

# CITY OF MADEIRA BEACH, FLORIDA

## Comprehensive Annual Financial Report



For the Fiscal Year Ended  
September 30, 2016

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

**For the Fiscal Year Ended  
September 30, 2016**

Prepared by: City of Madeira Beach Finance Department

**CITY OF MADEIRA BEACH, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

September 30, 2016

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# Section I

## Introductory Section





CITY OF MADEIRA BEACH  
300 MUNICIPAL DRIVE  
MADEIRA BEACH, FL 33708  
(727) 391-9951

March 20, 2017

Honorable Mayor,  
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, 2016, 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.

### **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 4,495, 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.

### **Accounting Systems and Internal Control**

To provide a reasonable basis for making the financial 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, Wells, Houser & Schatzel, P.A., 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, 2016, 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.

### **Budgetary Control**

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, 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 (BOC) prior to July 1. The BOC 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 BOC 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 comparison is presented 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 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 the appointment of a new city manager in early 2012, the Board of Commissioners has provided direction to management to aggressively pursue numerous capital improvement projects. To facilitate this goal, the City abandoned its past practice of funding capital assets only with cash and has issued four phases of debt since October 2013, one of which was completed during the current reporting period. The City Centre campus reconstruction project has been completed, featuring a new city hall, fire station, recreation center, and various recreation amenities. The Stormwater Master Plan is underway, including identified drainage and roadway projects tentatively scheduled as follows:

<u>Project</u>	<u>Fiscal year</u>	<u>Estimated project cost</u>
Boca Ciega Drive	In Progress	\$ 3,926,995
137th Ave.	2017	935,000
American Legion Drive	2017	600,000
Municipal Drive	2017	100,000
Rex Place	2017	600,000
Crystal Island	2019	4,200,000
Point repairs	Annual	300,000

City staff has worked closely with the business community to encourage private development over the last four years, and property values have steadily increased. 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.

Meanwhile, the Board of Commissioners has introduced millage rate increases, contributing to substantial increases in property tax revenue. Below is a summary of property tax revenue over the last five years:

<u>Fiscal year</u>	<u>Millage rate</u>	<u>Estimated revenue</u>	<u>Percent change</u>
2013	1.7900	\$ 1,424,325	
2014	1.7900	\$ 1,490,180	4.6%
2015	1.9900	\$ 1,726,100	15.8%
2016	2.2000	\$ 2,069,000	19.9%
2017	2.2000	\$ 2,267,000	9.6%

Despite the millage rate increases, Madeira Beach continues to operate on a competitive tax rate in relation to neighboring communities. Comparative millage rates among similar cities in Pinellas County are provided in the following table.

<u>Municipality</u>	<u>FY 2017 millage rate</u>
City of Treasure Island	3.3368
City of South Pasadena	3.2500
City of St. Pete Beach	3.1500
City of Madeira Beach	2.2000
City of Belleair Beach	2.0394
City of Indian Rocks Beach	1.9300



## 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 Commissioners. The CIP illustrates the City's desire to balance capital investment with cash preservation.

## Relevant Financial Policies and Practices

The City's fund balance policy, adopted on September 8, 2015, is to maintain committed fund balance for an emergency storm response that is no less than 33% of General Fund operating expenditures. In addition, the City is to maintain a minimum unassigned balance equivalent to two months of annual General Fund operating expenditures. The respective balances are to be maintained not only in relation to the current period but also to that of each annual period within the five-year projections in the capital improvement program. Material one-time revenues shall not be used to fund ongoing expenditures.

The City was in compliance with its fund balance policy as of September 30, 2016.

## 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, 2015. This was the 18<sup>th</sup> 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 was an arduous process involving tireless efforts by staff. The City's independent auditors, Wells, Houser & Schatzel, P.A., 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 and 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, 2015**

Executive Director/CEO

**CITY OF MADEIRA BEACH, FLORIDA**

**Principal City Officials\***

**September 30, 2016**

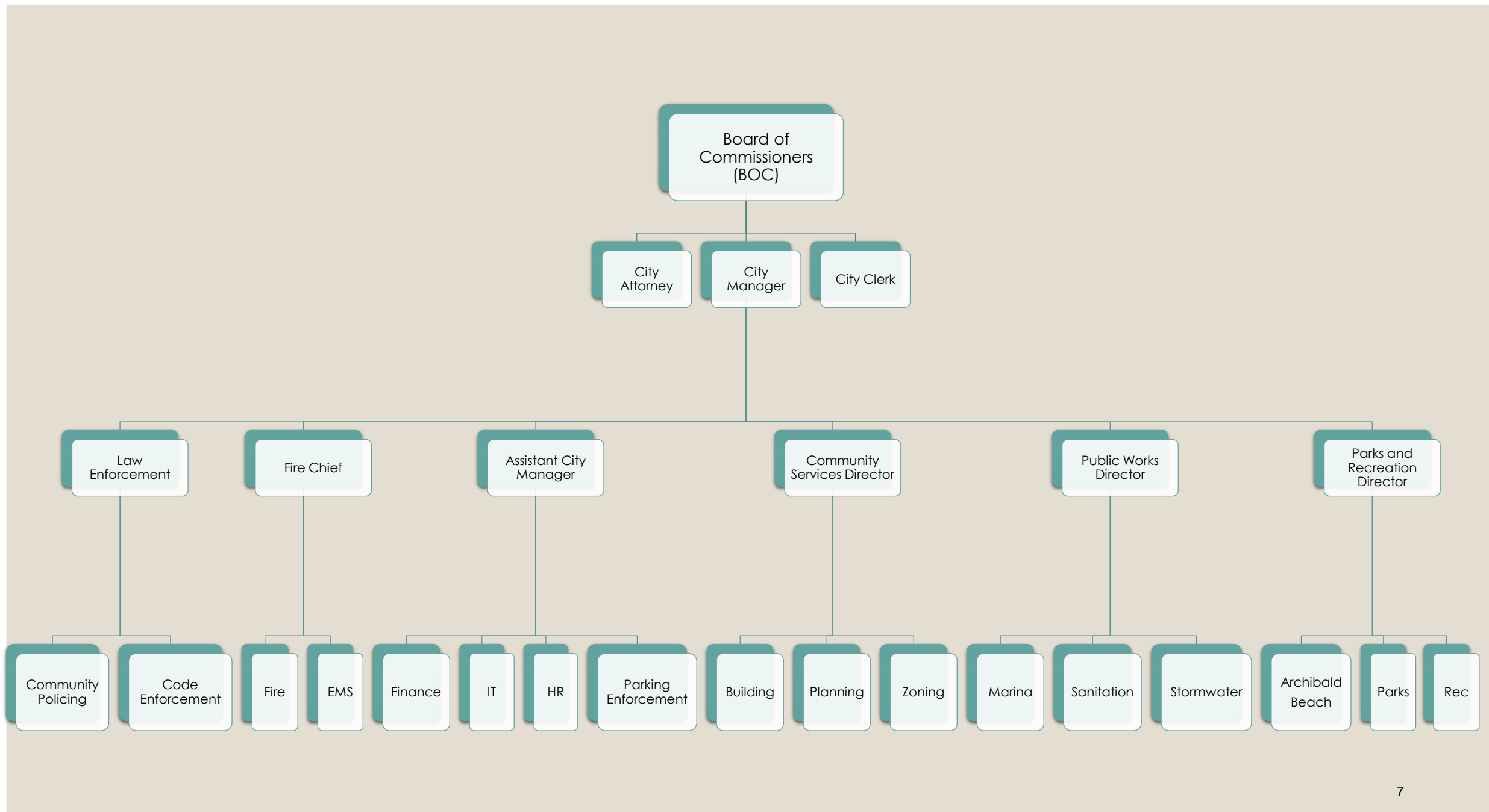
Elected:

Mayor:	Travis Palladeno
Commissioner, District 1:	Terry Lister
Commissioner, District 2:	Nancy Hodges
Commissioner, District 3:	Elaine Poe
Commissioner Vice Mayor, District 4:	Housh Ghovae

Appointed:

City Manager:	Shane B. Crawford
City Attorney:	Thomas J. Trask
City Clerk:	Aimee Servedio
City Treasurer:	Vincent M. Tenaglia

\*Officials as of fiscal year end



## 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, each major fund and the aggregate remaining fund information, of the City of Madeira Beach, Florida, (the City) as of and for the year ended September 30, 2016, 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, each major fund and the aggregate remaining fund information of the City as of September 30, 2016, 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 non-major special revenue funds, 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 10-21 and the Schedule of Changes to the Net Pension Liability and Related Ratios on page 61 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 required supplementary 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 an opinion on the basic financial statements as a whole. The accompanying Schedule of EMS Allowable Costs – Budget and Actual (page 62) and Schedule of Revenues and Expenditures – Deepwater Horizon Oil Spill (page 63), combining financial statements (pages 65 and 66), and non-major budget to actual comparisons (pages 67 to 70) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2017, 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 City’s internal control over financial reporting and compliance.



Wells, Houser & Schatzel, P.A.  
St. Petersburg, Florida  
January 27, 2017

# CITY OF MADEIRA BEACH, FLORIDA

## Management's Discussion and Analysis

September 30, 2016 (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, 2016. 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 1), basic financial statements (beginning on page 22), and notes to the financial statements (beginning on page 34).

### Financial Highlights

<b>Government-wide Financial Position</b>	<b>As of September 30, 2016</b>	<b>As of September 30, 2015</b>	<b>Percent Change</b>
Total assets	\$52,315,868	\$50,319,078	3.97%
Deferred outflows	1,155,362	178,970	545.56
Total liabilities	17,145,685	15,818,885	8.39
Deferred inflows	257,181	409,707	(37.23)
Net position	\$36,068,364	\$34,269,456	5.25%

### Overview of the Financial Statements

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 net position illustrate the City's overall financial position, and can be evaluated to determine whether the City is better off or worse off as a result of its operations.

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 22-23 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 as of September 30, 2016. 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 unrestricted net position, which represents the accumulated resources available to the City for meeting its future obligations.

The **Statement of Activities** illustrates *how* the City's net position changed as a result of its operations throughout 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



# CITY OF MADEIRA BEACH, FLORIDA

## Management's Discussion and Analysis

September 30, 2016 (Unaudited)

operations which are expected to be supported by taxes (i.e., governmental activities) and those which are intended to recover their costs (i.e., business-type 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 (e.g., public safety, parks and recreation, physical environment, and parking enforcement). 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.

The long-term impact of the City's shorter-term financial activities can be analyzed 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.

Budgetary comparison statements are provided for the major funds to demonstrate compliance with the legally adopted budget. Governmental fund financial statements begin on page 24.

The City's **Proprietary Funds** 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 30-33.

### 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 34 of this report.

### Government-Wide Financial Analysis

The City's financial position as of September 30, 2016 was largely impacted by an interlocal agreement, which provides reimbursement funding for Gulf Blvd. beautification improvements. The effect on the City's financial position is similar to that of a debt-financed improvement, in that revenue is reported when earned and available, while the costs of the project are depreciated over its useful life. Interlocal agreement funding totaled \$1,049,529 in fiscal year 2016, reported within intergovernmental revenue.

Meanwhile, the City's parking operation continued to generate robust revenue. The impact of new technology and rate increases has contributed to unprecedented revenue totals over the last five years.

**CITY OF MADEIRA BEACH, FLORIDA**

**Management's Discussion and Analysis**

**September 30, 2016 (Unaudited)**

<b>Fiscal Year</b>	<b>Parking Revenue</b>	<b>Growth</b>
2012	\$772,860	
2013	\$879,840	13.8%
2014	\$1,432,254	62.8%
2015	\$1,635,344	14.2%
2016	\$2,075,709	26.9%

Net pension liability increased 5.0% based on the City's allocated share of the Florida Retirement System's funding status. The City's net pension liability as of September 30, 2016 was \$2,044,651. Meanwhile, the City borrowed \$750,000 to finance the acquisition of an apparatus (ladder truck) for the Fire/EMS Department. Below is a summary of the debt administered by the City since October 2013:

<b>Description</b>	<b>Date issued</b>	<b>Principal borrowed</b>	<b>Scheduled total interest due</b>	<b>Final maturity</b>
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
Stormwater system revenue bond	8/14/2015	\$ 6,200,000	\$ 1,381,906	10/1/2030
Infrastructure sales surtax revenue note	2/18/2016	\$ 725,000	\$ 24,843	12/1/2019
<b>Total</b>		<b>\$ 14,695,000</b>	<b>\$ 5,719,697</b>	

More information on the City's long-term liabilities can be found on page 49.

Net position grew for the 13th consecutive year, while the components of net position shifted corresponding to the manner in which the City has utilized its resources. The City's ongoing effort to complete an extensive list of capital improvement projects has increased its net investment in capital assets, while also causing a sharp decline in unrestricted net position. The following table illustrates the extent to which the City's net position has been shaped by capital asset activity over the last five years:

<b>Fiscal Year</b>	<b>Net Investment in Capital Assets</b>	<b>As Percent of Total Net Position</b>	<b>Unrestricted Net Position</b>	<b>As Percent of Total Net Position</b>
2012	\$13,067,662	42.9%	\$15,194,972	49.8%
2013	\$14,174,558	45.4%	\$15,170,614	48.6%
2014	\$17,434,521	54.1%	\$13,271,901	41.2%
2015	\$21,148,580	61.7%	\$11,726,657	34.2%
2016	\$25,864,855	71.7%	\$8,381,237	23.2%

The tables to follow 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 22 and 23 of the basic financial statements.

**CITY OF MADEIRA BEACH, FLORIDA**

**Management's Discussion and Analysis**

**September 30, 2016 (Unaudited)**

STATEMENT OF NET POSITION	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 12,753,421	\$ 12,670,784	\$ 8,489,616	\$ 8,847,853	\$ 21,243,037	\$ 21,518,637
Capital assets, net	26,357,783	24,828,687	4,715,048	3,971,754	31,072,831	28,800,441
Deferred outflows	<u>1,110,862</u>	<u>169,574</u>	<u>44,500</u>	<u>9,396</u>	<u>1,155,362</u>	<u>178,970</u>
Total assets and deferred outflows	<u>40,222,066</u>	<u>37,669,045</u>	<u>13,249,164</u>	<u>12,829,003</u>	<u>53,471,230</u>	<u>50,498,048</u>
Current and other liabilities	340,758	434,038	442,750	170,707	783,508	604,745
Long-term liabilities outstanding	10,317,268	8,881,193	6,044,909	6,332,947	16,362,177	15,214,140
Deferred inflows	<u>248,144</u>	<u>391,764</u>	<u>9,037</u>	<u>17,943</u>	<u>257,181</u>	<u>409,707</u>
Total liabilities and deferred inflows	<u>10,906,170</u>	<u>9,706,995</u>	<u>6,496,696</u>	<u>6,521,597</u>	<u>17,402,866</u>	<u>16,228,592</u>
Net position:						
Invested in capital assets	20,834,168	17,176,826	5,030,686	3,971,754	25,864,854	21,148,580
Restricted	1,822,272	1,394,219	-	-	1,822,272	1,394,219
Unrestricted	<u>6,659,456</u>	<u>9,391,005</u>	<u>1,721,782</u>	<u>2,335,652</u>	<u>8,381,238</u>	<u>11,726,657</u>
Total net position	<u>\$ 29,315,896</u>	<u>\$ 27,962,050</u>	<u>\$ 6,752,468</u>	<u>\$ 6,307,406</u>	<u>\$ 36,068,364</u>	<u>\$ 34,269,456</u>

STATEMENT OF ACTIVITIES	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 3,827,736	\$ 3,459,929	\$ 3,948,601	\$ 3,789,473	\$ 7,776,337	\$ 7,249,402
Operating grants & contributions	-	6,626	3,270	3,300	3,270	9,926
Capital grants & contributions	87,781	1,768,069	78,350	-	166,131	1,768,069
General revenues:						
Property taxes	2,101,355	1,758,259	-	-	2,101,355	1,758,259
Franchise and utility taxes	1,236,625	1,249,780	-	-	1,236,625	1,249,780
Intergovernmental sources	2,401,947	1,212,668	-	-	2,401,947	1,212,668
Other	627,682	147,443	51,352	39,636	679,034	187,079
Total revenues	<u>10,283,126</u>	<u>9,602,774</u>	<u>4,081,573</u>	<u>3,832,409</u>	<u>14,364,699</u>	<u>13,435,183</u>
Expenses:						
General government	\$ 3,132,603	\$ 2,455,360	-	-	\$ 3,132,603	\$ 2,455,360
Physical environment	355,628	418,301	-	-	355,628	418,301
Public safety	2,789,136	2,564,285	-	-	2,789,136	2,564,285
Culture and recreation	1,915,085	1,441,765	-	-	1,915,085	1,441,765
Parking	275,092	255,765	-	-	275,092	255,765
Transportation	86,402	-	-	-	86,402	-
Sanitation	-	-	1,173,844	1,178,884	1,173,844	1,178,884
Stormwater	-	-	637,036	476,227	637,036	476,227
Marina	-	-	1,880,631	1,872,121	1,880,631	1,872,121
Interest on other fees on long-term debt	320,334	192,169	-	-	320,334	192,169
Total expenses	<u>8,874,280</u>	<u>7,327,645</u>	<u>3,691,511</u>	<u>3,527,232</u>	<u>12,565,791</u>	<u>10,854,877</u>
Increase (decrease) in net position before transfers:	<u>1,408,846</u>	<u>2,275,129</u>	<u>390,062</u>	<u>305,177</u>	<u>1,798,908</u>	<u>2,580,306</u>
Special items	-	746,904	-	-	-	746,904
Transfers	(55,000)	-	55,000	-	-	-
Increase (decrease) in net position:	<u>1,353,846</u>	<u>3,022,033</u>	<u>445,062</u>	<u>305,177</u>	<u>1,798,908</u>	<u>3,327,210</u>
Net position: October 1	<u>27,962,050</u>	<u>24,940,017</u>	<u>6,307,406</u>	<u>6,002,229</u>	<u>34,269,456</u>	<u>30,942,246</u>
Net position: September 30	<u>\$ 29,315,896</u>	<u>\$ 27,962,050</u>	<u>\$ 6,752,468</u>	<u>\$ 6,307,406</u>	<u>\$ 36,068,364</u>	<u>\$ 34,269,456</u>

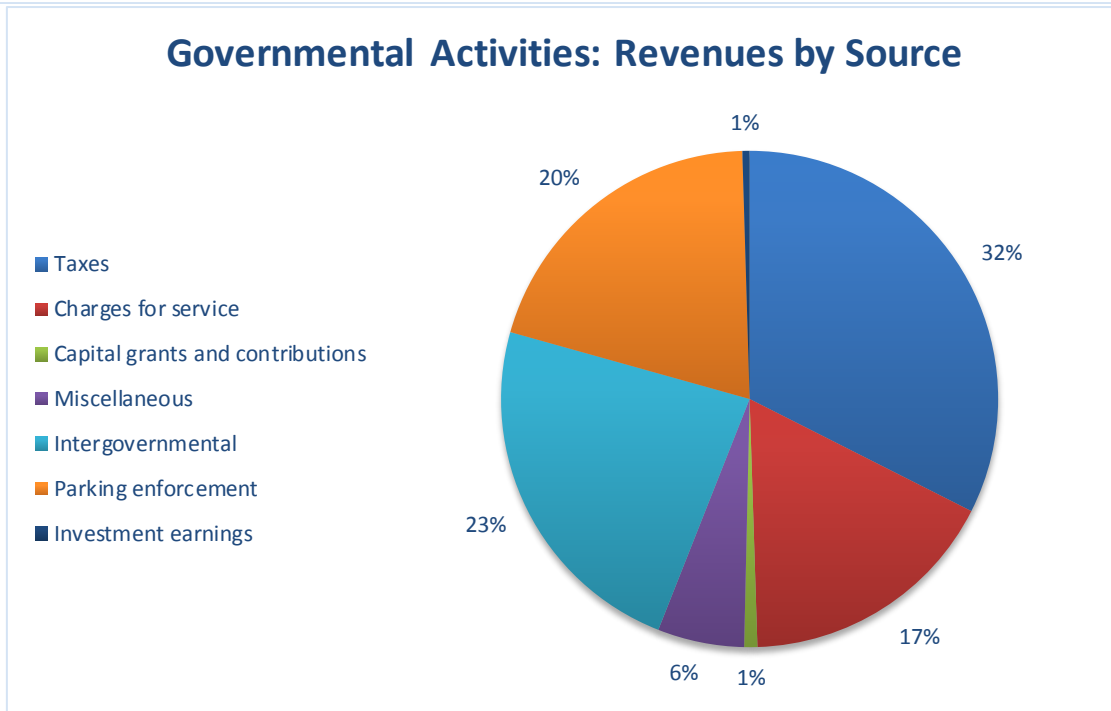
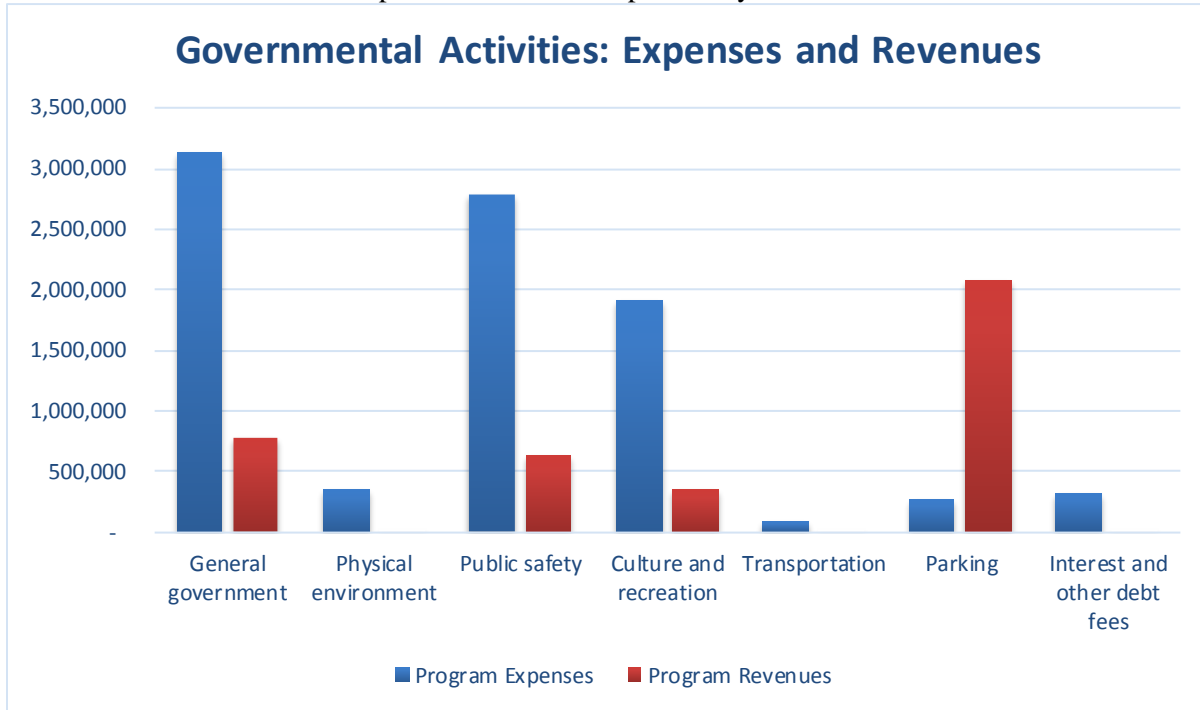
**CITY OF MADEIRA BEACH, FLORIDA**

**Management’s Discussion and Analysis**

**September 30, 2016 (Unaudited)**

**Governmental Activities:**

Governmental activities increased the City’s net position by \$1,353,846, largely relating to the reimbursement of construction expenditures described previously.



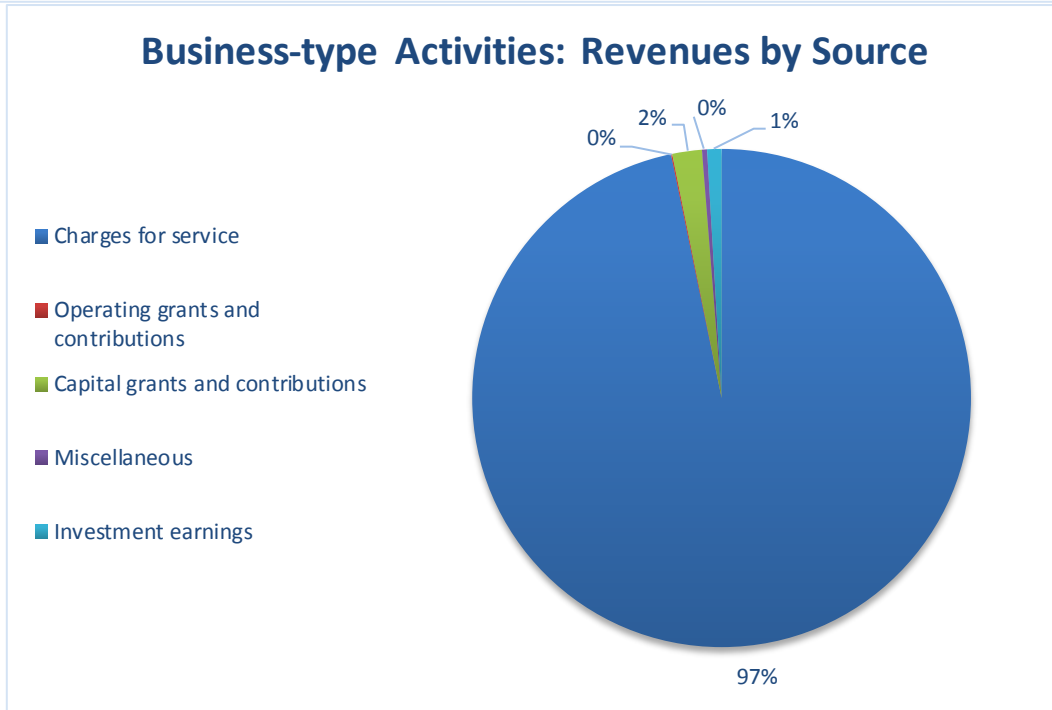
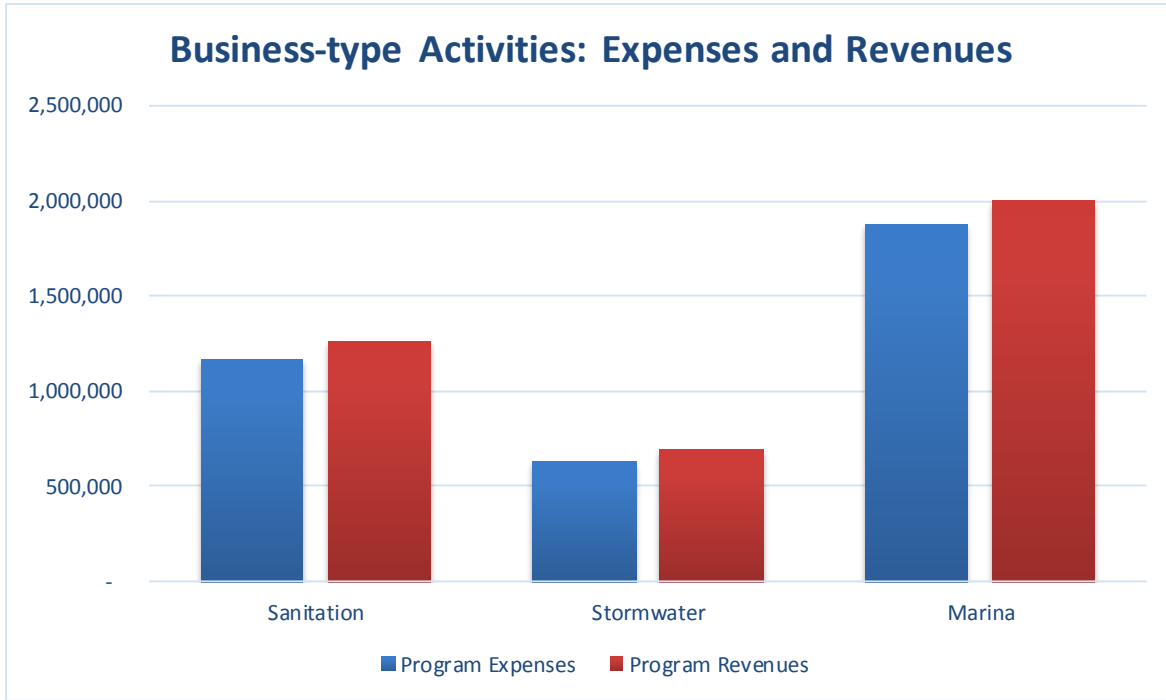
**CITY OF MADEIRA BEACH, FLORIDA**

**Management's Discussion and Analysis**

**September 30, 2016 (Unaudited)**

**Business-type Activities:**

Business-type activities increased the City's net position by \$445,062, as each of the City's enterprise funds generated net program revenue.



**CITY OF MADEIRA BEACH, FLORIDA**

**Management’s Discussion and Analysis**

**September 30, 2016 (Unaudited)**

**Fund Statement Financial Analysis**

**Governmental Funds:**

Several governmental funds were introduced with the fiscal year 2016 adopted budget to improve the accounting of restricted revenue sources. Although the funds are included in the annual appropriation process and illustrated for budgeting purposes, they are considered “non-major” for the purpose of financial reporting due to their relative size. The table below illustrates the City’s governmental funds and their classification for financial reporting purposes:

<b>FY 2016 Major Funds</b>	<b>FY 2016 Non-Major Funds</b>
General Fund	Archibald Fund
Local Option Sales Tax Fund	Building Fund
	Gas Tax Fund
	Debt Service Fund

Governmental Fund revenue increased 22.9%, resulting primarily from the two issues described previously: interlocal agreement reimbursement funding and notable parking revenue growth. Expenditures declined significantly, with far fewer capital outlay expenditures reported than the prior year. However, current expenditures and debt service both increased considerably. The fiscal year 2016 adopted budget included the addition of a full-time community policing deputy, while several other positions were authorized via budget amendment throughout the year. Meanwhile, fiscal year 2016 included the full impact of debt issued in prior years; the first principal payments for Series 2014 debt became due. Below is a summary of the year-to-year expenditure trends:

<b>Type of Expenditure</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Percent Change</b>
Current (i.e., recurring)	\$6,298,767	\$7,210,175	14.5%
Debt service	\$392,373	\$633,671	61.5%
Capital outlay	\$6,415,879	\$2,756,777	(57.0%)

Total assets remained stable, increasing 0.7% over the previous year. Meanwhile, total liabilities decreased 34.0%, with fewer accrued expenditures reported than the prior year.

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 was \$387,904.

Restricted fund balance includes accounts and designations upon which restrictions have been externally imposed. The restricted balance total of \$1,822,274 reflects a 97.7% increase from the prior year due to the issuance of debt via the Local Option Sales Tax Fund.

# CITY OF MADEIRA BEACH, FLORIDA

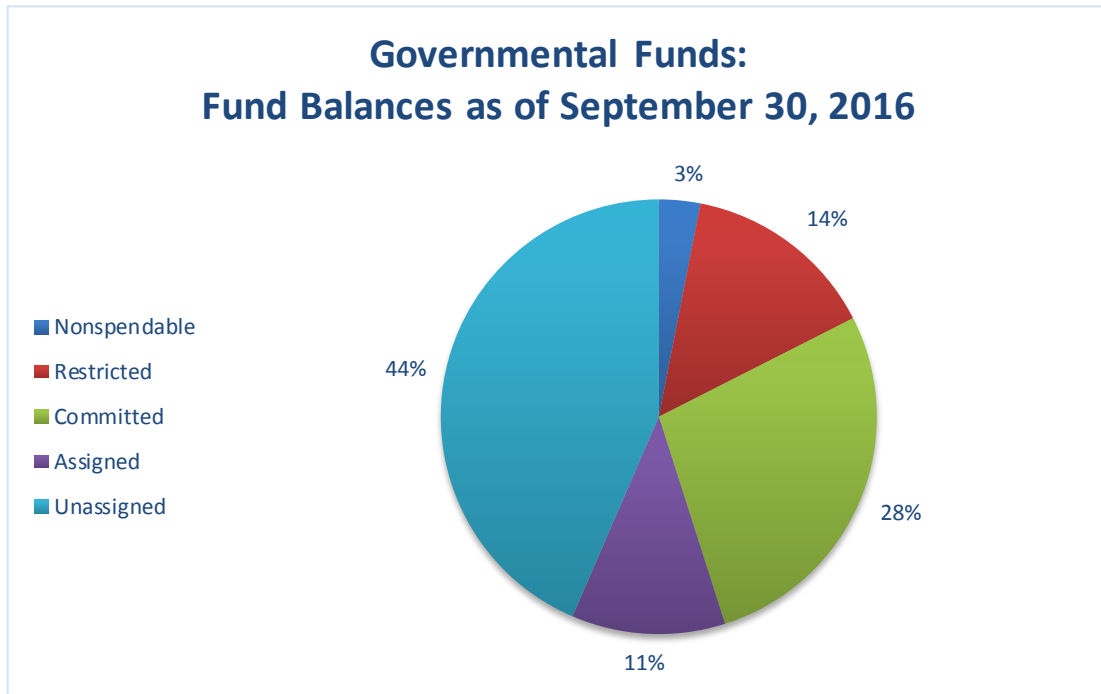
## Management's Discussion and Analysis

September 30, 2016 (Unaudited)

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 to meet the City's fund balance policy; to provide for future debt service flexibility (i.e., exercising call provisions); to fund future appropriations; and to account for remaining proceeds from the BP lawsuit settlement. Committed balance was \$3,481,423.

Assigned fund balance represents management's intended use of specific resources. The City's assigned balance includes reserves for existing purchase obligations, and funds to pay out vacation and sick leave benefits (i.e., compensated absences). The City's assigned balance was \$1,439,630.

Unassigned fund balance should be considered the City's most liquid resource available for appropriation. Trends in unassigned balance may reflect policy changes (e.g., intentionally building up or drawing down reserves), or planned and unplanned financial changes (i.e., budgetary imbalances). Unassigned fund balance increased 2.3% to \$5,493,842.



### Proprietary Funds:

The City's proprietary fund statements provide the same type of information located in the government-wide financial statements, using the same basis of accounting. Based on the extent to which each of the City's three enterprise funds generated operating income, total assets increased 2.7%. Revenue generated by the Stormwater Fund and Marina Fund was fairly consistent compared to the previous year, while Sanitation Fund revenue increased over 12%. The fiscal year 2016 budget introduced a new fee to recover the cost of recycling service, accounting for much of the growth.

## **CITY OF MADEIRA BEACH, FLORIDA**

### **Management's Discussion and Analysis**

**September 30, 2016 (Unaudited)**

Proprietary fund non-operating revenue included a \$37,300 increase in investment earnings, since the City had more funds available to invest. Debt issued in August 2015 remained unspent throughout most of the fiscal year, earning interest at prevailing market rates notably higher than the prior year.

Depreciation expense increased nearly 17% corresponding to the magnitude of capital improvement activity described previously. Unrestricted net position declined 26.3% as net investment in capital assets increased 26.7%. Negative unrestricted net position reported by the Marina Fund was the product of net capital assets having increased 28.8%, while \$375,145 was still owed to the General Fund. The General Fund advanced \$500,000 to the Marina Fund in fiscal year 2011 to build a new retail facility.

#### **General Fund Budgetary Highlights**

Total General Fund revenue increased 14.9% from \$7,641,894 to \$8,778,642. The fiscal year 2016 adopted budget included a millage rate increase from 1.99 to 2.20 mills per \$1,000 of assessed property value. Meanwhile, property values increased over 8%, resulting in a total property tax revenue increase of nearly 20%. As discussed, the City's parking enforcement operation continued to generate unprecedented revenue; the General Fund's allocated share included a 26.3% revenue increase.

Fund balance declined by over \$1.1M despite the additional revenue, as total revenues were insufficient to offset total expenditures and other financing uses. Whereas the City had issued debt to help offset or minimize the deficit in each of the two preceding fiscal years, no new debt was issued via the General Fund in fiscal year 2016. Recreation service expenditures increased 24.4% as the City continued to introduce new events and programs, requiring multiple new positions. Capital outlay expenditures totaled nearly \$2.7M, primarily relating to Gulf Blvd. beautification improvements. Transfers to the Debt Service Fund totaled nearly \$775,000, comprised of scheduled principal and interest payments totaling \$527,800 as well as \$192,000 committed by the Board of Commissioners to begin accumulating additional resources for future debt service flexibility.

#### *Revisions from adopted to final budget:*

The final budget included revisions to revenue estimates totaling \$957,345, of which \$719,464 related to the ongoing Gulf Blvd. beautification improvement project. The City is managing the project within the constraints of Pinellas County's reimbursement funding schedule; a budget amendment was authorized to carry revenue estimates forward from the prior year.

Final authorized expenditures included revisions of \$1,914,742 as compared to the original budget, of which \$1,445,610 related to capital improvement project scheduling and reclassifications. The Board of Commissioners authorized a modification to the City's capital asset threshold policy, requiring several budget amendments to transfer funds from capital outlay accounts to other departmental accounts, for items no longer considered capital assets. More information on the policy can be found on in Note 1 of the Notes to Financial Statements. A detailed list of changes relating to budgeted capital outlay is provided on the table to follow.



**CITY OF MADEIRA BEACH, FLORIDA**

**Management's Discussion and Analysis**

**September 30, 2016 (Unaudited)**

	FY 2015 Reductions	FY 2016 Additions	FY 2016 Reductions	FY 2017 Additions
<b>Prior year encumbrances:</b>				
Community Development	-	15,155	(3,026)	-
Non-Departmental	-	1,650,806	(29,699)	-
Fire/EMS	-	4,200	-	-
Parks	-	324,372	-	-
Recreation	-	107,636	-	-
John's Pass Village	-	15,300	-	-
<b>Re-budgeted projects:</b>				
City Centre construction	(48,370)	48,370	(87,600)	87,600
Gulf Blvd. improvements	(1,335,373)	1,335,373	(1,038,324)	1,038,324
Lighting installation at Village Blvd.	(11,700)	11,700	-	-
Park beautification	-	-	(35,000)	35,000
Transient dock construction	-	-	(270,590)	265,190
<b>Appropriations to/from fund balance:</b>				
Village Blvd. lighting improvements	-	-	(400,000)	-
Vehicle replacements	-	-	(122,000)	-
John's Pass Village facility improvements	-	18,000	-	-
<b>Intra-departmental transfers to/from operating accounts:</b>				
Non-Departmental	-	-	(26,142)	-
Public Works	-	-	(6,214)	-
Fire/EMS	-	8,000	(13,698)	-
Parking	-	-	(7,646)	-
Parks	-	-	(2,500)	-
Recreation	-	-	(45,264)	-
John's Pass Village	-	-	(5,600)	-
<b>Total:</b>	<b>\$ (1,395,444)</b>	<b>\$ 3,538,913</b>	<b>\$ (2,093,303)</b>	<b>\$ 1,426,114</b>
Net fiscal year 2016 change		<b>\$ 1,445,610</b>		

*Significant budgetary variances:*

Licenses and permits revenue: Revenue exceeded budget estimates by 21.2%, as local business tax receipts, fire inspection revenue, and plan review revenue all surpassed budgeted estimates.

Intergovernmental revenue: The City participates in the FEMA Flood Mitigation Assistance Program, reimbursement revenue for which is entirely dependent upon the status of private residential development. Several projects assumed in the budgeted revenue totals were not initiated during the fiscal year. Corresponding revenue and expenditure totals were both under budget by over \$2.8M.

Fines and forfeitures revenue: Parking citation revenue exceeded budgeted estimates by 31.2%. Management had anticipated fewer citations based on the installation of new signage and increased user familiarity with new pay station technology.

General Government expenditures: Expenditures corresponding to the FEMA Flood Mitigation Assistance Program discussed above are managed in the Community Development department.

Physical Environment expenditures: Public Works expenditures were 12% under budget due to lower than anticipated fuel costs.

**CITY OF MADEIRA BEACH, FLORIDA**

**Management’s Discussion and Analysis**

**September 30, 2016 (Unaudited)**

Culture and Recreation expenditures: Expenditures were under budget by at least 10% in each of the Parks, Recreation, and John’s Pass Village departments. Utility and maintenance costs were less than anticipated in each department.

**Capital Assets and Debt Administration**

**Capital Assets:**

The chart below illustrates the impact of the City’s capital improvement policy initiatives discussed throughout this report. Net capital assets increased 7.9%, primarily relating to Gulf Blvd beautification improvements and stormwater drainage improvements. Management reclassified several groups of assets to include new categories for infrastructure and intangible items, such as software and database improvements. Note 3 of the Notes to Financial Statements includes more information on the City’s capital assets and activity for fiscal year 2016.

CAPITAL ASSETS, NET	Governmental activities		Business-type activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,784,674	\$ 2,784,675	\$ 5,000	\$ -	\$ 2,789,674	\$ 2,784,675
Buildings	7,739,564	7,836,379	406,410	423,567	8,145,974	8,259,946
Improvements other than buildings	7,475,713	11,941,796	2,679,863	2,739,989	10,155,576	14,681,785
Infrastructure	4,501,753	-	638,054	-	5,139,807	-
Intangible	207,058	-	9,889	-	216,947	-
Vehicles and equipment	984,315	1,142,901	456,713	451,445	1,441,028	1,594,346
Construction in progress	2,664,706	1,122,936	519,119	356,753	3,183,825	1,479,689
Total	<u>\$ 26,357,783</u>	<u>\$ 24,828,687</u>	<u>\$ 4,715,048</u>	<u>\$ 3,971,754</u>	<u>\$ 31,072,831</u>	<u>\$ 28,800,441</u>

**Long-term Debt:**

Note 3 of the Notes to Financial Statements includes a detailed listing of long-term liabilities. Below is a summary of the City’s outstanding debt as of September 30, 2016 compared to the prior year. The City issued \$725,000 in new debt while making scheduled principal and interest payments totaling \$677,000.

	Governmental activities		Business-type activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenue Bonds (including discount)	\$ 4,552,509	\$ 4,641,861	\$ -	\$ -	\$ 4,552,509	\$ 4,641,861
Loans Payable	3,492,000	3,010,000	5,856,000	6,200,000	\$ 9,348,000	\$ 9,210,000
Total	<u>\$ 8,044,509</u>	<u>\$ 7,651,861</u>	<u>\$ 5,856,000</u>	<u>\$ 6,200,000</u>	<u>\$ 13,900,509</u>	<u>\$ 13,851,861</u>

**Next Year’s Budget and Rates**

Madeira Beach property values are estimated to increase 9.9%, which is the highest rate of growth projected in Pinellas County. The fiscal year 2017 budget maintains the 2.20 millage rate while generating \$198,000 in additional ad valorem revenue. In connection with the budget adoption process, the Board of Commissioners implemented two new policies designed to help guide financial decision making:

Tax rates, fees, and charges policy: This policy is intended to ensure the City prudently designs and manages its tax rates, fees, and charges in order to achieve each of the following:

## **CITY OF MADEIRA BEACH, FLORIDA**

### **Management's Discussion and Analysis**

**September 30, 2016 (Unaudited)**

- Revenue diversification, so that ongoing operations are less reliant upon variable revenue streams
- Revenues that exceed normal growth rates are used either for one-time expenditures or to increase reserves
- Revenue forecasts are adequate to provide for the variety and level of services expected by vested stakeholders
- Alignment of revenue with growth-related endeavors (e.g., economic development activities)

Debt management policy: This policy recognizes the long-term implications of debt issuance and provides guidelines to consider the following:

- Equity, such that those who pay for debt are those who benefit from the assets provided
- Essentiality, in that the financed asset is considered essential to the City's core operation
- Efficiency, with respect to the identified revenue source's sufficiency to meet debt service obligations and the total cost of financing being less than other alternatives

#### **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 at 300 Municipal Drive, Madeira Beach, Florida 33708.

**CITY OF MADEIRA BEACH, FLORIDA**  
**Statement of Net Position**  
**September 30, 2016**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and equivalents	2,332,707	908,149	3,240,856
Investments	6,769,505	1,266,519	8,036,024
Accounts receivable, net	152,713	10,385	163,098
Internal balances	375,145	(375,145)	-
Due from other governments, net	128,212	349,714	477,926
Inventories	750	60,529	61,279
Prepaid items	12,108	59,108	71,216
Restricted:			
Cash and equivalents	-	22,606	22,606
Cash and equivalents, bond debt service	461,386	16,113	477,499
Investments, bond proceeds	2,520,895	6,171,638	8,692,533
Capital assets (not depreciable):			
Land	2,784,674	5,000	2,789,674
Construction in progress	2,664,706	519,119	3,183,825
Capital assets (depreciable, net):			
Buildings	7,739,564	406,410	8,145,974
Improvements other than buildings	7,475,713	2,679,863	10,155,576
Infrastructure	4,501,753	638,054	5,139,807
Intangible	207,058	9,889	216,947
Vehicles and equipment	984,315	456,713	1,441,028
Total assets	<u>\$ 39,111,204</u>	<u>\$ 13,204,664</u>	<u>\$ 52,315,868</u>
<b>Deferred outflows of resources</b>			
Outlays budgeted in subsequent fiscal year	201,606	-	201,606
Pension related	909,256	44,500	953,756
Total deferred outflows of resources	<u>\$ 1,110,862</u>	<u>\$ 44,500</u>	<u>\$ 1,155,362</u>
Total assets and deferred outflows of resources	<u>\$ 40,222,066</u>	<u>\$ 13,249,164</u>	<u>\$ 53,471,230</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	217,988	415,175	633,163
Accrued interest payable	122,770	-	122,770
Unearned revenue	-	4,969	4,969
Liabilities payable from restricted assets	-	22,606	22,606
Noncurrent liabilities:			
Due within one year	795,025	359,562	1,154,587
Due in more than one year	7,577,258	5,585,681	13,162,939
Net pension liability	1,944,985	99,666	2,044,651
Total liabilities	<u>\$ 10,658,026</u>	<u>\$ 6,487,659</u>	<u>\$ 17,145,685</u>
<b>Deferred inflows of resources</b>			
Future year revenue	111,968	-	111,968
Pension related	136,176	9,037	145,213
Total deferred inflows of resources	<u>\$ 248,144</u>	<u>\$ 9,037</u>	<u>\$ 257,181</u>
<b>Net position</b>			
Net investment in capital assets	20,834,168	5,030,687	25,864,855
Restricted for:			
Capital acquisitions and improvements	822,736	-	822,736
Debt service	527,907	-	527,907
Florida Building Code administration	61,743	-	61,743
Parks and recreation	218,715	-	218,715
Prior year net revenue	166,100	-	166,100
Transportation	13,805	-	13,805
Impact fees	11,266	-	11,266
Unrestricted	6,659,456	1,721,781	8,381,237
Total net position	<u>\$ 29,315,896</u>	<u>\$ 6,752,468</u>	<u>\$ 36,068,364</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 40,222,066</u>	<u>\$ 13,249,164</u>	<u>\$ 53,471,230</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Statement of Activities**  
**For the Year Ended September 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	3,132,603	774,049	-	-	(2,358,554)	-	(2,358,554)
Physical environment	355,628	-	-	-	(355,628)	-	(355,628)
Public safety	2,789,136	628,352	-	-	(2,160,784)	-	(2,160,784)
Culture and recreation	1,915,085	349,626	-	50,000	(1,515,459)	-	(1,515,459)
Transportation	86,402	-	-	37,781	(48,621)	-	(48,621)
Parking	275,092	2,075,709	-	-	1,800,617	-	1,800,617
Interest and other fees on long term debt	320,334	-	-	-	(320,334)	-	(320,334)
Total governmental activities	<u>\$ 8,874,280</u>	<u>\$ 3,827,736</u>	<u>\$ -</u>	<u>\$ 87,781</u>	<u>\$ (4,958,763)</u>	<u>\$ -</u>	<u>\$ (4,958,763)</u>
Business-type activities:							
Sanitation	1,173,844	1,257,616	3,270	-	-	87,042	87,042
Stormwater	637,036	690,819	-	78,350	-	132,133	132,133
Marina	1,880,631	2,000,166	-	-	-	119,535	119,535
Total business-type activities	<u>\$ 3,691,511</u>	<u>\$ 3,948,601</u>	<u>\$ 3,270</u>	<u>\$ 78,350</u>	<u>\$ -</u>	<u>\$ 338,710</u>	<u>\$ 338,710</u>
Total primary government:	<u>\$ 12,565,791</u>	<u>\$ 7,776,337</u>	<u>\$ 3,270</u>	<u>\$ 166,131</u>	<u>\$ (4,958,763)</u>	<u>\$ 338,710</u>	<u>\$ (4,620,053)</u>
General revenues:							
Property taxes					2,101,355	-	2,101,355
Franchise taxes					494,963	-	494,963
Utility taxes					741,662	-	741,662
Licenses and permits					146,127	-	146,127
Intergovernmental					2,401,947	-	2,401,947
Fines and forfeitures					180,836	-	180,836
Miscellaneous					252,521	13,275	265,796
Investment earnings					48,198	38,077	86,275
Transfers					(55,000)	55,000	-
Total general revenues and transfers					<u>\$ 6,312,609</u>	<u>\$ 106,352</u>	<u>\$ 6,418,961</u>
Change in net position					1,353,846	445,062	1,798,908
Net position - beginning					27,962,050	6,307,406	34,269,456
Net position - ending					<u>\$ 29,315,896</u>	<u>\$ 6,752,468</u>	<u>\$ 36,068,364</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2016**

	<u>General Fund</u>	<u>Local Option Sales Tax Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and equivalents	1,527,348	520,824	745,921	2,794,093
Investments	8,152,323	1,138,077	-	9,290,400
Accounts receivable, net	148,692	-	4,021	152,713
Advance to other funds	375,145	-	-	375,145
Due from other governments, net	94,559	28,592	5,061	128,212
Inventories	750	-	-	750
Prepaid items	11,979	-	129	12,108
Total assets	<u>\$ 10,310,796</u>	<u>\$ 1,687,493</u>	<u>\$ 755,132</u>	<u>\$ 12,753,421</u>
<b>Deferred outflows of resources</b>				
Outlays budgeted in subsequent fiscal year	201,606	-	-	201,606
Total deferred outflows of resources	<u>\$ 201,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,606</u>
Total assets and deferred outflows of resources	<u>\$ 10,512,402</u>	<u>\$ 1,687,493</u>	<u>\$ 755,132</u>	<u>\$ 12,955,027</u>
<b>Liabilities</b>				
Accounts payable	113,448	-	23,846	137,294
Accrued expenditures	61,278	-	7,475	68,753
Payroll liabilities	2,329	-	100	2,429
Security deposits payable	9,510	-	-	9,510
Total liabilities	<u>\$ 186,565</u>	<u>\$ -</u>	<u>\$ 31,421</u>	<u>\$ 217,986</u>
<b>Deferred inflows of resources</b>				
Future year revenue	111,968	-	-	111,968
Total deferred inflows of resources	<u>\$ 111,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,968</u>
<b>Fund balances</b>				
Nonspendable:				
Advance due to other funds	375,145	-	-	375,145
Inventories	750	-	-	750
Prepaid items	11,979	-	30	12,009
Restricted:				
Capital acquisitions and improvements	-	822,736	-	822,736
Debt service	461,386	66,228	293	527,907
Florida Building Code administration	-	-	61,743	61,743
Parks and recreation	-	-	218,716	218,716
Prior year net revenue	-	-	166,100	166,100
Transportation	-	-	13,806	13,806
Transportation impact fee	-	-	11,266	11,266
Committed:				
BP settlement	452,123	-	-	452,123
Debt service	263,700	-	192,000	455,700
Emergency reserve	2,118,100	-	-	2,118,100
Future appropriations	455,500	-	-	455,500
Assigned:				
Compensated absences	234,653	-	35,596	270,249
Purchase obligations	346,691	798,529	24,161	1,169,381
Unassigned	5,493,842	-	-	5,493,842
Total fund balances	<u>\$ 10,213,869</u>	<u>\$ 1,687,493</u>	<u>\$ 723,711</u>	<u>\$ 12,625,073</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,512,402</u>	<u>\$ 1,687,493</u>	<u>\$ 755,132</u>	<u>\$ 12,955,027</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Reconciliation of the Balance Sheet**  
**to the Statement of Net Position**  
**September 30, 2016**

Total fund balances of governmental funds: \$ 12,625,073

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

1. Capital assets used in governmental activities are not considered financial resources and are therefore excluded from governmental fund reporting:

Governmental capital assets	36,089,460	
Less accumulated depreciation	<u>(9,731,679)</u>	26,357,781

2. Pension related items recognized pursuant to GASB 68 are not reported in the governmental funds but will be recognized on a long-term basis and are therefore reported in the statement of net position:

Net pension liability	(1,944,985)	
Deferred outflows of resources - pension related	909,256	
Deferred inflows of resources - pension related	<u>(136,176)</u>	(1,171,905)

3. Long-term liabilities are not due and payable in the current period and are therefore excluded from governmental fund reporting:

Bonds payable, net of bond discount	(8,044,509)	
Accrued interest payable	(122,770)	
Compensated absences	(270,250)	
Other post-employment benefits	<u>(57,524)</u>	(8,495,053)

Net position of governmental activities: \$ 29,315,896

**CITY OF MADEIRA BEACH, FLORIDA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2016**

<b>Revenues</b>	<b>General Fund</b>	<b>Local Option Sales Tax Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Property taxes	2,101,355	-	-	2,101,355
Franchise taxes	494,963	-	-	494,963
Utility taxes	741,662	-	-	741,662
Licenses and permits	146,127	-	-	146,127
Intergovernmental	1,941,909	436,345	111,474	2,489,728
Charges for service	1,253,308	-	498,720	1,752,028
Parking enforcement	1,623,540	-	452,172	2,075,712
Fines and forfeitures	180,836	-	-	180,836
Miscellaneous	252,374	-	144	252,518
Investment earnings	42,568	5,185	445	48,198
Total revenues	<u>\$ 8,778,642</u>	<u>\$ 441,530</u>	<u>\$ 1,062,955</u>	<u>\$ 10,283,127</u>
<b>Expenditures</b>				
Current:				
General government	2,200,936	-	413,918	2,614,854
Physical environment	248,354	-	-	248,354
Public safety	2,647,305	-	-	2,647,305
Culture and recreation	1,103,163	-	245,179	1,348,342
Parking enforcement	264,918	-	-	264,918
Transportation	-	-	86,402	86,402
Capital outlay:				
General government	2,120,867	6,512	-	2,127,379
Physical environment	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	546,122	-	83,276	629,398
Debt service:				
Cost of issuance	-	49,526	-	49,526
Principal	-	-	333,000	333,000
Interest	-	-	251,145	251,145
Total expenditures	<u>\$ 9,131,665</u>	<u>\$ 56,038</u>	<u>\$ 1,412,920</u>	<u>\$ 10,600,623</u>
Excess (deficiency) of revenues over (under) expenditures	(353,023)	385,492	(349,965)	(317,496)
Other Financing Sources (Uses)				
Issuance of debt	-	725,000	-	725,000
Transfers	(774,847)	(56,298)	776,145	(55,000)
Net other financing sources (uses)	<u>\$ (774,847)</u>	<u>\$ 668,702</u>	<u>\$ 776,145</u>	<u>\$ 670,000</u>
Net change in fund balances	(1,127,870)	1,054,194	426,180	352,504
Fund balance - beginning	11,507,839	633,299	131,431	12,272,569
Fund balance - transfer out	(166,100)	-	166,100	12,217,569
Fund balance - ending	<u>\$ 10,213,869</u>	<u>\$ 1,687,493</u>	<u>\$ 723,711</u>	<u>\$ 12,625,073</u>



**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, 2016**

Net change in fund balances of governmental funds: \$ 352,504

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

1. 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	2,756,777	
Current year depreciation	<u>(1,225,362)</u>	1,531,415

2. The issuance of long-term debt provides current financial resources to governmental funds; however, such proceeds are reported as long-term debt in the statement of net position: (725,000)

3. Repayment of debt principal is recorded as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position: 333,000

4. Some expenses reported in the statement of activities do not require the use of current financial resources, and are therefore excluded from governmental fund reporting:

Capital assets, net of liabilities, transferred to enterprise funds	(2,321)	
Compensated absences	(28,273)	
Other post-employment benefits	4,151	
Amortization of bond discount	(648)	
Pension expense - GASB 68	(91,968)	
Accrued interest expense on long-term debt (net)	<u>(19,014)</u>	(138,073)

Change in net position of governmental activities \$ 1,353,846

**CITY OF MADEIRA BEACH, FLORIDA**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2016**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Revenues</b>				
Property taxes	2,069,000	2,069,000	2,101,355	32,355
Franchise taxes	469,300	469,300	494,963	25,663
Utility taxes	704,400	704,400	741,662	37,262
Licenses and permits	90,600	120,600	146,127	25,527
Intergovernmental	4,081,900	4,839,145	1,941,909	(2,897,236)
Charges for service	1,076,600	1,161,600	1,253,308	91,708
Parking enforcement	1,475,900	1,475,900	1,623,540	147,640
Fines and forfeitures	107,300	136,900	180,836	43,936
Miscellaneous	178,400	233,900	252,374	18,474
Investment earnings	15,000	15,000	42,568	27,568
Total revenues	<u>\$ 10,268,400</u>	<u>\$ 11,225,745</u>	<u>\$ 8,778,642</u>	<u>\$ (2,447,103)</u>
<b>Expenditures</b>				
General government:				
City Manager's Office	484,200	557,365	548,426	(8,939)
Community Development	3,179,200	3,309,996	446,275	(2,863,721)
Finance	445,500	448,000	443,094	(4,906)
City Clerk's Office	348,300	348,962	328,147	(20,815)
Non-Departmental	419,700	438,226	434,993	(3,233)
Total general government	<u>\$ 4,876,900</u>	<u>\$ 5,102,549</u>	<u>\$ 2,200,935</u>	<u>\$ (2,901,614)</u>
Physical environment:				
Public works	210,700	282,214	248,354	(33,860)
Total physical environment	<u>\$ 210,700</u>	<u>\$ 282,214</u>	<u>\$ 248,354</u>	<u>\$ (33,860)</u>
Public safety:				
Fire	1,401,700	1,408,738	1,361,465	(47,273)
Law enforcement	1,294,800	1,294,800	1,285,840	(8,960)
Total public safety	<u>\$ 2,696,500</u>	<u>\$ 2,703,538</u>	<u>\$ 2,647,305</u>	<u>\$ (56,233)</u>
Culture and recreation:				
Parks	224,400	226,900	197,832	(29,068)
Recreation	730,700	871,105	781,790	(89,315)
John's Pass Village	137,800	143,400	123,542	(19,858)
Total culture and recreation	<u>\$ 1,092,900</u>	<u>\$ 1,241,405</u>	<u>\$ 1,103,164</u>	<u>\$ (138,241)</u>
Parking enforcement:				
Parking	260,800	277,226	264,918	(12,308)
Total parking enforcement	<u>\$ 260,800</u>	<u>\$ 277,226</u>	<u>\$ 264,918</u>	<u>\$ (12,308)</u>
Capital Outlay	<u>\$ 1,499,500</u>	<u>\$ 2,945,110</u>	<u>\$ 2,666,989</u>	<u>\$ (278,121)</u>
Total expenditures	<u>\$ 10,637,300</u>	<u>\$ 12,552,042</u>	<u>\$ 9,131,665</u>	<u>\$ (3,420,377)</u>
Excess (deficiency) of revenues over expenditures	(368,900)	(1,326,297)	(353,023)	973,274
Other financing sources (uses):				
Transfers	(719,800)	(719,800)	(774,847)	(55,047)
Total other financing sources (uses)	<u>\$ (719,800)</u>	<u>\$ (719,800)</u>	<u>\$ (774,847)</u>	<u>\$ (55,047)</u>
Net change in fund balances	(1,088,700)	(2,046,097)	(1,127,870)	918,227
Fund balances - beginning	11,507,839	11,507,839	11,507,839	-
Fund balance - transfer out	(166,100)	(166,100)	(166,100)	-
Fund balances - ending	<u>\$ 10,253,039</u>	<u>\$ 9,295,642</u>	<u>\$ 10,213,869</u>	<u>\$ 918,227</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Local Option Sales Tax Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
<b>Revenues</b>	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Intergovernmental	394,200	394,200	436,345	42,145
Investment earnings	1,100	1,100	5,185	4,085
Total revenues	\$ 395,300	\$ 395,300	\$ 441,530	\$ 46,230
<b>Expenditures</b>				
Cost of issuance	-	50,000	49,526	(474)
Total general government	\$ -	\$ 50,000	\$ 49,526	\$ (474)
Capital Outlay	\$ 690,000	\$ 822,864	\$ 6,512	\$ (816,352)
Total expenditures	\$ 690,000	\$ 872,864	\$ 56,038	\$ (816,826)
Excess (deficiency) of revenues over expenditures	(294,700)	(477,564)	385,492	863,056
Other financing sources (uses)				
Debt proceeds	-	725,000	725,000	-
Transfers	-	(56,300)	(56,298)	2
Total other financing sources (uses)	\$ -	\$ 668,700	\$ 668,702	\$ 2
Net change in fund balances	(294,700)	191,136	1,054,194	863,058
Fund balances - beginning	1,180,924	444,838	633,299	-
Fund balances - ending	\$ 886,224	\$ 635,974	\$ 1,687,493	\$ 863,058

**CITY OF MADEIRA BEACH, FLORIDA**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Sanitation Fund</b>	<b>Stormwater Fund</b>	<b>Marina Fund</b>	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	536,433	9,014	362,702	908,149
Investments	875,082	391,437	-	1,266,519
Accounts receivable, net	4,568	536	5,282	10,386
Due from other governments, net	171,076	178,638	-	349,714
Inventories	-	-	60,529	60,529
Prepaid items	167	54,941	4,000	59,108
Restricted current assets:				
Restricted cash and cash equivalents:				-
Bond debt service renewal and replacement	-	16,113	-	16,113
Investments, bond proceeds	-	6,171,638	-	6,171,638
Customer deposits	-	-	22,606	22,606
Total current assets	<u>\$ 1,587,326</u>	<u>\$ 6,822,317</u>	<u>\$ 455,119</u>	<u>\$ 8,864,762</u>
Capital assets:				
Buildings	-	-	494,724	494,724
Improvements other than buildings	14,700	2,654,549	1,403,449	4,072,698
Infrastructure	-	671,708	-	671,708
Intangible	-	-	10,988	10,988
Land	-	5,000	-	5,000
Vehicles and equipment	908,375	147,674	143,535	1,199,584
Construction in progress	-	519,119	-	519,119
Less accumulated depreciation	(592,632)	(842,204)	(823,938)	(2,258,774)
Total capital assets, net	<u>\$ 330,443</u>	<u>\$ 3,155,846</u>	<u>\$ 1,228,758</u>	<u>\$ 4,715,047</u>
Total assets	<u>\$ 1,917,769</u>	<u>\$ 9,978,163</u>	<u>\$ 1,683,877</u>	<u>\$ 13,579,809</u>
<b>Deferred outflows of resources</b>				
Pension related	44,500	-	-	44,500
Total deferred outflows of resources	<u>\$ 44,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,500</u>
Total assets and deferred outflows of resources	<u>\$ 1,962,269</u>	<u>\$ 9,978,163</u>	<u>\$ 1,683,877</u>	<u>\$ 13,624,309</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Sanitation Fund</b>	<b>Stormwater Fund</b>	<b>Marina Fund</b>	
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and other current liabilities	63,300	279,068	72,808	415,176
Advance from other funds	-	-	23,487	23,487
Compensated absences	4,263	1,398	1,900	7,561
Revenue bonds payable	-	352,000	-	352,000
Unearned revenue	-	-	4,969	4,969
Current liabilities payable from restricted assets:	-	-	-	-
Customer deposits payable	-	-	22,606	22,606
Total current liabilities	<u>\$ 67,563</u>	<u>\$ 632,466</u>	<u>\$ 125,770</u>	<u>\$ 825,799</u>
Noncurrent liabilities:				
Compensated absences	38,371	12,585	17,099	68,055
Other post-employment benefits	6,586	3,413	3,627	13,626
Advance from other funds	-	-	351,658	351,658
Net pension liability	99,666	-	-	99,666
Revenue bonds payable	-	5,504,000	-	5,504,000
Total noncurrent liabilities	<u>\$ 144,623</u>	<u>\$ 5,519,998</u>	<u>\$ 372,384</u>	<u>\$ 6,037,005</u>
Total liabilities	<u>\$ 212,186</u>	<u>\$ 6,152,464</u>	<u>\$ 498,154</u>	<u>\$ 6,862,804</u>
<b>Deferred inflows of resources</b>				
Pension related	9,037	-	-	9,037
Total deferred inflows of resources	<u>\$ 9,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,037</u>
<b>Net position</b>				
Net investment in capital assets	330,443	3,471,485	1,228,758	5,030,686
Unrestricted	1,410,603	354,214	(43,035)	1,721,782
Total net position	<u>\$ 1,741,046</u>	<u>\$ 3,825,699</u>	<u>\$ 1,185,723</u>	<u>\$ 6,752,468</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,962,269</u>	<u>\$ 9,978,163</u>	<u>\$ 1,683,877</u>	<u>\$ 13,624,309</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2016**

**Business-type Activities - Enterprise Funds**

	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Marina Fund</u>	<u>Total</u>
<b>Operating revenues</b>				
Charges for sales and services	1,257,616	690,819	2,000,166	3,948,601
Miscellaneous	10,182	457	2,636	13,275
Total operating revenues	<u>\$ 1,267,798</u>	<u>\$ 691,276</u>	<u>\$ 2,002,802</u>	<u>\$ 3,961,876</u>
<b>Operating expenses</b>				
Personnel	400,404	188,243	214,009	802,656
Supplies and services	689,596	185,828	1,571,117	2,446,541
Depreciation	83,844	102,385	89,689	275,918
Total operating expenses	<u>\$ 1,173,844</u>	<u>\$ 476,456</u>	<u>\$ 1,874,815</u>	<u>\$ 3,525,115</u>
Operating income (loss)	<u>\$ 93,954</u>	<u>\$ 214,820</u>	<u>\$ 127,987</u>	<u>\$ 436,761</u>
<b>Non operating revenues (expenses)</b>				
Grants and contributions	3,270	78,350	-	81,620
Interest expense and fiscal charges	-	(160,580)	(5,816)	(166,396)
Investment earnings	4,148	33,853	76	38,077
Transfers	-	55,000	-	55,000
Total nonoperating revenues (expenses)	<u>\$ 7,418</u>	<u>\$ 6,623</u>	<u>\$ (5,740)</u>	<u>\$ 8,301</u>
Change in net position	101,372	221,443	122,247	445,062
Total net position - beginning	1,639,674	3,604,256	1,063,476	6,307,406
Total net position - ending	<u>\$ 1,741,046</u>	<u>\$ 3,825,699</u>	<u>\$ 1,185,723</u>	<u>\$ 6,752,468</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2016**

	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Marina Fund</u>	<u>Total</u>
<b>Operating activities</b>				
Receipts from customers	1,252,637	613,055	1,991,088	3,856,780
Payments to suppliers	(734,389)	(215,693)	(1,581,375)	(2,531,457)
Payments to employees	(392,567)	(187,667)	(210,471)	(790,705)
Net cash provided by operating activities	<u>\$ 125,681</u>	<u>\$ 209,695</u>	<u>\$ 199,242</u>	<u>\$ 534,618</u>
<b>Noncapital financing activities</b>				
Grants and contributions	3,270	-	-	3,270
Net cash provided by noncapital financing activities	<u>\$ 3,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,270</u>
<b>Capital and related financing activities</b>				
Grants and contributions	-	78,350	-	78,350
Interfund transfers	-	55,000	-	55,000
Purchase, acquisition and construction of capital assets	-	(356,900)	(349,661)	(706,561)
Principal repayment on long-term debt	-	(344,000)	-	(688,000)
Interest paid on long-term debt	-	(160,580)	-	(160,580)
Interest paid on advance from other funds	-	-	(5,816)	(5,816)
Payment on advance from other funds	-	-	(23,137)	(23,137)
Net cash used by capital and related financing activities	<u>\$ -</u>	<u>\$ (728,130)</u>	<u>\$ (378,614)</u>	<u>\$ (762,744)</u>
<b>Investing activities</b>				
Purchase of investments	(478,547)	16,441	-	(462,106)
Investment income	4,148	33,853	76	38,077
Net cash provided (used) by investing activities	<u>\$ (474,399)</u>	<u>\$ 50,294</u>	<u>\$ 76</u>	<u>\$ (424,029)</u>
Net decrease in cash and cash equivalents	(345,448)	(468,141)	(179,296)	(992,885)
Cash and cash equivalents - Beginning of year	881,881	493,268	564,603	1,939,752
Cash and cash equivalents - End of year	<u>\$ 536,433</u>	<u>\$ 25,127</u>	<u>\$ 385,307</u>	<u>\$ 946,867</u>
Composed of:				
Cash and cash equivalents	536,433	9,014	362,702	908,149
Restricted cash and cash equivalents				
Bond debt service	-	16,113	-	16,113
Customer deposits	-	-	22,606	22,606
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income	93,954	214,820	127,987	436,761
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	83,844	102,385	89,689	275,918
(Increase) decrease in accounts receivable	(2,567)	464	1,178	(925)
(Increase) decrease in due from other governments	(12,594)	(78,685)	-	(91,279)
(Increase) decrease in inventories	-	-	(3,142)	(3,142)
(Increase) decrease in prepaid items	394	(54,706)	254	(54,058)
(Increase) decrease in deferred outflows	(35,104)	-	-	(35,104)
Increase (decrease) in accounts payable, non capital	(45,187)	24,841	(7,369)	(27,715)
Increase (decrease) in compensated absences	8,777	(545)	4,417	12,649
Increase (decrease) in other post-employment benefits	(5,305)	1,121	(879)	(5,063)
Increase (decrease) in net pension liability	48,375	-	-	48,375
Increase (decrease) in deferred inflows	(8,906)	-	-	(8,906)
Increase (decrease) in customer deposits	-	-	(17,862)	(17,862)
Increase (decrease) in unearned revenue	-	-	4,969	4,969
Net cash provided by operating activities	<u>\$ 125,681</u>	<u>\$ 209,695</u>	<u>\$ 199,242</u>	<u>\$ 534,618</u>
<b>Noncash operating activities</b>				
None	-	-	-	-
<b>Noncash investing, capital and financing activities</b>				
None	-	-	-	-

# CITY OF MADEIRA BEACH, FLORIDA

## Notes to Financial Statements

September 30, 2016

### Note 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.

#### 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. Management has determined that there are no component units to be included within the reporting entity.

#### 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.



# CITY OF MADEIRA BEACH, FLORIDA

## Notes to Financial Statements

September 30, 2016

### Note 1: Continued

Fund financial statements are provided for major governmental funds and enterprise funds. Non-major funds are aggregated and reported in one column, while major funds are reported as separate columns in the fund financial statements.

#### 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.

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.

#### Major Governmental Funds

1. General Fund – The City’s primary operating fund, 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.
2. Local Option Sales Tax Fund – Special revenue fund used to account for the proceeds of the Pinellas County discretionary sales surtax. Revenues are restricted for infrastructure improvements.

# CITY OF MADEIRA BEACH, FLORIDA

## Notes to Financial Statements

September 30, 2016

Note 1: Continued

### Major Proprietary Funds

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.

1. Sanitation Fund – Accounts 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.
2. Stormwater Fund – Accounts for stormwater utility fee revenues, and expenses for drainage and stormwater related projects, including National Pollutant Discharge Elimination System (NPDES) reporting and compliance.
3. Marina Fund – Accounts for the operations of the Madeira Beach Municipal Marina.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 non-operating 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 non-operating revenues and expenses.

D. Assets, Liabilities, and Net Position or Fund Equity

### Deposits and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits and money market accounts. Investments, such as intergovernmental pools and certificates of deposit, are reported at fair market value. See Note 3 for additional information relating to fair value reporting.

The City is governed by its investment policy adopted by Resolution 2015-34 on September 8, 2015, which authorizes investments in the following securities:

# CITY OF MADEIRA BEACH, FLORIDA

## Notes to Financial Statements

September 30, 2016

### Note 1: Continued

- (i) U.S. Treasury obligations, and obligations the principal and interest of which are backed by the full faith and credit of the U.S. Government.
- (ii) Non-negotiable interest bearing time certificates of deposit, or savings accounts in banks organized under state law or in national banks organized under the laws of the United States and doing business
- (iii) Shares in open-end and no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7.
- (iv) State, local government, or privately-sponsored investment pools that are authorized pursuant to state law.

#### **✚ 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.”

#### **✚ 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.

#### **✚ 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.

#### **✚ Restricted Assets**

The use of certain assets are restricted in accordance with debt covenants and agreements with various parties (e.g., customer deposits for marina storage rentals). Assets so designated are identified as restricted assets on the statement of net position.

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 1: Continued

**+ 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 \$5,000 or more, used in operations, with an initial life of two or more years. 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 for business-type activities is included as part of the capitalized value. There was no capitalized interest for the fiscal year ended September 30, 2016.

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

<u>Depreciable Assets:</u>	<u>Years:</u>
Buildings	10 – 50
Improvements	3 – 50
Infrastructure	2 – 50
Intangible	2 – 10
Vehicles and Equipment	2 – 20

**+ 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 it is 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 10% of compensated absences will become due and payable within one year.

**+ 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.

# CITY OF MADEIRA BEACH, FLORIDA

## Notes to Financial Statements

September 30, 2016

Note 1: Continued

### 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 (e.g., creditors, grantors, and contributors) or by law through constitutional provisions or enabling legislation.

*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 placed upon available balances. Fund balance is reported in five classifications: nonspendable, restricted, committed, assigned, and unassigned.

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

*Restricted* consists of amounts that have constraints placed on them either externally by third parties (e.g., creditors, grantors, and contributors) 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. Commitments may only be adopted, amended, and rescinded via Resolution by the Board of Commissioners.

*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.

*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

September 30, 2016

### Note 1: Continued

The fund balance policy adopted by the Board of Commissioners in September 2015 establishes expectations with respect to several aspects of managing and utilizing fund balances:

1. The City shall maintain a committed fund balance for the purpose of emergency storm response (e.g., flood or hurricane) equivalent to at least 33% of General Fund operating expenditures. In the event such fund balance is drawn upon, the City shall seek to restore the committed balance as soon as is practicable and in no event later than five years subsequent to the initial emergency response.
2. In addition to the committed fund balance reserve, minimum unassigned fund balance shall be 16.67% (i.e., two months) of annual General Fund operating expenditures.
3. The City shall utilize funds in the following spending order: restricted; committed; assigned; unassigned.
4. In the case of an anticipated budget shortfall, the City may choose to balance its annual budget by assigning a portion of existing unassigned balance, or by reassigning funds in an amount no greater than the projected deficit.

### 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. New Accounting Standard

The City adopted GASB Statement No. 72, *Fair Value Measurement and Application* during fiscal year 2016. Statement No. 72 addresses accounting and financial reporting issues related to the fair value measurement of investment balances. “Fair value” as defined by GASB is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Note 3 provides more information relating to this Statement.

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 2: Stewardship, Compliance and Accountability

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.

**✚ Budget amendments**

Supplemental appropriations to major governmental funds were authorized by the Board of Commissioners as follows:

	<b>General Fund</b>			<b>Local Option Sales Tax Fund</b>		
	Adopted Budget	Amendments	Final Budget	Adopted Budget	Amendments	Final Budget
<b>Revenue</b>	\$10,268,400	\$957,345	\$11,225,745	\$395,300	-	\$395,300
<b>Expenditures</b>	\$10,637,300	\$1,914,742	\$12,552,042	\$690,000	\$182,864	\$872,864
<b>Net</b>	(418,900)	(995,178)	(1,414,078)	(294,700)	(182,864)	(477,564)

**✚ Purchase obligations**

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end are reported as “purchase obligations” on the governmental funds balance sheet. Such balances do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent fiscal year. Encumbered balances are disclosed in the table below.

	<b>General Fund</b>	<b>Local Option Sales Tax Fund</b>	<b>Non-major Governmental Funds</b>
<b>Encumbered as of 9/30/16</b>	\$346,691	\$798,529	\$24,161

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

As of September 30, 2016, the City had the following cash and investment balances:

	<b>Balance</b>	<b>Percentage</b>
Cash (bank deposits and petty cash)	\$ 2,597,029	12.7%
Money market funds	1,143,933	5.6
Intergovernmental pools	10,938,025	53.4
Florida local government surplus fund	179,285	0.9
Certificates of deposits	5,611,246	27.4
<b>Total</b>	<b>\$ 20,469,518</b>	<b>100%</b>

The carrying amount of the City's operating cash deposits was \$2,561,638 and the bank balance was \$2,543,143. Operating cash deposits were covered by Federal Depository Insurance.

The City adopted a new investment policy on September 8, 2015, defining investment objectives, standards of prudence, maturity guidelines, liquidity requirements, and performance measurements. Authorized investments prescribed by the policy are listed in Note 1. The investment policy is designed to address the following risk factors:

**✚ Interest Rate Risk**

Fixed income securities expose the City to the risk of prevailing interest rate changes. The City's investment policy controls for this risk by requiring a maximum maturity of two years with respect to certificates of deposit and 5.5 years for U.S. Treasuries. As of September 30, 2016, the weighted average maturity of the City's portfolio was 268.83 days.

**✚ Credit Risk**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to fulfill its obligations. 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, 2016, the City held assets in four local government investment pools, each of which was rated AAAM by Standard and Poor's.

**✚ 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.



**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 3: Continued

**✚ Concentration Risk**

Concentration risk refers to the risk of loss resulting from over-exposure to a specific security or asset class. The City’s investment policy addresses concentration risk by requiring maximum allocations to specific investment sectors and issuers. The City was slightly over-concentrated in the intergovernmental pool sector as of September 30, 2016:

<b>Authorized Sector</b>	<b>Maximum Allocation</b>	<b>Actual Allocation</b>
Cash	N/A	12.7%
Money market funds	50%	5.6%
Intergovernmental pools	50%	53.4%
Florida local government surplus fund	50%	0.9%
Certificates of deposit	50%	27.4%
U.S. Treasury	100%	0%
		100%

**✚ Fair Value Measurement**

Generally accepted accounting principles establish a fair value hierarchy ranking the quality and dependability of data used as inputs to generate a fair value price for portfolio securities. The City’s assets are valued based on Level 1 and Level 2 inputs.

	<b>Level 1(a)</b>	<b>Level 2(b)</b>	<b>Total</b>
Cash	\$ 2,597,029	\$ --	\$ 2,597,029
Money market funds	1,143,933	--	1,143,933
Intergovernmental pools	--	10,938,025	10,938,025
Florida local government surplus fund		179,285	179,285
Certificates of deposits	5,611,246	--	5,611,246
	9,352,208	11,117,310	\$ 20,469,518

(a) Level 1 inputs are quoted prices in active markets for identical assets.

(b) Level 2 inputs are quoted prices for similar assets in active markets.

**B. Receivables**

The City has provided an allowance for potentially uncollectible accounts. Accounts receivable are reflected net of the allowance. The General Fund allowance of \$809 has been estimated by management. The Sanitation and Stormwater Funds each include an estimated uncollectible balance of 5% for unbilled accounts receivable. The total enterprise fund allowance is \$14,282.

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 3: Continued

As of September 30, 2016, \$477,927 was due to the City from other governments. Anticipated proceeds from the Department of Emergency Management relate to the City's participation in the FEMA Flood Mitigation Assistance Program, while the Southwest Florida Water Management District balance represents the first installment of grant revenue. State of Florida and Pinellas County balances pertain to revenue sharing agreements and utility billing payments.

<b>Due from:</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Pinellas County	\$ 34,621	\$ 271,364
State of Florida	54,551	--
Department of Emergency Management	39,040	--
Southwest Florida Water Management District	--	78,350
	<b>\$ 128,212</b>	<b>\$ 349,714</b>

C. Advances to/from

The General Fund loaned \$500,000 to the Marina Fund in fiscal year 2011 for construction of a recreational and commercial fishing retail center known as the Ship Store. The loan is scheduled to be repaid over 20 years at an interest rate of 1.5%. The balance as of September 30, 2016 was \$375,145 and reflected as an internal balance on the statement of net position and as an advance to/from other funds in the fund financial statements.

D. Deferred Outflows/Inflows of Resources

The statements of net position and the governmental funds balance sheet include deferred outflows presented with assets, and deferred inflows presented with liabilities. Deferred outflows consist of transactions that consume resources but do not relate to the current accounting period; likewise, deferred inflows represent acquisitions of resources relating to a future period. As of September 30, 2016, deferred inflows and outflows included the following:

<b>Deferred Outflows:</b>	<b>Deferred Inflows:</b>
Debt service payments budgeted in FY 2017	Contractual payments received prior to FY 2017
Attorney bill payments budgeted in FY 2017	Business tax receipts received prior to FY 2017
Net pension liability adjustments	Rental inspection receipts received prior to FY 2017
	Net pension liability adjustments

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 3: Continued

E. Capital Assets

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance 10/1/2015	Additions	Transfers In (Out)	Deletions	Ending Balance 9/30/2016
<b>Governmental activities</b>					
Non-Depreciable Assets					
Land and land rights	\$ 2,784,675	-	-	-	2,784,675
Construction in progress	1,122,936	1,541,769	-	-	2,664,705
Depreciable Assets					
Buildings	8,287,774	179,701	-	-	8,467,475
Improvements	18,722,681	410,057	(4,456,570)	-	14,676,168
Infrastructure	-	354,983	4,456,570	-	4,811,553
Intangibles	-	84,352	169,744	-	254,096
Equipment	2,431,004	185,915	(169,744)	(16,386)	2,430,789
<b>Totals at historical cost</b>	<u>33,349,070</u>	<u>2,756,777</u>	<u>-</u>	<u>(16,386)</u>	<u>36,089,460</u>
Less accumulated depreciation					
Buildings	(451,395)	(276,516)	-	-	(727,911)
Improvements	(6,780,885)	(491,696)	72,125	-	(7,200,456)
Infrastructure	-	(237,675)	(72,125)	-	(309,800)
Intangibles	-	(30,938)	(16,101)	-	(47,039)
Equipment	(1,288,102)	(188,537)	30,166	-	(1,446,473)
<b>Total accumulated depreciation</b>	<u>(8,520,382)</u>	<u>(1,225,362)</u>	<u>14,065</u>	<u>-</u>	<u>(9,731,679)</u>
<b>Governmental activities capital assets, net \$</b>	<u>24,828,688</u>	<u>1,531,415</u>	<u>14,065</u>	<u>(16,386)</u>	<u>26,357,783</u>
	Beginning Balance 10/1/2015	Additions	Transfers In (Out)	Deletions	Ending Balance 9/30/2016
<b>Business-type activities</b>					
Non-Depreciable Assets					
Land and land rights	\$ -	-	5,000	-	5,000
Construction in progress	356,753	162,366	-	-	519,119
Depreciable Assets					
Buildings	497,724	-	(3,000)	-	494,724
Improvements	4,014,859	368,172	(310,333)	-	4,072,698
Infrastructure	-	366,375	305,333	-	671,708
Intangibles	-	10,988	-	-	10,988
Equipment	1,074,209	108,990	16,386	-	1,199,585
<b>Totals at historical cost</b>	<u>5,943,545</u>	<u>1,016,891</u>	<u>13,386</u>	<u>-</u>	<u>6,973,822</u>
Less accumulated depreciation					
Buildings	(71,157)	(17,157)	-	-	(88,314)
Improvements	(1,274,870)	(127,356)	9,390	-	(1,392,836)
Infrastructure	-	(24,264)	(9,390)	-	(33,654)
Intangibles	-	(1,099)	-	-	(1,099)
Equipment	(622,763)	(106,043)	(14,065)	-	(742,871)
<b>Total accumulated depreciation</b>	<u>(1,968,790)</u>	<u>(275,918)</u>	<u>(14,065)</u>	<u>-</u>	<u>(2,258,774)</u>
<b>Business-type activities capital assets, net \$</b>	<u>3,974,755</u>	<u>740,973</u>	<u>(679)</u>	<u>-</u>	<u>4,715,048</u>

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 3: Continued

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

<b>Governmental activities:</b>	
General government	\$ 420,579
Physical environment	105,122
Public safety	137,520
Culture and recreation	551,645
Parking enforcement	10,496
<b>Total depreciation expense - governmental activities</b>	<b>\$ 1,225,362</b>
<b>Business-type activities:</b>	
Sanitation	\$ 83,844
Stormwater	102,385
Marina	89,689
<b>Total depreciation expense - business-type activities</b>	<b>\$ 275,918</b>
<b>Total depreciation expense</b>	<b>\$ 1,501,280</b>

F. Construction Commitments

As of September 30, 2016, the City had contracts in place for the following projects:

	<b>General Fund</b>	<b>Local Option Sales Tax Fund</b>	<b>Non-major Governmental Funds</b>	<b>Stormwater Fund</b>
Utility undergrounding	\$156,120			
Transient docks	\$36,438			
Field irrigation	\$23,100			
Village Blvd. lighting	\$15,300			
Fire apparatus (ladder truck)		\$687,479		
Fishing pier construction		\$110,000		
Beach shower improvements			\$13,051	
Boca Ciega & 140 <sup>th</sup> Ave. drainage improvements				\$3,623,281

G. Long-term Liabilities

The City's long-term liabilities are comprised of outstanding debt, compensated absences, and other post-employment benefits.

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 3: Continued

**Debt**

1. Capital Improvement Revenue Bonds, Series 2013: Issued in October 2013 in the amount of \$4,760,000 to finance the construction of the City Centre project, including reconstruction of the City Hall, Recreation Center, Fire Station, and park amenities located at or near 300 Municipal Drive. Serial bonds in the amount of \$1,020,000 with interest rates from 3.00% to 3.50% payable semiannually October 1 and April 1, due in annual principal installments from \$90,000 to \$115,000 from October 1, 2014 to October 1, 2023. Term bonds in the amount of \$3,740,000 with interest rates from 4.00% to 5.00% payable semiannually on October 1 and April 1, due in annual principal installments from \$120,000 to \$285,000 from October 1, 2024 to October 1, 2043. Pledged revenue: public services tax, half-cent sales tax, franchise fees, and state revenue sharing.
2. Interlocal Payments Revenue Bond, Series 2014: Issued in November 2014 in the amount of \$3,010,000 to finance undergrounding of utilities on Gulf Boulevard. Serial bond with interest rate of 1.43% payable semiannually May 1 and November 1, due in annual principal installments from \$190,000 to \$1,704,000 from November 1, 2015 to November 1, 2018. Pledged revenue: Pinellas County reimbursement revenue per interlocal agreement.
3. Stormwater System Revenue Bond, Series 2015: Issued in August 2015 in the amount of \$6,200,000 to finance improvements to the stormwater system. Serial bond with interest rate of 2.59% payable semiannually April 1 and October 1, due in annual principal installments from \$341,000 to \$488,000 from October 1, 2015 to October 1, 2030. Pledged revenue: drainage fee gross revenues, with a backup covenant to budget and appropriate non-ad valorem revenues.
4. Infrastructure Sales Surtax Revenue Note, Series 2016: Issued in February 2016 in the amount of \$725,000 to finance the acquisition of a fire apparatus (ladder truck). Serial note with interest rate of 1.59% payable semiannually June 1 and December 1, due in annual principal installments from \$53,000 to \$90,000 from June 1, 2016 to December 1, 2019. Pledged revenue: local option sales tax.

Annual debt service requirements to maturity for long-term debt, gross of discounts, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities		Government-wide Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	768,000	250,183	352,000	151,670	1,120,000	401,853
2018	917,000	236,357	362,000	142,554	1,279,000	378,911
2019	1,999,000	213,684	371,000	133,178	2,370,000	346,862
2020	198,000	195,392	381,000	123,569	579,000	318,961
2021	105,000	191,538	390,000	113,701	495,000	305,239
2022-2026	580,000	902,069	2,108,000	411,629	2,688,000	1,313,697
2027-2031	700,000	774,413	1,892,000	124,061	2,592,000	898,474
2032-2036	875,000	592,975	-	-	875,000	592,975
2037-2041	1,110,000	347,000	-	-	1,110,000	347,000
2042-2044	810,000	62,250	-	-	810,000	62,250
	<u>\$ 8,062,000</u>	<u>\$ 3,765,859</u>	<u>\$ 5,856,000</u>	<u>\$ 1,200,362</u>	<u>\$ 13,918,000</u>	<u>\$ 4,966,221</u>

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 3: Continued

**✚ Compensated absences**

City employees accrue vacation and sick leave time throughout their tenure and are eligible to be paid for unused time upon separation from employment. As benefits accumulate, the City is liable for the corresponding dollar value.

**✚ Other post-employment benefits**

Note 5 describes the City's liability for other post-employment benefits.

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**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 3: Continued

H. Long-term Liability Activity

Long-term liability activity for the year ended September 30, 2016 was as follows:

	Beginning Balance 9/30/15	Additions	Reductions	Ending Balance 9/30/16	Due within one year
<b>Governmental activities</b>					
Capital improvement revenue bonds	4,660,000	-	(90,000)	4,570,000	95,000
Unamortized discount	(18,139)	-	648	(17,491)	-
	<u>4,641,861</u>	<u>-</u>	<u>(89,352)</u>	<u>4,552,509</u>	<u>95,000</u>
Interlocal payments revenue bond	<u>3,010,000</u>	<u>-</u>	<u>(190,000)</u>	<u>2,820,000</u>	<u>485,000</u>
Infrastructure sales surtax revenue note	<u>-</u>	<u>725,000</u>	<u>(53,000)</u>	<u>672,000</u>	<u>188,000</u>
Total debt	<u><u>7,651,861</u></u>	<u><u>725,000</u></u>	<u><u>(332,352)</u></u>	<u><u>8,044,509</u></u>	<u><u>768,000</u></u>
Compensated absences	241,977	238,788	(210,515)	270,250	27,025
Other post-employment benefits	61,675	-	(4,151)	57,524	-
Total long-term liabilities	<u><u>\$ 7,955,513</u></u>	<u><u>\$ 963,788</u></u>	<u><u>\$ (547,018)</u></u>	<u><u>\$ 8,372,283</u></u>	<u><u>\$ 795,025</u></u>
<b>Business-type activities</b>					
Stormwater system revenue bond	<u>6,200,000</u>	<u>-</u>	<u>(344,000)</u>	<u>5,856,000</u>	<u>352,000</u>
Total debt	<u><u>6,200,000</u></u>	<u><u>-</u></u>	<u><u>(344,000)</u></u>	<u><u>5,856,000</u></u>	<u><u>352,000</u></u>
Compensated absences	62,967	62,814	(50,165)	75,616	7,562
Other post-employment benefits	18,690	-	(5,063)	13,627	-
Total long-term liabilities	<u><u>\$ 6,281,657</u></u>	<u><u>\$ 62,814</u></u>	<u><u>\$ (399,228)</u></u>	<u><u>\$ 5,945,243</u></u>	<u><u>\$ 359,562</u></u>
<b>Government-wide long-term liabilities</b>	<b><u><u>\$ 14,237,170</u></u></b>	<b><u><u>\$1,026,602</u></u></b>	<b><u><u>\$ (946,246)</u></u></b>	<b><u><u>\$ 14,317,526</u></u></b>	<b><u><u>\$1,154,587</u></u></b>

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 4: Employee Retirement Systems and Pension Plans

A: 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:

<b>Pension Contribution Rates</b>	<b>10/1/2015- 6/30/2016</b>	<b>7/1/2016- 9/30/2016</b>
Regular employees	7.26%	7.52%
Special Risk (i.e., firefighters)	22.04%	22.57%
Deferred Retirement Option Program (DROP)	12.88%	12.99%

The 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.



**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 4: Continued

Employer contribution rates for regular and special risk employees include the 1.66% Health Insurance Subsidy (HIS) contribution rate and the 0.06% assessment for administering the FRS Investment Plan and funding an educational component of the FRS. The DROP rate includes the HIS contribution, but the 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:

<b>Fiscal Year Ended</b>	<b>Required Contribution</b>	<b>Percent Contributed</b>
9/30/2016	\$186,763	100%
9/30/2015	\$150,208	100%
9/30/2014	\$129,125	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.

**✚ Pension Liabilities and Pension Expense**

The City's net pension liability as of June 30, 2016 was based on an actuarially-determined proportionate share of 0.0065826290% for the FRS Plan component and 0.0032822445% for the HIS Plan component.

<b>Proportionate Share of Net Pension Liability</b>	<b>FRS</b>	<b>HIS</b>	<b>City Total</b>
As of June 30, 2016	\$1,662,119	\$382,532	\$2,044,651
As of June 30, 2015	\$666,260	\$310,711	\$976,971

The City recognized pension expense of \$82,582 and \$13,750 for the FRS and HIS Plan components, respectively.

**✚ Deferred Outflows/Inflows of Resources Related to Pension**

<b>FRS Plan Component</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between expected and actual experience	\$127,265	\$15,337
Changes in assumptions	100,553	0
Net difference between projected and actual earnings on investments	429,637	0
Changes in proportion and differences between City contributions and proportionate share of contributions	169,284	113,708
Contributions subsequent to the measurement date	43,254	0
	<b>\$869,993</b>	<b>\$129,045</b>

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 4: Continued

<b>HIS Plan Component</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between expected and actual experience	\$ -	\$871
Changes in assumptions	60,029	0
Net difference between projected and actual earnings on investments	193	0
Changes in proportion and differences between City contributions and proportionate share of contributions	19,051	15,297
Contributions subsequent to the measurement date	4,490	0
	<b>\$83,763</b>	<b>\$16,168</b>

**✚ Pension Expense**

The deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2017. Other amounts related to deferred outflows and inflows of resources will be recognized as pension expense as follows:

<b>Fiscal year ending September 30,</b>	<b>FRS component (1)</b>	<b>HIS component (2)</b>
2017	\$(3,090)	\$(501)
2018	(3,090)	(501)
2019	(3,090)	(501)
2020	20,976	(501)
2021	31,331	2,127
Thereafter	\$12,540	\$3,629

- (1) Per audited Florida Retirement System schedule (Exhibit D) provided to participating agencies for allocation purposes
- (2) Per audited Florida Retirement System schedule (Exhibit D) provided to participating agencies for allocation purposes

**✚ Net Pension Liability**

	<b>FRS component</b>	<b>HIS component</b>
City's proportionate share of Total Pension Liability	\$10,995,031	\$386,269
City's proportionate share of Plan Fiduciary Net Position	\$(9,332,912)	\$(3,737)
City's proportionate share of Net Pension Liability	\$1,662,119	\$382,532
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	84.88%	0.97%

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 4: Continued

**✚ Change in Net Pension Liability**

	<b>FRS component</b>	<b>HIS component</b>
<b>Beginning balance – City’s proportionate share</b>	\$666,260	\$310,711
Service cost	140,401	8,426
Interest on total pension liability	797,098	12,826
Effect of economic/demographic gain or loss	362,400	67,393
Employer contributions	(160,528)	(16,824)
Member contributions	(46,784)	--
Net investment income	(97,947)	(6)
Administrative expense	1,218	6
<b>Ending balance – City’s proportionate share</b>	<b>\$1,662,119</b>	<b>\$382,532</b>

**✚ Actuarial Assumptions**

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

	<b>FRS component</b>	<b>HIS component</b>
Valuation date	July 1, 2016	July 1, 2016
Measurement date	June 30, 2016	June 30, 2016
Inflation	2.60%	2.60%
Salary increases	3.25%, average, includes inflation	3.25%, average, includes inflation
Investment rate of return	7.60%, net of expense, includes inflation	2.85%, Municipal Bond Rate
Mortality tables	Generation RP-2000 with Projection Scale BB tables	Generation RP-2000 with Projection Scale BB tables
Discount rate	7.60%	2.85%

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead was based on a forward looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized on the following table.

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 4: Continued

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1%	3.0%	3.0%	1.7%
Fixed income	18%	4.7%	4.6%	4.6%
Global equity	53%	8.1%	6.8%	17.2%
Real estate	10%	6.4%	5.8%	12.0%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	11.1%
<b>Total</b>	<b>100.00%</b>			
Assumed Inflation – Mean			2.6%	1.9%

*(1) As outlined in the Pension Plan's Investment Policy*

**✚ Sensitivity Analysis**

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following table represents the City's proportionate share of the net pension liability calculated at the respective discount rates and the proportionate share using a rate 1% less than and 1% more than the current rate.

<b>FRS Plan Component: City's Proportionate share of net pension liability</b>	<b>1% Decrease (6.60%)</b>	<b>Current Discount Rate (7.60%)</b>	<b>1% Increase (8.60%)</b>
FRS Component	\$3,060,073	\$1,662,119	\$498,506

<b>HIS Plan Component: City's Proportionate share of net pension liability</b>	<b>1% Decrease (1.85%)</b>	<b>Current Discount Rate (2.85%)</b>	<b>1% Increase (3.85%)</b>
HIS Component	\$438,851	\$382,532	\$335,790

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 4: Continued

**B. General Employee 401(a)**

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 immediately upon hire, 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, 2016, employer contributions required and made totaled \$135,506 and covered payroll totaled \$1,559,844.

Participation in the plan at September 30, 2016 was as follows:

<b>Years of Service</b>	<b>Percent vested</b>	<b>Number of employees</b>
5 or more	100%	13
4	0%	2
3	0%	2
2	0%	5
1	0%	7
0	0%	6

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 12% 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.

**C. Deferred Compensation**

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 the deferral of salary until future years. The deferred compensation is not available to employees until termination, retirement, death or other unforeseen non-reimbursed emergency. Limited loan provisions are available under the terms and conditions of the respective plans. Because all assets of the plans must be held in trust for the exclusive benefit of plan participants and their beneficiaries and the plan is administered by a third party, these plans are not accounted for in the City’s financial statements.

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 5: Other Post-Employment 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 that is 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 every three years. The latest actuarial report used by the City was the September 30, 2016 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	11
<b>Total</b>	<b>54</b>

**✚ 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 funded on a pay-as-you go basis (i.e., as benefits are paid). No assets have been segregated and restricted to fund postretirement benefits. No trust or agency fund has been established for the plan.

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 5: Continued

**✚ 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:

<b>Description</b>	<b>Calculated amount</b>
Annual Required Contribution (ARC)	\$ 6,073
Interest on Net OPEB Obligation (NOO)	563
Adjustment to Annual Required Contribution (ARC)	(2,557)
Annual OPEB Cost (Expense)	4,078
Age Adjusted Contributions Made	(13,292)
Change in Net OPEB Obligation (NOO)	(9,214)
Net OPEB Obligation (NOO) - Beginning of Year	80,365
Net OPEB Obligation (NOO) - End of Year	\$ 71,151

The assumptions used in the actuarial valuation include:

- Payroll growth rate: 1%
- Employer investment return: 0.70%
- Post-retirement benefit increases: 0%
- Healthcare cost trend rate:
  - Year 1: 9%
  - Year 2: 8%
  - Year 3: 7%
  - Year 4: 6%
  - Year 5 and thereafter: 5%
- Discount rate: 0.70%

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).

**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 5: Continued

**✚ Funded Status and Funding Progress**

As of September 30, 2016, the latest actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$50,334, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,539,078 and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 1.98%.

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.

<b>Required Supplemental Information: Schedule of Funding Progress</b>						
Actuarial Valuation Date	Actuarial Value of Assets (\$)	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
9/30/2016	0	\$50,334	\$50,334	0%	\$2,539,078	1.98%
9/30/2015	N/A	N/A	N/A	N/A	N/A	N/A
9/30/2014	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.



**CITY OF MADEIRA BEACH, FLORIDA**

**Notes to Financial Statements**

**September 30, 2016**

Note 5: Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the two preceding fiscal years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Age Adjusted Contribution</b>	<b>% Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/2016	\$4,078	\$13,292	325.9%	\$71,151
9/30/2015	20,976	9,046	43.1%	80,365
9/30/2014	20,856	8,472	40.6%	68,435

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# CITY OF MADEIRA BEACH, FLORIDA

## Notes to Financial Statements

September 30, 2016

### Note 6: 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, 2016, 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.

#### E. Single Audit Act

The City is not subject to the requirements of the Single Audit Act for the fiscal year ended September 30, 2016. Expenditures did not exceed \$500,000 for grants funded prior to December 31, 2014, nor \$750,000 for grants funded thereafter.

#### F. Subsequent Events

The City has evaluated whether any events have occurred subsequent to September 30, 2016 and before the issuance of the financial statements that would have an impact on the City's financial condition as of September 30, 2016 or would influence the conclusions reached by a reader of the financial statements regarding the City's overall financial condition. Management has evaluated such events through January 27, 2017 which is the date the financial statements were available to be issued and determined there were no events that should be disclosed.

## Section III

### Required Supplementary Information



**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule of Changes to the Net Pension Liability and Related Ratios**  
**Florida Retirement System - City's Proportionate Share**  
**September 30, 2016**

	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2011	9/30/2012	9/30/2013	9/30/2014	9/30/2015	9/30/2016
<b>FRS Pension Plan</b>										
Total pension liability	*	*	*	*	*	*	*	\$ 8,056,612	\$ 8,323,937	\$ 10,995,031
Plan fiduciary net position	*	*	*	*	*	*	*	(7,741,736)	(7,657,677)	(9,332,912)
Net pension liability	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>\$ 314,876</u>	<u>\$ 666,260</u>	<u>\$ 1,662,119</u>
Plan net position as percentage of total net pension liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	96.09%	92.00%	84.88%
Service cost	*	*	*	*	*	*	*	\$ 116,463	\$ 109,048	\$ 140,401
Interest on total pension liability	*	*	*	*	*	*	*	592,956	604,630	797,098
Effect of economic/demographic gain or loss	*	*	*	*	*	*	*	41,658	83,220	362,400
Employer contributions	*	*	*	*	*	*	*	(147,420)	(125,763)	(160,528)
Member contributions	*	*	*	*	*	*	*	(35,222)	(36,020)	(46,784)
Net investment income	*	*	*	*	*	*	*	(1,359,479)	(284,663)	(97,947)
Administrative expense	*	*	*	*	*	*	*	947	932	1,218
Net change in net pension liability	*	*	*	*	*	*	*	(790,097)	351,384	995,858
Net pension liability - beginning	*	*	*	*	*	*	*	1,104,973	314,876	666,260
Net pension liability - ending	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>\$ 314,876</u>	<u>\$ 666,260</u>	<u>\$ 1,662,119</u>
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 891,237	\$ 953,426	\$ 1,060,023
Net pension liability as percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	35.33%	69.88%	156.80%
<b>Retiree Health Insurance Subsidy (HIS Plan)</b>										
Total pension liability	*	*	*	*	*	*	*	\$ 289,896	\$ 312,258	\$ 386,269
Plan fiduciary net position	*	*	*	*	*	*	*	(2,867)	(1,547)	(3,737)
Net pension liability	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>\$ 287,029</u>	<u>\$ 310,711</u>	<u>\$ 382,532</u>
Plan net position as percentage of total net pension liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.99%	0.50%	0.97%
Service cost	*	*	*	*	*	*	*	\$ 5,844	\$ 6,627	\$ 8,426
Interest on the total pension liability	*	*	*	*	*	*	*	12,583	12,352	12,826
Effect of economic/demographic gain or loss	*	*	*	*	*	*	*	11,861	16,355	67,393
Employer contributions	*	*	*	*	*	*	*	(34,162)	(11,652)	(16,824)
Member contributions	*	*	*	*	*	*	*	-	-	-
Net investment income	*	*	*	*	*	*	*	(7)	(6)	(6)
Administrative expense	*	*	*	*	*	*	*	2	6	6
Net change in net pension liability	*	*	*	*	*	*	*	(3,879)	23,682	71,821
Net pension liability - beginning	*	*	*	*	*	*	*	290,908	287,029	310,711
Net pension liability - ending	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>\$ 287,029</u>	<u>\$ 310,711</u>	<u>\$ 382,532</u>
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 891,237	\$ 953,426	\$ 1,060,023
Net pension liability as percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	32.21%	32.59%	36.09%

Note:

\*Information not available prior to the implementation of GASB Statement 68, effective 9/30/14

## Section IV

### Other Supplementary Information



**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule of EMS Allowable Costs - Budget and Actual**  
**For the Year Ended September 30, 2016**

	<u>Budgetary</u> <u>Basis Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over (Under)</u>
<b>REVENUES</b>			
EMS reimbursement	\$ 387,458	\$ 387,400	\$ 58
Reflected in the Statement of Activities as:			
Public Safety - Charges for Services	<u>\$ 628,352</u>		
Composed of:			
EMS reimbursement	\$ 387,458		
Fire protection service	240,894		
Total Public Safety - Charges for Services	<u>\$ 628,352</u>		
<b>EXPENSES</b>			
Salaries, wages and employee benefits	\$ 370,405	\$ 335,908	\$ 34,497
Medical services	-	3,000	(3,000)
Accounting and auditing	-	2,500	(2,500)
Insurance	11,804	7,500	4,304
Repairs and maintenance	34,793	16,950	17,843
Fuel	6,036	16,800	(10,764)
Uniforms	6,721	3,200	3,521
Licenses, permits and certifications	1,994	1,600	394
	<u>\$ 431,753</u>	<u>\$ 387,458</u>	<u>\$ 44,295</u>
Reflected in the Statement of Activities as:			
Public Safety - Program Expenses	<u>\$ 2,789,136</u>		
Composed of:			
EMS expenses	\$ 431,753		
Fire expenses	1,071,543		
Law enforcement expenses	<u>1,285,840</u>		
Total Public Safety - Expenses	<u>\$ 2,789,136</u>		

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule of Revenues and Expenditures - Deepwater Horizon Oil Spill**  
**For the Year Ended September 30, 2016**

REVENUES	
Deepwater Horizon Oil Spill settlement	\$ -
EXPENDITURES	
Operating - legal	- <hr/>
EXCESS OF REVENUES OVER EXPENDITURES	
	-
Fund balance - beginning	579,793 <hr/>
Less expenditures from prior year purchase order	(127,670)
Fund balance - ending	\$ 452,123 <hr/> <hr/>
Reflected in the Governmental Funds Balance Sheet as:	
Fund Balance - General Fund	
Restricted	
BP settlement	\$ 452,123
	\$ 452,123 <hr/> <hr/>

## COMBINING FINANCIAL STATEMENTS

### Non-Major Governmental Funds

Archibald Fund: Special revenue fund established in fiscal year 2014, previously reported as a major fund. It is intended to illustrate the extent to which revenues collected at Archibald Memorial Beach Park are expended for parks and recreation services, in accordance with National Park Service precedent and Resolution 03.13 adopted by the City of Madeira Beach Board of Commissioners in June 2003.

Building Fund: Special revenue fund established in fiscal year 2016, reporting the proceeds generated by the City's administration of the Florida Building Code; specifically, building plan reviews, building inspection fees, and building permit processing. Per Florida Statutes, such proceeds may only be used for the direct and reasonable indirect costs related to enforcing the building code.

Gas Tax Fund: Special revenue fund established in fiscal year 2016. It reports the municipal fuel tax portion of State Revenue Sharing revenue as well as the City's share of Pinellas County's local option gas tax. Proceeds are to be spent on transportation-related services, such as the maintenance, operation, and safety of public roadways.

Debt Service Fund: Governmental fund debt service obligations are expended through this fund via interfund transfers. Fund balance includes any reserves that have been committed by the City of Madeira Beach Board of Commissioners for the purpose of retiring outstanding debt (i.e., exercising future redemption options). Established in fiscal year 2016.



**CITY OF MADEIRA BEACH, FLORIDA**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**September 30, 2016**

	<u>Archibald Fund</u>	<u>Building Fund</u>	<u>Gas Tax Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>Assets</b>					
Assets:					
Cash and equivalents	259,803	264,795	29,030	192,293	745,921
Investments	-	-	-	-	-
Accounts receivable, net	4,021	-	-	-	4,021
Advance to other funds	-	-	-	-	-
Due from other governments, net	-	-	5,061	-	5,061
Inventories	-	-	-	-	-
Prepaid items	30	99	-	-	129
Total assets	<u>\$ 263,854</u>	<u>\$ 264,894</u>	<u>\$ 34,091</u>	<u>\$ 192,293</u>	<u>\$ 755,132</u>
<b>Liabilities</b>					
Accounts payable	5,879	8,948	9,019	-	23,846
Accrued expenditures	2,651	4,824	-	-	7,475
Payroll liabilities	100	-	-	-	100
Security deposits payable	-	-	-	-	-
Total liabilities	<u>\$ 8,630</u>	<u>\$ 13,772</u>	<u>\$ 9,019</u>	<u>\$ -</u>	<u>\$ 31,421</u>
<b>Fund balances</b>					
Nonspendable:					
Advance due to other funds	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid items	30	-	-	-	30
Restricted:					
Capital acquisitions and improvements	-	-	-	-	-
Debt service	-	-	-	293	293
Florida Building Code administration	-	61,743	-	-	61,743
Parks and recreation	218,716	-	-	-	218,716
Prior year net revenue	-	166,100	-	-	166,100
Transportation	-	-	13,806	-	13,806
Transportation impact fee	-	-	11,266	-	11,266
Committed:					
BP settlement	-	-	-	-	-
Debt service	-	-	-	192,000	192,000
Emergency reserve	-	-	-	-	-
Future appropriations	-	-	-	-	-
Assigned:					
Compensated absences	23,427	12,169	-	-	35,596
Purchase obligations	13,051	11,110	-	-	24,161
Unassigned	-	-	-	-	-
Total fund balances	<u>\$ 255,224</u>	<u>\$ 251,122</u>	<u>\$ 25,072</u>	<u>\$ 192,293</u>	<u>\$ 723,711</u>
Total liabilities and fund balances	<u>\$ 263,854</u>	<u>\$ 264,894</u>	<u>\$ 34,091</u>	<u>\$ 192,293</u>	<u>\$ 755,132</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended September 30, 2016**

<b>Revenues</b>	<b>Archibald Fund</b>	<b>Building Fund</b>	<b>Gas Tax Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
Intergovernmental	-	-	111,474	-	111,474
Charges for service	-	498,720	-	-	498,720
Parking enforcement	452,172	-	-	-	452,172
Miscellaneous	-	144	-	-	144
Investment earnings	76	76	-	293	445
Total revenues	<u>\$ 452,248</u>	<u>\$ 498,940</u>	<u>\$ 111,474</u>	<u>\$ 293</u>	<u>\$ 1,062,955</u>
<b>Expenditures</b>					
Current:					
General government	-	413,918	-	-	413,918
Public safety	-	-	-	-	-
Culture and recreation	245,179	-	-	-	245,179
Transportation	-	-	86,402	-	86,402
Culture and recreation	83,276	-	-	-	83,276
Debt service:					
Principal	-	-	-	333,000	333,000
Interest	-	-	-	251,145	251,145
Total expenditures	<u>\$ 328,455</u>	<u>\$ 413,918</u>	<u>\$ 86,402</u>	<u>\$ 584,145</u>	<u>\$ 1,412,920</u>
Excess (deficiency) of revenues over (under) expenditures	123,793	85,022	25,072	(583,852)	(349,965)
Other Financing Sources (Uses)					
Transfers	-	-	-	776,145	776,145
Net other financing sources (uses):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 776,145</u>	<u>\$ 776,145</u>
Net change in fund balances	123,793	85,022	25,072	192,293	426,180
Fund balance - beginning	131,431	-	-	-	131,431
Fund balance - transfer in	-	166,100	-	-	166,100
Fund balance - ending	<u>\$ 255,224</u>	<u>\$ 251,122</u>	<u>\$ 25,072</u>	<u>\$ 192,293</u>	<u>\$ 723,711</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Archibald Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
Parking enforcement	371,500	371,500	452,172	80,672
Investment earnings	-	-	76	76
Total revenues	\$ 371,500	\$ 371,500	\$ 452,248	\$ 80,748
<b>Expenditures</b>				
Culture and recreation	252,600	252,657	245,179	(7,478)
Total culture and recreation	\$ 252,600	\$ 252,657	\$ 245,179	\$ (7,478)
Capital Outlay	\$ 77,000	\$ 98,943	\$ 83,276	\$ (15,667)
Total expenditures	\$ 329,600	\$ 351,600	\$ 328,455	\$ (23,145)
Excess (deficiency) of revenues over expenditures	41,900	19,900	123,793	103,893
Net change in fund balances	41,900	19,900	123,793	103,893
Fund balances - beginning	30,520	30,520	131,431	-
Fund balances - ending	\$ 72,420	\$ 50,420	\$ 255,224	\$ 103,893

**CITY OF MADEIRA BEACH, FLORIDA**  
**Building Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2016**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues</b>				
Charges for service	333,300	333,300	498,720	165,420
Investment earnings	-	-	76	76
Miscellaneous	-	-	144	144
Total revenues	<u>333,300</u>	<u>333,300</u>	<u>498,940</u>	<u>165,640</u>
<b>Expenditures</b>				
General government:	333,300	462,014	413,918	(48,096)
Total general government	<u>333,300</u>	<u>462,014</u>	<u>413,918</u>	<u>(48,096)</u>
Total expenditures	<u>333,300</u>	<u>462,014</u>	<u>413,918</u>	<u>(48,096)</u>
Excess (deficiency) of revenues over expenditures	-	(128,714)	85,022	213,736
Net change in fund balances	-	(128,714)	85,022	213,736
Fund balances - beginning	-	-	-	-
Fund balance transfer	166,100	166,100	166,100	-
Fund balances - ending	<u>\$ 166,100</u>	<u>\$ 37,386</u>	<u>\$ 251,122</u>	<u>\$ 213,736</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Gas Tax Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
<b>Revenues</b>	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Intergovernmental	106,800	106,800	111,474	4,674
Total revenues	\$ 106,800	\$ 106,800	\$ 111,474	\$ 4,674
<b>Expenditures</b>				
Transportation	101,000	101,000	86,402	(14,598)
Total general government	\$ 101,000	\$ 101,000	\$ 86,402	\$ (14,598)
Total expenditures	\$ 101,000	\$ 101,000	\$ 86,402	\$ (14,598)
Excess (deficiency) of revenues over expenditures	5,800	5,800	25,072	19,272
Net change in fund balances	5,800	5,800	25,072	19,272
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ 5,800</u>	<u>\$ 5,800</u>	<u>\$ 25,072</u>	<u>\$ 19,272</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Debt Service Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
<b>Revenues</b>	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Investment earnings	-	-	293	293
Total revenues	\$ -	\$ -	\$ 293	\$ 293
 <b>Expenditures</b>				
Debt service principal	280,000	333,000	333,000	-
Debt service interest	247,800	251,100	251,145	45
Total debt service	\$ 527,800	\$ 584,100	\$ 584,145	\$ 45
Total expenditures	\$ 527,800	\$ 584,100	\$ 584,145	\$ 45
Excess (deficiency) of revenues over expenditures	(527,800)	(584,100)	(583,852)	248
 <b>Other Financing Sources (Uses)</b>				
Transfers	719,800	776,100	776,145	45
Total other financing sources (uses)	\$ 719,800	\$ 776,100	\$ 776,145	\$ 45
Net change in fund balances	192,000	192,000	192,293	293
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ 192,000	\$ 192,000	\$ 192,293	\$ 293

# Section V

## Statistical Section



## Statistical Section

The City's ability to maintain its current financial position depends largely on its broader environment. The extent to which various trends are moving in favorable or unfavorable directions impacts the alternatives available to the City in managing its resources. Of particular concern are the following factors:

- Financial trends, such as changes in financial position from one year to the next
- Revenue capacity, including the City's ability to manage its most significant own-source revenue
- Debt capacity, particularly with respect to any limiting factors
- Socioeconomic data, which help define the context in which the City operates
- Operating indicators defining the nature and extent of the City's service levels

Statistical schedules are provided to help illustrate the resulting economic condition created by these factors:

Financial trend schedules – beginning on page 72  
Revenue capacity schedules – beginning on page 77  
Debt capacity schedules – beginning on page 81  
Socioeconomic schedules – beginning on page 84  
Operating schedules – beginning on page 86



**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 1 - Net Position by Component**  
**Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 7,353,902	7,232,486	7,097,593	6,976,034	6,776,719	6,597,288	7,520,304	13,799,242	17,176,826	20,834,168
Restricted	-	-	-	1,843,426	2,157,106	2,226,885	1,847,565	1,491,307	1,394,219	1,822,272
Unrestricted	<u>9,269,916</u>	<u>10,586,636</u>	<u>12,078,708</u>	<u>11,402,917</u>	<u>11,737,179</u>	<u>11,747,918</u>	<u>11,248,166</u>	<u>10,839,038</u>	<u>10,470,942</u>	<u>6,659,456</u>
Total governmental activities net position	<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>	<u>29,041,987</u>	<u>29,315,896</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 6,391,839	6,329,622	6,424,302	6,308,041	6,700,068	6,470,374	6,654,254	3,635,279	3,971,754	5,030,687
Unrestricted	<u>1,789,131</u>	<u>2,304,286</u>	<u>2,501,584</u>	<u>2,731,237</u>	<u>2,678,753</u>	<u>3,447,054</u>	<u>3,922,448</u>	<u>2,432,863</u>	<u>2,395,490</u>	<u>1,721,782</u>
Total business-type net position	<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>	<u>6,367,244</u>	<u>6,752,469</u>
<b>Total primary government</b>										
Net investment in capital assets	\$ 13,745,741	13,562,108	13,521,895	13,284,075	13,476,787	13,067,662	14,174,558	17,434,521	21,148,580	25,864,855
Restricted	-	-	-	1,843,426	2,157,106	2,226,885	1,847,565	1,491,307	1,394,219	1,822,272
Unrestricted	<u>11,059,047</u>	<u>12,890,922</u>	<u>14,580,292</u>	<u>14,134,154</u>	<u>14,415,932</u>	<u>15,194,972</u>	<u>15,170,614</u>	<u>13,271,901</u>	<u>12,866,432</u>	<u>8,381,238</u>
Total primary government net position	<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>	<u>35,409,231</u>	<u>36,068,365</u>

Note:  
GASB Nos. 62, 63 and 65 were implemented in 2012 and changes have not been restated for 2011 and prior years.

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 2 - Changes in Net Position**  
**Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 1,813,398	1,130,296	1,086,703	1,312,167	1,341,581	1,414,883	1,524,928	1,738,593	2,459,928	3,132,603
Physical environment	220,830	257,527	260,610	237,705	318,218	212,283	441,568	397,459	418,301	355,628
Transportation	496,778	405,240	337,064	342,946	340,079	424,878	7,316	-	-	86,402
Public safety	2,340,684	2,460,537	2,394,698	2,093,721	2,256,879	2,313,010	2,325,689	2,419,548	2,664,433	2,789,136
Culture and recreation	1,117,355	1,053,540	976,627	859,420	931,641	931,781	892,963	1,226,418	1,446,682	1,915,085
Parking	-	-	-	-	-	-	-	266,139	255,765	275,092
Interest and other fees on long term debt	-	-	-	-	-	-	-	522,578	192,169	320,334
<b>Total governmental activities expenses</b>	<b>\$ 5,989,045</b>	<b>5,307,140</b>	<b>5,055,702</b>	<b>4,845,959</b>	<b>5,188,398</b>	<b>5,296,835</b>	<b>5,192,464</b>	<b>6,570,735</b>	<b>7,437,278</b>	<b>8,874,280</b>
<b>Business-type activities:</b>										
Sanitation	\$ 1,151,053	1,165,309	1,111,563	954,521	1,026,855	1,011,249	987,491	1,120,079	1,184,959	1,173,844
Sewer	868,932	-	-	-	-	-	-	-	-	-
Stormwater	195,439	207,037	207,445	191,310	163,079	193,432	373,158	455,957	476,227	637,036
Marina	889,377	1,298,083	1,034,711	1,200,024	1,260,832	1,654,840	1,800,831	2,095,009	1,872,121	1,880,631
John's Pass Village	341,919	306,732	299,483	423,876	308,891	353,162	326,085	-	-	-
Parking	-	-	-	145,345	165,211	161,615	206,832	-	-	-
<b>Total business-type activities expenses</b>	<b>3,446,720</b>	<b>2,977,161</b>	<b>2,653,202</b>	<b>2,915,076</b>	<b>2,924,868</b>	<b>3,374,298</b>	<b>3,694,397</b>	<b>3,671,045</b>	<b>3,533,307</b>	<b>3,691,511</b>
<b>Total government expenses</b>	<b>\$ 9,435,765</b>	<b>8,284,301</b>	<b>7,708,904</b>	<b>7,761,035</b>	<b>8,113,266</b>	<b>8,671,133</b>	<b>8,886,861</b>	<b>10,241,780</b>	<b>10,970,585</b>	<b>12,565,791</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 40,100	38,353	60,420	98,119	177,728	272,485	251,011	808,209	911,866	774,049
Physical environment	10,000	500	-	-	-	-	-	-	336	-
Public safety	714,202	750,530	789,634	618,752	585,333	575,210	553,202	601,222	626,273	628,352
Culture and recreation	508,616	488,054	490,086	200,073	203,200	255,098	287,036	1,017,541	636,413	349,626
Parking	-	-	-	-	-	-	-	717,859	1,285,041	2,075,709
Operating grants and contributions	31,063	32,268	32,490	298,564	390,330	49,504	-	-	6,626	-
Capital grants and contributions	78,795	-	10,500	-	-	-	-	230,813	1,768,069	87,781
<b>Total governmental activities program revenues</b>	<b>\$ 1,382,776</b>	<b>1,309,705</b>	<b>1,383,130</b>	<b>1,215,508</b>	<b>1,356,591</b>	<b>1,152,297</b>	<b>1,091,249</b>	<b>3,375,644</b>	<b>5,234,624</b>	<b>3,915,517</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Sanitation	\$ 1,177,699	1,207,575	1,156,865	1,154,523	1,178,605	1,084,248	1,152,111	1,145,198	1,126,910	1,257,616
Sewer	-	-	-	-	-	-	-	-	-	-
Stormwater	359,856	362,219	360,048	356,465	374,918	322,611	362,754	347,898	671,303	690,819
Marina	877,384	1,203,823	969,331	1,012,880	1,221,047	1,640,660	1,866,683	2,185,742	1,991,260	2,000,166
John's Pass Village	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	3,393	4,701	3,406	3,407	-	-	-	-	3,300	3,270
Capital grants and contributions	198,013	264,537	84,580	19,848	-	-	-	-	-	78,350
<b>Total business-type activities program revenues</b>	<b>2,994,705</b>	<b>3,573,347</b>	<b>3,104,863</b>	<b>3,309,106</b>	<b>3,594,943</b>	<b>3,917,762</b>	<b>4,375,152</b>	<b>3,678,838</b>	<b>3,792,773</b>	<b>4,030,221</b>
<b>Total government program revenues</b>	<b>\$ 4,377,481</b>	<b>4,883,052</b>	<b>4,487,993</b>	<b>4,524,614</b>	<b>4,951,534</b>	<b>5,070,059</b>	<b>5,466,401</b>	<b>7,054,482</b>	<b>9,027,397</b>	<b>7,945,738</b>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 2 - Changes in Net Position**  
**Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Schedule 2: Continued										
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (4,606,269)	(3,997,435)	(3,672,572)	(3,630,451)	(3,831,807)	(4,144,538)	(3,973,485)	(3,195,091)	(2,202,654)	(4,958,763)
Business-type activities	(452,015)	596,186	451,661	394,030	670,075	534,469	680,755	7,793	259,466	338,710
<b>Total governmental net expense</b>	<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>	<u>(1,943,188)</u>	<u>(4,620,053)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,417,146	2,232,709	2,018,974	1,694,316	1,506,269	1,444,836	1,424,325	1,490,180	1,758,259	2,101,355
Franchise and utility taxes	1,060,469	1,062,953	1,166,572	1,298,111	1,207,346	1,167,978	1,158,034	1,246,640	1,249,780	1,236,625
Fines and forfeitures	-	-	-	-	-	-	-	-	-	180,836
Intergovernmental revenues	1,209,167	1,240,610	1,140,996	1,086,522	1,055,587	1,096,656	1,127,736	1,165,875	1,212,668	2,401,947
Licenses and permits	-	-	-	-	-	-	-	-	-	146,127
Local business tax receipts	80,524	84,356	79,969	78,535	76,886	65,474	71,022	71,249	71,842	-
Investment earnings	508,916	272,689	74,681	87,888	(599)	71,210	26,261	19,742	20,966	48,198
Gain/(loss) on disposal of capital assets	11,970	3,472	(19,492)	6,220	(33,846)	-	-	-	5,220	-
Miscellaneous revenues	69,586	100,150	174,051	131,035	130,715	155,071	134,551	178,873	49,415	252,521
Transfers	2,942,701	195,800	194,000	293,900	338,076	44,400	75,500	4,536,084	-	(55,000)
BP settlement	-	-	-	-	-	-	-	-	746,904	-
<b>Total governmental activities</b>	<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>	<u>5,115,054</u>	<u>6,312,609</u>
Business-type activities:										
Investment earnings	\$ 79,925	43,357	10,589	11,119	1,306	2,486	331	180	777	38,077
Gain/(loss) on disposal of capital assets	-	3,025	15,753	(17,964)	(9,847)	18,975	37,220	-	28,211	-
Miscellaneous revenues	12,462	6,170	7,975	20,107	16,085	18,082	16,468	19,551	10,648	13,276
Transfers	(2,942,701)	(195,800)	(194,000)	(293,900)	(338,076)	(44,400)	(75,500)	(4,536,084)	-	55,000
<b>Total business-type activities</b>	<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>	<u>39,636</u>	<u>106,353</u>
<b>Total government</b>	<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>	<u>5,154,690</u>	<u>6,418,962</u>
<b>Total Change in Net Position</b>										
Governmental activities	\$ 3,694,210	1,195,304	1,357,179	1,046,076	448,627	(98,913)	43,944	5,513,552	2,912,400	1,353,846
Business-type activities	(3,302,329)	452,938	291,978	113,392	339,543	538,612	659,274	(4,508,560)	299,102	445,063
<b>Total government</b>	<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>	<u>3,211,502</u>	<u>1,798,909</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 3 - Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund:										
Nonspendable	\$ *	*	*	10,276	526,744	523,089	446,230	424,229	406,596	387,874
Restricted	*	*	*	-	-	-	-	580,963	629,489	461,386
Committed	*	*	*	-	-	-	-	1,855,566	2,480,852	3,289,423
Assigned	*	*	*	4,045,652	4,202,754	4,157,086	6,514,384	5,602,878	2,620,071	581,344
Unassigned	*	*	*	7,530,501	7,160,890	7,272,878	4,492,317	3,871,126	5,370,831	5,493,842
Total General Fund	\$ <u>8,654,704</u>	<u>9,689,381</u>	<u>10,814,322</u>	<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>	<u>11,507,839</u>	<u>10,213,869</u>
All other governmental funds:	\$									
Nonspendable	*	*	*	-	-	-	-	-	30	30
Restricted	*	*	*	1,843,426	2,157,106	2,226,885	1,847,565	910,344	744,508	1,360,886
Committed	*	*	*	-	-	-	-	-	-	192,000
Assigned	*	*	*	-	-	-	-	-	20,192	858,286
Total all other governmental funds	\$ <u>817,532</u>	<u>1,127,069</u>	<u>1,500,524</u>	<u>1,843,426</u>	<u>2,157,106</u>	<u>2,226,885</u>	<u>1,847,565</u>	<u>910,344</u>	<u>764,730</u>	<u>2,411,202</u>

Note:

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

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 4 - Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>										
Taxes	3,477,615	3,295,662	3,185,546	2,992,427	2,713,615	2,612,814	2,582,359	2,736,820	3,008,039	3,337,980
Licenses and permits	\$ 100,457	101,810	104,013	94,809	88,378	78,584	312,009	637,928	452,182	146,127
Intergovernmental revenue	1,700,625	1,665,507	1,833,017	1,986,794	2,020,541	1,708,260	1,808,668	1,998,349	2,370,981	2,489,728
Charges for services	727,777	716,605	490,086	581,914	447,560	499,458	534,136	674,551	751,326	1,752,027
Fines and forfeitures	133,608	150,249	176,783	98,693	176,945	28,125	10,024	241,091	159,890	180,836
Parking enforcement	-	-	-	-	-	-	-	1,060,849	1,285,041	2,075,709
Special assessments	10,000	500	-	-	-	-	-	-	-	-
Investment earnings	508,916	272,689	74,681	87,888	(599)	71,210	26,261	19,742	20,966	48,198
Miscellaneous revenue	69,586	100,150	174,247	131,035	130,715	155,071	134,551	178,873	322,283	252,519
Total revenues	<u>6,728,584</u>	<u>6,303,172</u>	<u>6,038,373</u>	<u>5,973,560</u>	<u>5,577,155</u>	<u>5,153,522</u>	<u>5,408,008</u>	<u>7,548,203</u>	<u>8,370,708</u>	<u>10,283,124</u>
<b>Expenditures</b>										
General government	\$ 1,745,631	1,113,760	1,052,308	1,576,040	1,625,381	1,344,018	1,634,673	1,750,569	2,149,840	2,614,854
Physical environment	192,853	233,223	242,947	345,023	310,116	188,376	322,053	284,055	306,922	248,354
Transportation	318,961	237,105	234,854	239,738	239,990	222,965	7,316	-	-	86,402
Public safety	2,268,692	2,353,055	2,314,135	2,043,324	2,261,063	2,203,613	2,296,731	2,330,872	2,518,423	2,647,305
Culture and recreation	996,456	947,981	884,700	765,942	844,573	782,263	794,133	948,430	1,080,304	1,348,342
Parking enforcement	-	-	-	-	-	-	-	252,357	243,278	264,918
Capital outlay	675,131	273,106	205,034	190,978	16,469	360,741	1,271,546	7,916,022	6,415,879	2,756,777
Debt Service:										
Cost of issuance	-	-	-	-	-	-	-	225,515	63,393	49,526
Principal	-	-	-	-	-	-	-	-	100,000	333,000
Interest	-	-	-	-	-	-	-	91,807	228,980	251,145
Total expenditures	<u>6,197,724</u>	<u>5,158,230</u>	<u>4,933,978</u>	<u>5,161,045</u>	<u>5,297,592</u>	<u>5,101,976</u>	<u>6,326,452</u>	<u>13,799,627</u>	<u>13,107,019</u>	<u>10,600,623</u>
Excess (deficit) of revenue over expenditures	530,860	1,144,942	1,104,395	812,515	279,563	51,546	(918,444)	(6,251,424)	(4,736,311)	(317,499)
<b>Other Financing Sources (Uses)</b>										
Issuance of debt	\$ -	-	-	-	-	-	-	4,760,000	3,010,000	725,000
Discount on debt issued	-	-	-	-	-	-	-	(19,435)	-	-
Transfers in	180,695	195,800	194,000	293,900	338,076	44,400	75,500	1,455,469	-	-
Transfers out	(382,700)	-	-	-	-	-	-	-	-	(55,000)
Sale of capital assets	11,970	3,472	-	8,595	-	-	-	-	6,870	-
Proceeds from sale of sewer system	3,144,706	-	200,000	-	-	-	-	-	-	-
BP settlement	-	-	-	-	-	-	-	-	746,904	-
Total other financing sources (uses)	<u>2,954,671</u>	<u>199,272</u>	<u>394,000</u>	<u>302,495</u>	<u>338,076</u>	<u>44,400</u>	<u>75,500</u>	<u>6,196,034</u>	<u>3,763,774</u>	<u>670,000</u>
Net change in fund balances	<u>\$ 3,485,531</u>	<u>1,344,214</u>	<u>1,498,395</u>	<u>1,115,010</u>	<u>617,639</u>	<u>95,946</u>	<u>(842,944)</u>	<u>(55,390)</u>	<u>(972,537)</u>	<u>352,501</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	4.9%	7.4%

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 5 - 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<sup>1</sup></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<sup>2</sup></u>	<u>Ratio of Total Taxable Value to Total Estimated Actual Value</u>
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	171,265,400	998,848,811	82.9%
2013	2012	1.7900	809,727,920	12,355,306	822,083,226	167,233,791	989,317,017	83.1%
2014	2013	1.7900	849,197,646	11,819,516	861,017,162	188,929,449	1,049,946,611	82.0%
2015	2014	1.9900	900,523,821	11,819,245	912,343,066	231,229,210	1,143,572,276	79.8%
2016	2015	2.2000	973,000,175	13,793,217	986,793,392	271,926,223	1,258,719,615	78.4%

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**  
**Schedule 6 - Property Tax Rates**  
**Direct and Overlapping Governments**  
**Per \$1,000 of Assessed Valuation**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Tax Roll</u>	<u>City of Madeira Beach Operating Millage</u>	<u>Overlapping Rates</u>				<u>Total Direct and Overlapping Rates</u>
			<u>County<sup>1</sup></u>	<u>School</u>	<u>Transit District</u>	<u>Other<sup>2</sup></u>	
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
2015	2014	1.9900	6.2535	7.8410	0.7305	1.2799	18.0949
2016	2015	2.2000	6.2535	7.3180	0.7500	1.2448	17.7663

Source:  
Pinellas County Property Appraiser

Notes:  
1) "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.  
2) "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**  
**Schedule 7 - Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>2016</u>			<u>2007</u>		
	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage Total Assessed Valuation</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage Total Assessed Valuation</u>
Investors Warranty of Amer Inc.	\$ 13,800,000	1	1.40%			
Shaner Madeira Beach LLC	11,000,000	2	1.11%			
Publix Super Markets Inc.	9,214,063	3	0.93%			
Shoreline Island Resort LLC	8,515,240	4	0.86%			
919 Land Trust	8,402,336	5	0.85%	8,320,400	3	0.63%
R N J Madeira Beach Inc.	4,923,000	6	0.50%			
Barefoot Beach Resort South LLC	4,747,600	7	0.48%	7,738,600	4	0.59%
Pines Carter of Florida Inc.	4,675,000	8	0.47%	6,100,000	8	0.47%
Extra Space Properties Eighty Six LLC	4,400,000	9	0.45%	5,700,000	9	0.43%
Musca Properties LLC	3,598,000	10	0.36%			
Hubbard Properties				10,485,300	1	0.80%
Poseidon Ventures LTD				10,179,700	2	0.78%
Madeira Shopping Center, Inc.				6,989,500	5	0.53%
Santa Madeira Investment Partners				6,352,200	6	0.48%
BCTM Group LLC				6,308,200	7	0.48%
All Seasons Resort, Inc.				5,598,000	10	0.43%
Total taxable valuation of ten largest taxpayers	<u>73,275,239</u>		<u>7.4%</u>	<u>73,771,900</u>		<u>5.6%</u>
Total taxable valuation of other taxpayers	<u>913,518,153</u>		<u>92.6%</u>	<u>1,238,047,869</u>		<u>94.4%</u>
Total taxable valuation of all taxpayers	<u><u>\$ 986,793,392</u></u>		<u><u>100.0%</u></u>	<u><u>\$1,311,819,769</u></u>		<u><u>100.0%</u></u>

Source:  
Pinellas County Property Appraiser



**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 8 - 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<sup>1</sup></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>
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%	181,766	2,311,798	99.74%
2009	2008	1,151,495,611	1.7954	2,067,395	1,837,207	88.87%	115,579	1,952,786	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	1,482,360	99.77%
2013	2012	822,083,226	1.7900	1,471,529	1,381,266	93.87%	37,251	1,418,517	96.40%
2014	2013	861,017,162	1.7900	1,541,221	1,452,929	94.27%	39,998	1,492,927	96.87%
2015	2014	912,343,066	1.9900	1,815,563	1,718,260	94.64%	45,400	1,763,660	97.14%
2016	2015	986,793,392	2.2000	2,170,945	2,055,955	94.70%	332	2,056,287	94.72%

Note:

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

Source:

Pinellas County Tax Collector

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 9 - Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities:</b>										
Capital Improvement Revenue Bonds, Series 2013	-	-	-	-	-	-	-	4,740,565	4,641,861	4,570,000
Interlocal Payments Revenue Bond, Series 2014	-	-	-	-	-	-	-	-	3,010,000	2,820,000
Infrastructure Sales Surtax Revenue Note, Series 2016	-	-	-	-	-	-	-	-	-	672,000
Total governmental activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,740,565</u>	<u>\$ 7,651,861</u>	<u>\$ 8,062,000</u>
<b>Business-type activities:</b>										
Stormwater System Revenue Bond, Series 2015	-	-	-	-	-	-	-	-	6,200,000	5,856,000
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,200,000</u>	<u>\$ 5,856,000</u>
<b>Total primary government outstanding debt</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,740,565</u>	<u>\$ 13,851,861</u>	<u>\$ 13,918,000</u>
Total outstanding debt as a percentage of personal income:								2.4%	7.4%	7.0%
Total outstanding debt per capita:								\$ 1,097	\$ 3,149	\$ 3,096.33

Note:

The City of Madeira Beach had no outstanding debt prior to fiscal year 2014. The City is not subject to any legal limitations on the issuance of debt.

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 10 - Computation of Direct and Overlapping Debt**  
**September 30, 2016**

<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>
<b>City of Madeira Beach</b>			
Total direct debt	\$ 8,062,000	100%	\$ 8,062,000
<b>Pinellas County Government:</b>			
Governmental Activities Notes	11,208,241	1.55%	173,905
Capital Leases	21,863	1.55%	339
<b>Pinellas County School Board:</b>			
General Obligation Debt	11,571,920	1.55%	179,548
Capital Leases	7,319,097	1.55%	113,562
Total overlapping debt	<u>30,121,121</u>		<u>467,354</u>
Total direct and overlapping debt			<u>\$ 8,529,354</u>
Total direct and overlapping debt as a percentage of personal income:			4.6%
Total direct and overlapping debt per capita:			\$ 1,965

Note:

The City's share of overlapping debt is based on the ratio of the City's taxable value of \$986,793,392 to the County's taxable value of \$63,599,221,882 for the 2015 tax roll.

Sources:

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

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 11 - Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Capital Improvement Revenue Bonds, Series 2013</b>										
Pledged revenue sources:										
Utility Services Taxes	*	*	*	*	*	*	*	753,102	722,007	741,662
Half Cent Sales Tax Revenue	*	*	*	*	*	*	*	248,444	260,470	272,519
Franchise Fee Revenue	*	*	*	*	*	*	*	493,538	527,771	494,963
Guaranteed Entitlement Revenue	*	*	*	*	*	*	*	174,090	174,090	174,090
Total pledged revenues	*	*	*	*	*	*	*	\$ 1,669,174	\$ 1,684,338	\$ 1,683,235
Debt service:										
Principal	*	*	*	*	*	*	*	-	100,000	90,000
Interest	*	*	*	*	*	*	*	91,807	209,013	206,163
Total debt service	*	*	*	*	*	*	*	\$ 91,807	\$ 309,013	\$ 296,163
<u>Coverage ratio:</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	18.18	5.45	5.68
<b>Interlocal Payments Revenue Bond, Series 2014</b>										
Pledged revenue sources:										
Interlocal agreement	*	*	*	*	*	*	*	128,469	141,766	1,049,529
Total pledged revenues	*	*	*	*	*	*	*	\$ 128,469	\$ 141,766	\$ 1,049,529
Debt service:										
Principal	*	*	*	*	*	*	*	-	-	190,000
Interest	*	*	*	*	*	*	*	-	19,967	41,685
Total debt service	*	*	*	*	*	*	*	\$ -	\$ 19,967	\$ 231,685
<u>Coverage ratio:</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.10	4.53
<b>Stormwater System Revenue Bond, Series 2015</b>										
Pledged revenue sources:										
Stormwater drainage fees	*	*	*	*	*	*	*	337,303	671,303	691,348
Total pledged revenues	*	*	*	*	*	*	*	\$ 337,303	\$ 671,303	\$ 691,348
Debt service:										
Principal	*	*	*	*	*	*	*	-	-	344,000
Interest	*	*	*	*	*	*	*	-	20,965	160,580
Total debt service	*	*	*	*	*	*	*	\$ -	\$ 20,965	\$ 504,580
<u>Coverage ratio:</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	16.94	0.69
<b>Infrastructure Sales Surtax Revenue Note, Series 2016</b>										
Pledged revenue sources:										
Local Option Sales Tax	*	*	*	*	*	*	*	-	-	436,346
Total pledged revenues	*	*	*	*	*	*	*	\$ -	\$ -	\$ 436,346
Debt service:										
Principal	*	*	*	*	*	*	*	-	-	53,000
Interest	*	*	*	*	*	*	*	-	-	3,298
Total debt service	*	*	*	*	*	*	*	\$ -	\$ -	\$ 56,298
<u>Coverage ratio:</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.75

Note:

The City of Madeira Beach had no outstanding debt prior fiscal year 2014. Series 2015 debt includes a covenant to budget and appropriate other legal revenues to the extent necessary for debt service coverage.

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 12 - Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Per Capita Personal Income<sup>1</sup></b>	<b>Personal Income</b>	<b>Median Age<sup>1</sup></b>	<b>Unemployment Rate<sup>2</sup></b>
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	45.00	11.1%
2010	4,263	42,986	183,249,318	45.30	11.5%
2011	4,295	44,622	191,651,490	46.30	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	47.00	6.7%
2015	4,399	42,475	186,847,525	54.80	6.0%
2016	4,495	43,989	197,730,555	55.20	4.2%

**Sources:**

1) Prior to Fiscal Year 2015, data was compiled using the State of Florida Bureau of Economic and Business Research (BEBR) database. Fiscal Year 2015 and 2016 data is based on a comprehensive socioeconomic report conducted by the Pinellas County Economic Development Department.

2) Unemployment data is reported for Pinellas County rather than Madeira Beach, using the BEBR database.

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 13 - Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2016			2007		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Winn Dixie (Supermarket)	280	1	10.44%	100	5	6.13%
Publix (Supermarket)	140	2	5.22%	130	4	7.97%
Madeira Beach Elementary and Middle School	129	3	4.81%	195	1	11.95%
Nina Walker Century 21 Real Estate	101	4	3.76%			
Bubba Gump Shrimp Co. (Restaurant)	100	5	3.73%			
Friendly Fisherman Restaurant	70	6	2.61%			
City of Madeira Beach	60	7	2.24%	66	6	4.04%
Hooters (Restaurant)	56	8	2.09%			
Brown Boxer (Restaurant)	40	9	1.49%			
Begins Enterprises	39	10	1.45%			
Daiquiri Shak (Restaurant)				50	7	3.06%
Sculley's Boardwalk Grille (Restaurant)				150	2	9.19%
Hubbard's Enterprises (Marina)				145	3	8.88%
McDonald's (Restaurant)				50	8	3.06%
United States Post Office				43	9	2.63%
Shoreline Island Resort Motel				30	10	1.84%
Total employment of ten largest employers	<u>1,015</u>		<u>37.83%</u>	<u>959</u>		<u>58.76%</u>
Total employment of other employers	<u>1,668</u>		<u>62.17%</u>	<u>673</u>		<u>41.24%</u>
Total employment of all employers	<u><u>2,683</u></u>		<u><u>100.0%</u></u>	<u><u>1,632</u></u>		<u><u>100.0%</u></u>

Source:  
Pinellas County Economic Development

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 14 - Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General Government	13	13	11	9	5	13.8	15.5	15	18.5	18.5
Public Works:										
Administration	3	4	4	4	4	2.3	0.4	0.5	0.7	0.7
Streets	2.8	2	2	2	2	2	0	0	0	0
Sanitation	9	9	9	9	9	9	7.2	7	6	7
Stormwater	1.2	1	1	1	1	1	2.2	3	3	3
Public Safety:										
Fire:										
Firefighters and officers	13	13	13	11	11	13	13	13	13	13
Civilians	2	2	2	1	1	1	1	1	1	1
Parking Enforcement	2.5	2.5	2.5	2.5	2.5	3.25	3.4	3.1	3.05	2.75
Parks and Recreation	15	14.5	13	12	12	12.99	13.19	9.2	11.1	9.5
Municipal Marina	4	3	3	3.5	3.5	3	3.3	3.6	3.6	4.35
Total	<u>65.50</u>	<u>64.00</u>	<u>60.50</u>	<u>55.00</u>	<u>51.00</u>	<u>61.34</u>	<u>59.19</u>	<u>55.40</u>	<u>59.95</u>	<u>59.80</u>

**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 15 - Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Government</b>										
Community Development:										
Building permits issued	503	456	452	595	637	790	665	769	781	950
Occupational licenses issued	909	836	879	781	1,033	771	790	566	796	953
<b>Public Safety</b>										
Law Enforcement <sup>1</sup> :										
Arrests made	592	495	564	514	495	73	510	371	569	540
Traffic citations issued	2,307	1,776	1,771	1,828	1,759	592	625	520	647	626
Fire Department:										
Emergency responses	1,430	1,308	1,496	1,549	1,847	1,850	1,788	1,875	1,903	1,715
Fires and other non-medical emergencies	587	511	542	576	524	548	454	410	480	464
Emergency medical calls	843	797	954	973	1,323	1,302	1,334	1,465	1,423	1,251
Fire inspections completed	475	218	225	109	122	107	56	299	313	108
Parking Enforcement:										
Parking citations issued	4,548	5,524	5,735	4,153	3,757	4,443	4,168	10,297	6,059	7,184

Note:

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



**CITY OF MADEIRA BEACH, FLORIDA**  
**Schedule 16 - Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Transportation:</b>										
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
<b>Public safety:</b>										
Fire Stations	1	1	1	1	1	1	1	1	1	1
Police Stations(1)	0	0	0	0	0	0	0	0	0	0
<b>Culture and recreation:</b>										
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

Notes:

1) Law Enforcement services are provided by the Pinellas County Sheriff's Department. Deputies have a designated office within City Hall.

# Section VI

## Other Reports



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

The Honorable Mayor and Board of Commissioners  
City of Madeira Beach, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Madeira Beach, Florida (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 27, 2017.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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. 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.

Compliance and Other Matters

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

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wells, Houser & Schatzel, P.A.  
St. Petersburg, Florida  
January 27, 2017

## 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, as of and for the fiscal year ended September 30, 2016 and have issued our report thereon dated January 27, 2017.

### **Auditor's Responsibility**

We have 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 Auditors' Reports on Internal Control over Financial Reporting and 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 Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated January 27, 2017, 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 significant findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address the prior year 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. The City of Madeira Beach, Florida, a municipal corporation, was established in 1947 under Chapter 51-276876, Laws of Florida. The City of Madeira Beach, Florida includes no component units.

### **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 of Madeira Beach, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the condition(s) met. In connection with our audit, we determined that the City of Madeira Beach, Florida, 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 of Madeira Beach, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the 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 of Madeira Beach, Florida, for the fiscal year ended September 30, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

## **Special District Component Units**

Section 10.554(1)(i)5.d. Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that the City had no special district component units.

## **Other Matters**

Sections 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 did not have any such recommendations.

Sections 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 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, City Commission Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Wells, Houser & Schatzel, P.A.  
St. Petersburg, Florida  
January 27, 2017

INDEPENDENT AUDITOR'S REPORT  
REGARDING COMPLIANCE REQUIREMENTS IN RULES  
OF THE AUDITOR GENERAL 10.556(10)

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

We have examined the City of Madeira Beach, Florida's (the City's) compliance with the requirements of Sections 218.415 and 288.8018, Florida Statutes during the year ended September 30, 2016. 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 about 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 of Madeira Beach, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Wells, Houser & Schatzel, P.A.  
St. Petersburg, Florida  
January 27, 2017

INDEPENDENT AUDITOR'S REPORT  
REGARDING RULES OF THE AUDITOR GENERAL 10.557(3)(n)

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

We have audited the financial statements of the City of Madeira Beach, Florida (the City) as of and for the year ended September 30, 2016, and have issued our report thereon dated January 27, 2017 which contained an unmodified opinion on those financial statements.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues and Expenditures – Deepwater Horizon Oil Spill is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Wells, Houser & Schatzel, P.A.  
St. Petersburg, Florida  
January 27, 2017