,450,165</u> | <u>5,049,491</u> | <u>4,870,068</u> | <u>4,395,889</u> | <u>3,949,902</u> | <u>4,040,768</u> | <u>3,995,948</u> | <u>4,192,290</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 1,347,381 | 1,056,710 | 3,694,210 | 1,195,304 | 1,357,179 | 1,046,076 | 448,627 | (98,913) | 43,944 | 5,513,552 |
| Business-type activities | <u>(228,926)</u> | <u>842,583</u> | <u>(3,302,329)</u> | <u>452,938</u> | <u>291,978</u> | <u>113,392</u> | <u>339,543</u> | <u>538,612</u> | <u>659,274</u> | <u>(4,508,560)</u> |
| Total government | \$ <u>1,118,455</u> | <u>1,899,293</u> | <u>391,881</u> | <u>1,648,242</u> | <u>1,649,157</u> | <u>1,159,468</u> | <u>788,170</u> | <u>439,699</u> | <u>703,218</u> | <u>1,004,992</u> |

CITY OF MADEIRA BEACH, FLORIDA

Fund Balances of Governmental Funds

**Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General fund: | | | | | | | | | | |
| Nonspendable | \$ * | * | * | * | * | 10,276 | 526,744 | 523,089 | 446,230 | 424,229 |
| Restricted | * | * | * | * | * | - | - | - | - | 580,963 |
| Committed | * | * | * | * | * | - | - | - | - | 1,855,566 |
| Assigned | * | * | * | * | * | 4,045,652 | 4,202,754 | 4,157,086 | 6,514,384 | 5,602,878 |
| Unassigned | * | * | * | * | * | 7,530,501 | 7,160,890 | 7,272,878 | 4,492,317 | 3,871,126 |
| Total general fund | \$ * | * | * | * | * | <u>11,586,429</u> | <u>11,890,388</u> | <u>11,953,053</u> | <u>11,452,931</u> | <u>12,334,762</u> |
| All other governmental funds: | \$ | | | | | | | | | |
| Restricted | * | * | * | * | * | 1,843,426 | 2,157,106 | 2,226,885 | 1,847,565 | 910,344 |
| Total all other governmental funds | \$ * | * | * | * | * | <u>1,843,426</u> | <u>2,157,106</u> | <u>2,226,885</u> | <u>1,847,565</u> | <u>910,344</u> |

Note:

* Information not available prior to the implementation of GASB Statement 54.

CITY OF MADEIRA BEACH, FLORIDA

Changes in Fund Balances of Governmental Funds

**Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Revenues | | | | | | | | | | |
| Taxes | 3,397,444 | 3,835,389 | 3,477,615 | 3,295,662 | 3,185,546 | 2,992,427 | 2,713,615 | 2,612,814 | 2,582,359 | 2,736,820 |
| Licenses and permits | \$ 86,073 | 90,908 | 100,457 | 101,810 | 104,013 | 94,809 | 88,378 | 78,584 | 312,009 | 637,928 |
| Intergovernmental revenue | 503,738 | 1,092,890 | 1,700,625 | 1,665,507 | 1,833,017 | 1,986,794 | 2,020,541 | 1,708,260 | 1,448,708 | 1,615,190 |
| Charges for services | 1,129,927 | 520,041 | 727,777 | 716,605 | 490,086 | 581,914 | 447,560 | 499,458 | 534,136 | 473,716 |
| Fines and forfeitures | 118,442 | 143,871 | 133,608 | 150,249 | 176,783 | 98,693 | 176,945 | 28,125 | 10,024 | 241,091 |
| Parking enforcement | | | | | | | | | | 1,060,849 |
| Special assessments | 500 | 48,000 | 10,000 | 500 | - | - | - | - | - | - |
| Investment earnings | 155,637 | 305,879 | 508,916 | 272,689 | 74,681 | 87,888 | (599) | 71,210 | 25,364 | 17,959 |
| Miscellaneous revenue | 108,376 | 87,743 | 69,586 | 100,150 | 174,247 | 131,035 | 130,715 | 155,071 | 134,551 | 178,873 |
| Total revenues | 5,500,137 | 6,124,721 | 6,728,584 | 6,303,172 | 6,038,373 | 5,973,560 | 5,577,155 | 5,153,522 | 5,047,151 | 6,962,426 |
| Expenditures | | | | | | | | | | |
| General Government | \$ 1,098,861 | 1,053,569 | 1,745,631 | 1,113,760 | 1,052,308 | 1,576,040 | 1,625,381 | 1,344,018 | 1,634,673 | 1,750,569 |
| Physical Environment | 175,291 | 178,268 | 192,853 | 233,223 | 242,947 | 345,023 | 310,116 | 188,376 | 322,053 | 284,055 |
| Transportation | 179,545 | 262,726 | 318,961 | 237,105 | 234,854 | 239,738 | 239,990 | 222,965 | 7,316 | - |
| Public Safety | 2,030,356 | 2,146,816 | 2,268,692 | 2,353,055 | 2,314,135 | 2,043,324 | 2,261,063 | 2,203,613 | 2,296,731 | 2,330,872 |
| Culture and recreation | 803,727 | 839,961 | 996,456 | 947,981 | 884,700 | 765,942 | 844,573 | 782,263 | 794,133 | 778,115 |
| Parking enforcement | | | | | | | | | | 252,357 |
| Capital outlay | 1,059,875 | 1,872,004 | 675,131 | 273,106 | 205,034 | 190,978 | 16,469 | 360,741 | 531,369 | 6,563,339 |
| Debt Service: | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - | - | 317,322 |
| Total expenditures | 5,347,655 | 6,353,344 | 6,197,724 | 5,158,230 | 4,933,978 | 5,161,045 | 5,297,592 | 5,101,976 | 5,586,275 | 12,276,629 |
| Excess of revenue over expenditures | 152,482 | (228,623) | 530,860 | 1,144,942 | 1,104,395 | 812,515 | 279,563 | 51,546 | (539,124) | (5,314,203) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Debt proceeds | \$ - | - | - | - | - | - | - | - | - | 4,760,000 |
| Discount on debt issued | - | - | - | - | - | - | - | - | - | (19,435) |
| Transfers in | 543,700 | 100,055 | 180,695 | 195,800 | 194,000 | 293,900 | 338,076 | 44,400 | 75,500 | 1,455,469 |
| Transfers out | - | (300,000) | (382,700) | - | - | - | - | - | - | - |
| Sale of capital assets | 9,576 | 2,197 | 11,970 | 3,472 | - | 8,595 | - | - | - | - |
| Proceeds from sale of sewer system | - | - | 3,144,706 | - | 200,000 | - | - | - | - | - |
| Total other financing sources (uses) | 553,276 | (197,748) | 2,954,671 | 199,272 | 394,000 | 302,495 | 338,076 | 44,400 | 75,500 | 6,196,034 |
| Net change in fund balances | \$ 705,758 | (426,371) | 3,485,531 | 1,344,214 | 1,498,395 | 1,115,010 | 617,639 | 95,946 | (463,624) | 881,831 |
| Debt services as a percentage of noncapital expenditures | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 5.9% |

CITY OF MADEIRA BEACH, FLORIDA

Taxable and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Tax Roll</u> | <u>Total Direct Tax Rate (1)</u> | <u>Real Property Taxable Value</u> | <u>Personal Property Taxable Value</u> | <u>Total Taxable Value</u> | <u>Exempt Real and Personal Property</u> | <u>Total Estimated Actual Value (2)</u> | <u>Ratio of Total Taxable Value to Total Estimated Actual Value</u> |
|--------------------|-----------------|----------------------------------|------------------------------------|--|----------------------------|--|---|---|
| 2005 | 2004 | 2.2000 | 795,009,700 | 18,099,150 | 813,108,850 | 220,588,710 | 1,033,697,560 | 78.7% |
| 2006 | 2005 | 2.1200 | 986,163,400 | 19,015,622 | 1,005,179,022 | 272,894,490 | 1,278,073,512 | 78.6% |
| 2007 | 2006 | 1.9000 | 1,293,733,749 | 18,086,020 | 1,311,819,769 | 408,428,517 | 1,720,248,286 | 76.3% |
| 2008 | 2007 | 1.7954 | 1,273,943,913 | 17,068,930 | 1,291,012,843 | 354,121,147 | 1,645,133,990 | 78.5% |
| 2009 | 2008 | 1.7954 | 1,139,281,968 | 12,213,643 | 1,151,495,611 | 306,939,779 | 1,458,435,390 | 79.0% |
| 2010 | 2009 | 1.7954 | 952,765,601 | 12,313,001 | 965,078,602 | 246,661,893 | 1,211,740,495 | 79.6% |
| 2011 | 2010 | 1.7954 | 852,605,969 | 12,262,542 | 864,868,511 | 193,983,539 | 1,058,852,050 | 81.7% |
| 2012 | 2011 | 1.7954 | 815,231,351 | 12,352,060 | 827,583,411 | 128,269,057 | 998,848,811 | 82.9% |
| 2013 | 2012 | 1.7900 | 809,727,920 | 12,355,306 | 822,083,226 | 127,805,337 | 989,317,017 | 83.1% |
| 2014 | 2013 | 1.7900 | 849,197,646 | 11,819,516 | 861,017,162 | 129,378,968 | 1,049,946,611 | 82.0% |

Source:
Pinellas County Property Appraiser

Notes:

(1) Tax rate is per \$1,000 of taxable value.

(2) Estimated Actual Value is the "Just Value" of the properties per Chapter 193.011, Florida Statutes, without exemptions.

CITY OF MADEIRA BEACH, FLORIDA

**Property Tax Rates
Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)**

Last Ten Fiscal Years

| Fiscal Year | Tax Roll | City of Madeira Beach Operating Millage | Overlapping Rates | | | | Total Direct and Overlapping Rates |
|-------------|----------|--|-------------------|--------|---------------------|---------|---|
| | | | County* | School | Transit District | Other** | |
| 2005 | 2004 | 2.2000 | 6.8010 | 8.1220 | 0.6377 | 1.6557 | 19.4164 |
| 2006 | 2005 | 2.1200 | 6.8010 | 8.3900 | 0.6377 | 1.6555 | 19.6042 |
| 2007 | 2006 | 1.9000 | 5.4700 | 8.2100 | 0.6074 | 2.2678 | 18.4552 |
| 2008 | 2007 | 1.7954 | 5.4562 | 7.7310 | 0.5601 | 1.5121 | 17.0548 |
| 2009 | 2008 | 1.7954 | 5.4562 | 8.0610 | 0.5601 | 1.5551 | 17.4278 |
| 2010 | 2009 | 1.7954 | 5.4562 | 8.3460 | 0.5601 | 1.5106 | 17.6683 |
| 2011 | 2010 | 1.7954 | 5.4562 | 8.3460 | 0.5601 | 1.5106 | 17.6683 |
| 2012 | 2011 | 1.7954 | 4.8730 | 8.3850 | 0.7305 | 2.0896 | 17.8735 |
| 2013 | 2012 | 1.7900 | 5.9885 | 8.3020 | 0.7305 | 1.3034 | 18.1299 |
| 2014 | 2013 | 1.7900 | 6.2535 | 8.0600 | 0.7305 | 1.7959 | 18.6299 |

Source:
Pinellas County Property Appraiser

Notes:

* "County" includes Pinellas County's General Fund, Health Department and Emergency Medical Services (EMS) millage rates. The EMS millage rate is assessed only on Real Property.

** "Other" includes Pinellas County Planning Council, Juvenile Welfare Board and Southwest Florida Water Management District.

Overlapping rates are those of local and county governments that apply to property owners within the City of Madeira Beach.

Chapter 200.081, Florida Statutes, limits the operating millage that may be levied to 10 mills.

CITY OF MADEIRA BEACH, FLORIDA

Principal Property Taxpayers

Current Year and Nine Years Ago

| Taxpayer | 2014 | | | 2005 | | |
|--|----------------|------|-------------------------------------|----------------|------|-------------------------------------|
| | Taxable Value | Rank | Percentage Total Assessed Valuation | Taxable Value | Rank | Percentage Total Assessed Valuation |
| Investors Warranty of Amer Inc. | \$ 12,595,000 | 1 | 1.5% | \$ - | 0 | - |
| 919 Land Trust | 6,582,818 | 2 | 0.8% | 4,432,300 | 7 | xx |
| Shoreline Island Resort LLC | 6,241,500 | 3 | 0.7% | - | - | - |
| Pines Madeira LLC | 6,054,884 | 4 | 0.7% | - | - | - |
| R N J Madeira Beach Inc. | 4,715,000 | 5 | 0.5% | - | - | - |
| Publix Super Markets Inc. | 4,654,063 | 6 | 0.5% | - | - | - |
| Barefoot Beach Resort South LLC | 3,897,000 | 7 | 0.5% | - | - | - |
| DAG Bros Inc. | 3,802,860 | 8 | 0.4% | - | - | - |
| Extra Space Properties Eighty Six LLC | 3,792,600 | 9 | 0.4% | - | - | - |
| Musca Properties LLC | 3,266,800 | 10 | 0.4% | - | - | - |
| TW / Beach Residences - Madeira | | | | 8,900,000 | 1 | 1.1% |
| Poseidon Ventures LTD | | | | 6,112,300 | 2 | 0.8% |
| All Seasons Resort, Inc. | | | | 5,610,900 | 3 | 0.7% |
| Madeira Shopping Center, Inc. | | | | 5,264,500 | 4 | 0.6% |
| Pines-Carter Fla, Inc. | | | | 5,000,000 | 5 | 0.6% |
| Hubbard Properties | | | | 4,819,700 | 6 | 0.6% |
| Sands of Madeira | | | | 4,226,400 | 8 | |
| Commodore Beach Club Condo Association | | | | 3,167,800 | 9 | |
| Paul R. Straubinger | | | | 2,993,800 | 10 | 0.6% |
| Total taxable valuation of ten largest taxpayers | 55,602,525 | | 6.5% | 50,527,700 | | 6.2% |
| Total taxable valuation of other taxpayers | 805,414,637 | | 93.5% | 762,581,150 | | 93.8% |
| Total taxable valuation of all taxpayers | \$ 861,017,162 | | 100.0% | \$ 813,108,850 | | 100.0% |

CITY OF MADEIRA BEACH, FLORIDA

Property Tax Levies and Collections

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Tax Roll</u> | <u>Taxable Assessed Valuation</u> | <u>Tax Rate in Mills</u> | <u>Taxes Levied for the Fiscal Year*</u> | <u>Collected Within the Fiscal Year of the Levy</u> | | <u>Collections in Subsequent Years</u> | <u>Total Collections to Date</u> | |
|--------------------|-----------------|-----------------------------------|--------------------------|--|---|---------------------------|--|----------------------------------|---------------------------|
| | | | | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2005 | 2004 | 813,108,850 | 2.2000 | 1,788,839 | 1,692,841 | 94.63% | 56,297 | 1,749,138 | 97.78% |
| 2006 | 2005 | 1,005,179,022 | 2.1200 | 2,130,980 | 2,004,952 | 94.09% | 122,293 | 2,127,245 | 99.82% |
| 2007 | 2006 | 1,311,819,769 | 1.9000 | 2,492,458 | 2,294,853 | 92.07% | 102,677 | 2,397,530 | 96.19% |
| 2008 | 2007 | 1,291,012,843 | 1.7954 | 2,317,884 | 2,130,032 | 91.90% | 181,767 | 2,311,799 | 99.74% |
| 2009 | 2008 | 1,151,495,611 | 1.7954 | 2,067,395 | 1,837,207 | 88.87% | 115,578 | 1,952,785 | 94.46% |
| 2010 | 2009 | 965,078,602 | 1.7954 | 1,732,702 | 1,578,738 | 91.11% | 93,355 | 1,672,093 | 96.50% |
| 2011 | 2010 | 864,868,511 | 1.7954 | 1,552,785 | 1,412,914 | 90.36% | 5,535 | 1,418,449 | 91.35% |
| 2012 | 2011 | 827,583,411 | 1.7954 | 1,485,843 | 1,439,301 | 96.57% | 43,059 | 1,482,359 | 99.77% |
| 2013 | 2012 | 822,083,226 | 1.7900 | 1,471,529 | 1,381,266 | 93.87% | 145 | 1,381,411 | 93.88% |
| 2014 | 2013 | 861,017,162 | 1.7900 | 1,541,221 | 1,452,929 | 94.27% | 659 | 1,453,587 | 94.31% |

*Gross taxes before discounts of 1% - 4%, depending on month paid.

Source:
Pinellas County Tax Collector

CITY OF MADEIRA BEACH, FLORIDA

Computation of Direct and Overlapping Debt

September 30, 2014

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Percentage Applicable to City of Madeira Beach</u> | <u>Amount Applicable to City of Madeira Beach</u> |
|--|-----------------------------|---|---|
| City of Madeira Beach | | | |
| Total direct debt (1) | \$ 4,760,000 | 100.0% | \$ 4,760,000 |
| Pinellas County Government: | | | |
| Governmental Activities Notes | 8,714,000 | 1.54% | 134,196 |
| Capital Leases | 116,000 | 1.54% | 1,786 |
| Sewer Revenue Bonds | 169,995,000 | 1.54% | 2,617,923 |
| Pinellas County School Board: | | | |
| General Obligation Debt | 19,075,000 | 1.54% | 293,755 |
| Capital Leases | 5,494,786 | 1.54% | 84,620 |
| Total overlapping debt (2) | <u>203,394,786</u> | | <u>3,132,280</u> |
| Total direct and overlapping debt | | | <u>\$ 7,892,280</u> |
| Total direct and overlapping debt per capita (3) | | | <u>\$ 1,826</u> |

The City's share is calculated based on the ratio of the City's taxable value of \$861,017,162 to the County's taxable value of \$56,092,698,300 for the 2013 tax roll.

Sources:

Pinellas County Property Appraiser
 Pinellas County Finance Department
 Pinellas County School Board

Notes:

- (1) The City of Madeira Beach issued additional debt totaling \$3,010,000 in November 2014.
- (2) The City of Madeira Beach is not responsible for the debt of the County or School Board.
- (3) City of Madeira Beach estimated population: 4,323

CITY OF MADEIRA BEACH, FLORIDA

Demographic Statistics

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Population (1)</u> | <u>Per Capita Personal Income (2)</u> | <u>Personal Income</u> | <u>Median Age (3)</u> | <u>Unemployment Rate (4)</u> |
|--------------------|-----------------------|---|----------------------------|---------------------------|----------------------------------|
| 2005 | 4,510 | 39,602 | 178,605,020 | 44.20 | 3.8% |
| 2006 | 4,514 | 42,178 | 190,391,492 | 44.50 | 3.4% |
| 2007 | 4,525 | 42,919 | 194,208,475 | 44.50 | 4.2% |
| 2008 | 4,519 | 43,064 | 194,606,216 | 45.00 | 6.5% |
| 2009 | 4,427 | 40,487 | 179,235,949 | 45.30 | 11.1% |
| 2010 | 4,263 | 42,986 | 183,249,318 | 46.30 | 11.5% |
| 2011 | 4,295 | 44,622 | 191,651,490 | 46.50 | 10.5% |
| 2012 | 4,263 | 44,622 | 190,223,586 | 46.50 | 8.5% |
| 2013 | 4,313 | 44,622 | 192,454,686 | 46.80 | 8.5% |
| 2014 | 4,323 | 45,574 | 197,016,402 | 45.66 | 6.7% |

Sources:

(1) Florida Bureau of Economic and Business Research, City of Madeira Beach data.

(2) Florida Bureau of Economic and Business Research, Pinellas County data.

CITY OF MADEIRA BEACH, FLORIDA

Principal Employers

Current Year and Nine Years Ago

| Employer | 2014 | | | 2005 | | |
|---|---------------------|------|-------------------------------------|---------------------|------|--------------------------------------|
| | Number of Employees | Rank | Percentage of Total City Employment | Number of Employees | Rank | Percentage of Total City Employment* |
| Publix (Supermarket) | 315 | 1 | 11.15% | 146 | 3 | 8.96% |
| Winn Dixie (Supermarket) | 280 | 2 | 9.92% | 100 | 5 | 6.13% |
| Madeira Beach Elementary and Middle Schools | 150 | 3 | 5.31% | 195 | 1 | 11.96% |
| Bubba Gump Shrimp Co. | 100 | 4 | 3.54% | | | |
| Hooters | 56 | 5 | 1.98% | | | |
| City of Madeira Beach | 54 | 6 | 1.91% | 60 | 6 | 3.68% |
| Friendly Fisherman Restaurant | 50 | 7 | 1.77% | | | |
| McDonald's | 49 | 8 | 1.74% | 50 | 8 | 3.07% |
| Begins Enterprises | 39 | 9 | 1.38% | | | |
| Daiquiri Shak (Restaurant) | 35 | 10 | 1.24% | 50 | 7 | 3.07% |
| City of Madeira Beach | | | | | | |
| Sculley's Boardwalk Grille (Restaurant) | | | | 150 | 2 | 9.20% |
| Hubbard Enterprises (Marina) | | | | 128 | 4 | 7.85% |
| United States Post Office | | | | 31 | 9 | 1.90% |
| Shoreline Island Resort Motel | | | | 30 | 10 | 1.84% |
| Total employment of ten largest employers | <u>1,128</u> | | <u>39.94%</u> | <u>940</u> | | <u>57.67%</u> |
| Total employment of other employers | <u>1,696</u> | | <u>60.06%</u> | <u>690</u> | | <u>42.33%</u> |
| Total employment of all employers | <u><u>2,824</u></u> | | <u><u>100.0%</u></u> | <u><u>1,630</u></u> | | <u><u>100.0%</u></u> |

Source:
Pinellas County Economic Development

CITY OF MADEIRA BEACH, FLORIDA

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

| Function | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|
| General Government | 13.5 | 13 | 13 | 13 | 11 | 9 | 5 | 14.09 | 15.5 | 17 |
| Public Works: | | | | | | | | | | |
| Administration | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 2.3 | 0.4 | 0.5 |
| Streets | 2.2 | 2.2 | 2.8 | 2 | 2 | 2 | 2 | 2 | 0 | 0 |
| Sanitation | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 7.2 | 7 |
| Sewer | 1.6 | 1.6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Stormwater | 1.2 | 1.2 | 1.2 | 1 | 1 | 1 | 1 | 1 | 2.2 | 3 |
| Public Safety: | | | | | | | | | | |
| Fire: | | | | | | | | | | |
| Firefighters and officers | 13 | 13 | 13 | 13 | 13 | 11 | 11 | 13 | 13 | 13 |
| Civilians | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| Parking Enforcement | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 3.25 | 3.4 | 3.1 |
| Parks and Recreation | 15 | 15 | 15 | 14.5 | 13 | 12 | 12 | 12.9 | 13.19 | 7.2 |
| Municipal Marina | 4 | 4 | 4 | 3 | 3 | 3.5 | 3.5 | 3.5 | 3.3 | 3.6 |
| Total | <u>67</u> | <u>66.5</u> | <u>65.5</u> | <u>64</u> | <u>60.5</u> | <u>55</u> | <u>51</u> | <u>62.04</u> | <u>59.19</u> | <u>55.4</u> |

Source:
Adopted Budgets - City of Madeira Beach

CITY OF MADEIRA BEACH, FLORIDA

Operating Indicators by Function

Last Ten Fiscal Years

| Function | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Community Development: | | | | | | | | | | |
| Building permits issued | 731 | 558 | 503 | 456 | 452 | 595 | 637 | 790 | 665 | 769 |
| Occupational licenses issued | 832 | 778 | 909 | 836 | 879 | 781 | 1,033 | 771 | 790 | 566 |
| Public Safety | | | | | | | | | | |
| Law Enforcement (1): | | | | | | | | | | |
| Arrests made | 446 | 500 | 592 | 495 | 564 | 514 | 495 | 73 | 510 | 371 |
| Traffic citations issued | 1,221 | 1,494 | 2,307 | 1,776 | 1,771 | 1,828 | 1,759 | 592 | 625 | 520 |
| Fire Department: | | | | | | | | | | |
| Emergency responses | 1,508 | 1,476 | 1,430 | 1,308 | 1,496 | 1,549 | 1,847 | 1,850 | 1,788 | 1,875 |
| Fires and other non-medical emergencies | 658 | 592 | 587 | 511 | 542 | 576 | 524 | 548 | 454 | 410 |
| Emergency medical calls | 850 | 884 | 843 | 797 | 954 | 973 | 1,323 | 1,302 | 1,334 | 1,465 |
| Fire inspections completed | 330 | 494 | 475 | 218 | 225 | 109 | 122 | 107 | 56 | |
| Parking Enforcement: | | | | | | | | | | |
| Parking citations issued | 4,657 | 6,491 | 4,548 | 5,524 | 5,735 | 4,153 | 3,757 | 4,443 | 4,168 | 10,297 |

Notes:

(1) Law Enforcement services are provided by the Pinellas County Sheriff's Office.

CITY OF MADEIRA BEACH, FLORIDA

Capital Asset Statistics by Function

Last Ten Fiscal Years

| Function | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Transportation: | | | | | | | | | | |
| Streets - paved (miles) | 14.8 | 14.8 | 14.8 | 14.8 | 14.8 | 14.8 | 14.8 | 14.8 | 14.8 | 14.8 |
| Streets - unpaved (miles) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Traffic signals | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Public safety: | | | | | | | | | | |
| Fire Stations (1) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police Stations (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Culture and recreation: | | | | | | | | | | |
| Parkland acreage | 13.6 | 13.6 | 13.6 | 13.6 | 13.6 | 13.6 | 13.6 | 13.6 | 13.6 | 13.6 |
| Playgrounds | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Athletic fields | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Tennis courts | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Basketball courts | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Marina | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Beach access areas | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Picnic areas | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Sewers (3): | | | | | | | | | | |
| Sanitary sewer lines | 17.5 | 17.5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of lift stations | 7 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Average daily flow (MGD) | 0.613 | 0.613 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Notes:

- (1) The fire station is located within City Hall.
- (2) Law Enforcement services are provided by the Pinellas County Sheriff's Department. Deputies have a designated office within City Hall.
- (3) The sewer system was sold to Pinellas County on October 1, 2006.

Section V

Other Reports





**Independent Auditor’s Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and Board of Commissioners
City of Madeira Beach, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Madeira Beach, Florida (the “City”), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated April 29, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, 2014-01.

Compliance and Other Matters

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

City of Madeira Beach, Florida's Response to Finding

The City of Madeira Beach, Florida's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maya Hoffman Mc Conn P.C.

April 29, 2015
Clearwater, Florida



Independent Auditor's Management Letter

To the Honorable Mayor and Board of Commissioners
City of Madeira Beach, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of Madeira Beach, Florida (the "City") as of and for the year ended September 30, 2014, and have issued our report thereon dated April 29, 2015.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 29, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the prior year audit finding.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 210.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the city did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of the financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we identified one audit finding, which has been disclosed in the accompanying schedule of findings and responses.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that may have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, Members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor, Members of the City Commission, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Maya Hoffman McCann P.C.

April 29, 2015
Clearwater, Florida

City of Madeira Beach, Florida

Schedule of Findings and Responses

September 30, 2014

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, and each major fund of the City of Madeira Beach, Florida (the “City”), as of and for the year ended September 30, 2014, which collectively comprise the City’s basis financial statements, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on internal control.

Current Year Findings

Significant Deficiency

2014-001: Financial Software Usage

Criteria: City management is responsible for establishing and maintaining internal controls for the proper recording of all the City’s receipts and disbursements.

Condition: The City’s financial software failed to include certain transactions when reports were generated for the audit.

Cause: Management’s use of its financial software in preparing certain audit schedules/reports did not include all transactions relating to accounts payable/expenses due to entry dates used.

Effect: Certain financial reports provided to the City Commissioners and to the auditors were not the same. This resulted in adjustments to the auditor’s schedules of approximately \$719,000 across all funds to record accounts payable and related expenses at September 30, 2014, which created audit inefficiencies.

Recommendation: We recommend that the City review its financial software reporting capabilities and perform a more careful review of schedules provided to the audit team.

Management Response: Management is planning an upgrade to a newer version of its current financial software, which provides a solution for the specific transactions cited above.



Independent Accountant's Report

To the Honorable Mayor and Board of Commissioners
City of Madeira Beach, Florida:

We have examined the City of Madeira Beach, Florida (the "City")'s compliance with requirements set forth in Section 218.415, *Florida Statutes*, during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

Mayer Hoffman McCann P.C.

April 29, 2015
Clearwater, Florida