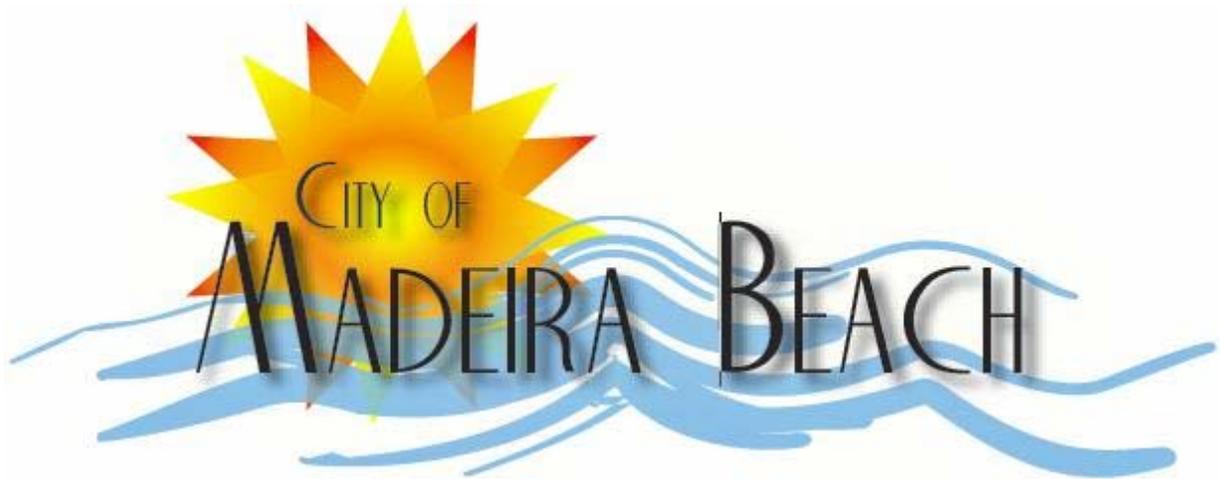


*City of Madeira Beach, Florida  
Comprehensive Annual Financial Report*



*For the Fiscal Year Ended  
September 30, 2008*

*The Board of Commissioners voted in 2008 to adopt a new City Logo. A contest was held, and citizens were invited to submit their ideas. The winning design appears on the front cover. It will not replace the City Seal for official business, but is intended to give the City a new branding image by appearing on City letterhead, vehicles, signs and marketing materials.*

**COMPREHENSIVE**  
**ANNUAL FINANCIAL REPORT**  
**of the**  
**CITY OF MADEIRA BEACH**  
**FLORIDA**

**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2008**

PREPARED BY THE FINANCE DEPARTMENT

**CITY OF MADEIRA BEACH, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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# **INTRODUCTORY SECTION**

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# Madeira Beach

...two miles long and a **SMILE** wide!

March 3, 2009

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Madeira Beach, Florida, for the fiscal year ended September 30, 2008. 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. This report was compiled by the staff of the Finance Department, and represents the official report of the City's financial position and operations to the citizens, Board of City Commissioners, management personnel of the City, rating agencies 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. We believe the data as presented are accurate in all material respects; that it is presented in a manner designed to fairly set forth 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 generally accepted activities have been included.

To provide a reasonable basis for making these representations, management maintains an internal control structure that provides reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles. 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 that 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, Davidson, Jamieson & Cristini, P.L., whose opinion is included as the first component of the financial section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Madeira Beach's financial statements for the fiscal year ended September

30, 2008, are fairly presented in conformity with Accounting Principles Generally Accepted in the United States of America.

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

## **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 of Madeira Beach was incorporated in 1947 with a City Manager form of government. The City has a land area of approximately one square mile and a year round resident population of 4,525. The white sandy beaches of the city are an attraction to approximately 8,000 tourists annually.

The City of Madeira Beach provides a traditional mix of services, including fire protection and EMS; maintenance of parks, streets and other infrastructure; stormwater and sanitation services; a municipal marina; and recreational programs and events. The City contracts with the Pinellas County Sheriff's Department for police protection. Pinellas County provides potable water, sanitary sewerage, solid waste disposal and treatment, and the jail/court systems.

The annual budget serves as the foundation for the City's financial planning and control. Department heads are required to submit their budget requests to the City Manager, who then uses these requests as the starting point for developing a proposed budget. The City Manager is required by the City Charter to present the proposed budget to the Board of City Commissioners prior to July 1. The Board of City Commissioners is required to hold public hearings on the proposed budget and to adopt a final budget by September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The City Manager may transfer any unencumbered appropriation or portion thereof between classifications of expenditures within a department. The Board of City Commissioners may, by ordinance, make additional appropriations or transfer any unencumbered appropriation from any department or from contingency to another department or contingency. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General and Special Projects Funds, this comparison is presented on pages 17-18 as part of the basic financial statements for the governmental funds.

## **Local Economy**

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

The City of Madeira Beach is one of twenty-four incorporated municipalities in Pinellas County. The sunny climate and long stretches of white sandy beaches along the Gulf of Mexico attract visitors and new residents each year. Tourism is the primary industry of Pinellas County as well as the City of Madeira Beach. When there is an overall decline in the economy, it is felt in our community. Madeira Beach has experienced a decrease in tourism over the past couple of years, and a decrease in investment income as a result of the slow-down in the economy.

John's Pass is the entryway from the Gulf of Mexico to the marinas, restaurants and docks of Madeira Beach,

which is the homeport and off loading port for 60-70% of the reef fish bottom longlining fleet in the Gulf of Mexico. It is also the homeport to several vertical line and recreational vessels catching reef fish, particularly gag, black and red grouper. These vessels are part of an integrated industry in nearby cities and Pinellas County that includes dealers, processors, transportation, distribution and retail outlets. These firms reflect a relatively stable economic environment.

### **Long-term financial planning**

The City designates 30 percent of the coming year's general fund budget for unforeseen emergencies. Designations of general fund balance are also made for vehicle replacements and compensated absences. These designations, although not legally required, reflect funds that are earmarked for specific purposes as identified by management.

### **Relevant financial policies**

The sale of the City's sewer system to Pinellas County on October 1, 2006 resulted in a large cash inflow to the sewer fund. It was determined that the sewer fund was no longer needed following the sale and transfer of most assets to Pinellas County; therefore, the remaining capital assets as well as cash and cash equivalents were transferred to the general fund. The proceeds from the sale of the sewer system are not intended for a specific use at the present time; however, the amount has been set aside as a designation of general fund balance to earmark those funds for a future use, which has yet to be determined.

### **Major Initiatives**

Property tax reform legislation passed in 2007 has impacted general fund revenues for fiscal year 2008. In a special session in June of 2007, the Florida Legislature approved a two phase reform package. The first phase, which affected the 2008 budget, stipulated a 9% reduction from a rollback to the fiscal year 2006-07 base year. This required the City to reduce the millage rate from 1.90 to 1.7954 mills. Coupled with a reduction in taxable value as the real estate market corrects itself, a net reduction in tax revenue of \$135,435 was projected for the fiscal year ending September 30, 2008. The second part of the package resulted in Amendment 1, which was passed by Florida voters on January 29, 2008. This will further reduce the City's taxable value in fiscal year 2009 and beyond by implementing an increased homestead exemption and introducing the concept of "portability" of the Save Our Homes limits on taxable value.

Although a number of projects have been identified by management and the Board of Commissioners as priorities in the City's strategic plan, many of these initiatives have been placed on hold pending the outcomes of property tax reform legislation and the downturn in the economy.

### **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, 2007. This was the tenth consecutive year that the City has received this 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. This report must satisfy both Accounting Principles Generally Accepted in the United States of America, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this Comprehensive Annual Financial Report on a timely basis was made possible through the efficient, dedicated and professional efforts of everyone in the Finance Department. The significant amount of year-end closing procedures required prior to the audit could not have been accomplished without much hard work and personal sacrifice. Appreciation must also be expressed to the City's auditors, Davidson, Jamieson & Cristini, P.L., whose suggestions and attention to detail enhanced the quality of this report.

Other City departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year.

We believe that this report clearly illustrates the financial position of the City of Madeira Beach and wish to thank you for your support and commitment to maintaining the financial integrity of the City.

Respectfully submitted,

*W.. D. Higginbotham, Jr.*

W.D. Higginbotham, Jr.  
City Manager

*Monica D. Mitchell*

Monica D. Mitchell, CPA, CGFO  
Finance Director

# 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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "K. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

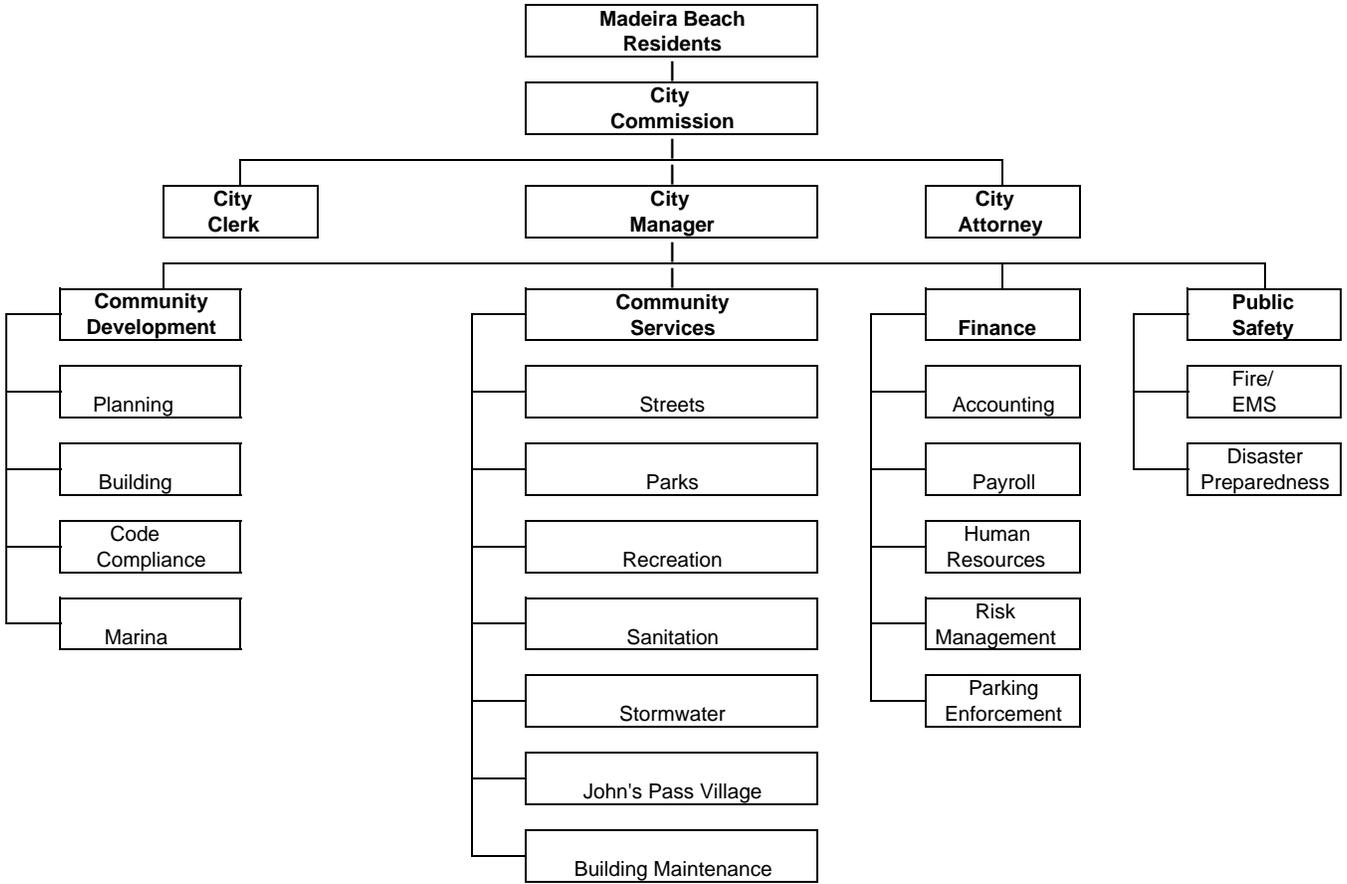
Executive Director

**CITY OF MADEIRA BEACH  
PRINCIPAL CITY OFFICIALS  
SEPTEMBER 30, 2008**

MAYOR	Patricia J. Shontz
COMMISSIONER DISTRICT 1	Terry Lister
COMMISSIONER DISTRICT 2	Sarah Nichols
COMMISSIONER DISTRICT 3	Nancy T. Oakley
COMMISSIONER/VICE MAYOR DISTRICT 4	Steve Kochick
CITY MANAGER	W.D. Higginbotham, Jr.
CITY ATTORNEY	Michael A. Connolly
CITY CLERK	Denise M. Schlegel
COMMUNITY DEVELOPMENT DIRECTOR	Paula Cohen
COMMUNITY SERVICES DIRECTOR	Michael Maxemow
FINANCE DIRECTOR	Monica Mitchell
FIRE CHIEF	Derryl O'Neal

CITY OF MADEIRA BEACH, FLORIDA

ORGANIZATIONAL CHART



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# **FINANCIAL SECTION**

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparisons for those major funds of the City of Madeira Beach, Florida, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Madeira Beach, Florida, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Mayor  
and City Commission

In accordance with *Government Auditing Standards*, we have also issued a report dated February 20, 2009 on our consideration of the City of Madeira Beach, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of management and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Randson, Jamison & Cristini, P.L.*

February 20, 2009

**CITY OF MADEIRA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

The City of Madeira Beach's (the "City's") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page i) and the City's financial statements (beginning on page 12).

**Financial Highlights**

- ❖ The assets of the City of Madeira Beach exceeded its liabilities at September 30, 2008 by \$26,453,030 (net assets). Of this amount, \$12,867,739 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ The City's total net assets increased by \$1,648,242. A more detailed explanation can be found on pages 7 and 8.
- ❖ As of September 30, 2008, the City of Madeira Beach's governmental funds reported combined ending fund balances of \$10,816,450, an increase of \$1,344,214 in comparison with the prior year. Approximately 41 percent of the total fund balance amount, \$4,387,204, is available for spending at the City's discretion (unreserved and undesignated fund balance).
- ❖ Long-term liabilities for compensated absences increased \$27,494 over the prior year. The City has no other long-term obligations.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City of Madeira Beach's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The focus is on "activities", rather than "fund types".

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The focus of the Statement of Net Assets (the "unrestricted net assets") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

**CITY OF MADEIRA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, physical environment, transportation, public safety, and culture and recreation. The business-type activities of the City consist of Sanitation, Stormwater, the Municipal Marina and John's Pass Village.

The government-wide financial statements include only the City of Madeira Beach (known as the primary government). There are no component units.

The government-wide financial statements can be found on pages 12-13 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Special Projects Fund, both of which are major funds.

The City adopts annual appropriations for its General Fund and Special Projects Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14-18 of this report.

**Proprietary funds.** The City maintains only one of the two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sanitation, Stormwater, Municipal Marina and John's Pass Village activities. Internal service funds, an accounting device used to accumulate and allocate costs internally among a government's various functions, are not utilized by the City.

**CITY OF MADEIRA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 19-22 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 23-36 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets exceeded liabilities by \$26,453,030.

More than fifty one percent (51%) of the City's net assets reflects its investment in capital assets (e.g., land, buildings, improvements, and vehicles and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. There is no debt associated with the City's capital assets.

None of the City's net assets are subject to external restrictions on how they may be used. The balance of unrestricted net assets (\$12,867,739) may be used to meet the City's ongoing obligations to citizens and creditors.

The following table reflects the condensed Statement of Net Assets for the current year as compared to the previous year. For more detailed information, see the Statement of Net Assets on page 12.

**City of Madeira Beach's Net Assets**

	Governmental activities		Business-type activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$11,092,446	\$9,769,905	\$2,445,626	\$1,918,106	\$13,538,072	\$11,688,011
Capital assets	7,232,486	7,353,902	6,329,622	6,391,839	13,562,108	13,745,741
<b>Total assets</b>	<b>18,324,932</b>	<b>17,123,807</b>	<b>8,775,248</b>	<b>8,309,945</b>	<b>27,100,180</b>	<b>25,433,752</b>
Long-term liabilities outstanding	229,814	202,320	43,047	37,784	272,861	240,104
Other liabilities	275,996	297,669	98,293	91,191	374,289	388,860
<b>Total liabilities</b>	<b>505,810</b>	<b>499,989</b>	<b>141,340</b>	<b>128,975</b>	<b>647,150</b>	<b>628,964</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	7,232,486	7,353,902	6,329,622	6,391,839	13,562,108	13,745,741
Unrestricted	10,586,636	9,269,916	2,304,286	1,789,131	12,890,922	11,059,047
<b>Total net assets</b>	<b>\$17,819,122</b>	<b>\$16,623,818</b>	<b>\$8,633,908</b>	<b>\$8,180,970</b>	<b>\$26,453,030</b>	<b>\$24,804,788</b>

At September 30, 2008, the City is able to report positive balances in total net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the previous fiscal year.

**CITY OF MADEIRA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

The following table reflects the condensed Statement of Activities for the current year as compared to the previous year. For more detailed information see the Statement of Activities on page 13.

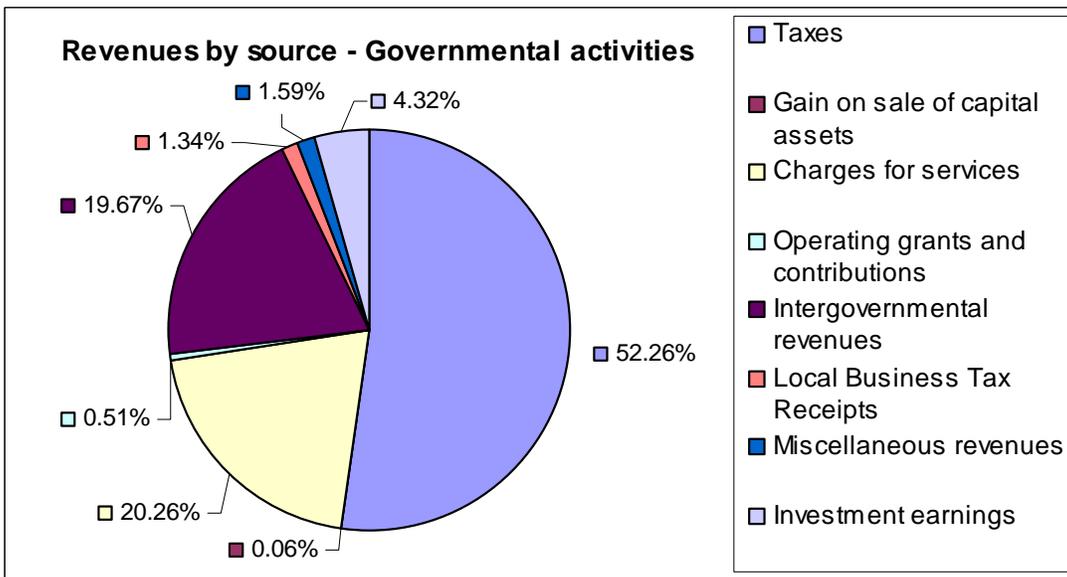
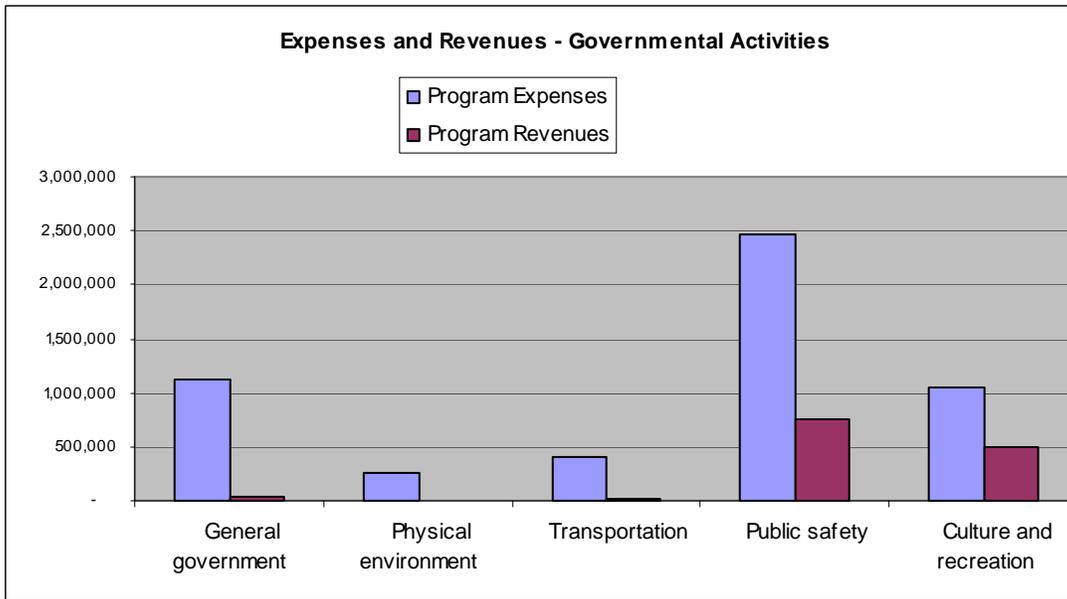
**City of Madeira Beach's Changes in Net Assets**

	Governmental activities		Business-type activities		Totals	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$1,277,437	\$1,272,918	\$3,212,331	\$2,703,759	\$4,489,768	\$3,976,677
Operating grants and contributions	32,268	31,063	4,701	3,393	36,969	34,456
Capital grants and contributions	0	78,795	264,537	198,013	264,537	276,808
<b>General revenues:</b>						
Property taxes	2,232,709	2,417,146	0	0	2,232,709	2,417,146
Other taxes	1,062,953	1,060,469	0	0	1,062,953	1,060,469
Other	1,701,277	1,880,163	144,330	181,927	1,845,607	2,062,090
Total revenues	6,306,644	6,740,554	3,625,899	3,087,092	9,932,543	9,827,646
<b>Expenses:</b>						
General government	1,130,296	1,813,398	0	0	1,130,296	1,813,398
Physical environment	257,527	220,830	0	0	257,527	220,830
Transportation	405,240	496,778	0	0	405,240	496,778
Public safety	2,460,537	2,340,684	0	0	2,460,537	2,340,684
Culture and recreation	1,053,540	1,117,355	0	0	1,053,540	1,117,355
Sanitation	0	0	1,165,309	1,151,053	1,165,309	1,151,053
Sewer	0	0	0	868,932	0	868,932
Stormwater	0	0	207,037	195,439	207,037	195,439
Marina	0	0	1,298,083	889,377	1,298,083	889,377
John's Pass Village	0	0	306,732	341,919	306,732	341,919
Total expenses	5,307,140	5,989,045	2,977,161	3,446,720	8,284,301	9,435,765
Increase (decrease) in net assets before transfers and special items	999,504	751,509	648,738	(359,628)	1,648,242	391,881
Transfers	195,800	2,942,701	(195,800)	(2,942,701)	0	0
Increase (decrease) in net assets	1,195,304	3,694,210	452,938	(3,302,329)	1,648,242	391,881
Net assets - October 1	16,623,818	12,929,608	8,180,970	11,483,299	24,804,788	24,412,907
Net assets - September 30	\$17,819,122	\$16,623,818	\$8,633,908	\$8,180,970	\$26,453,030	\$24,804,788

**CITY OF MADEIRA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

**Governmental activities**

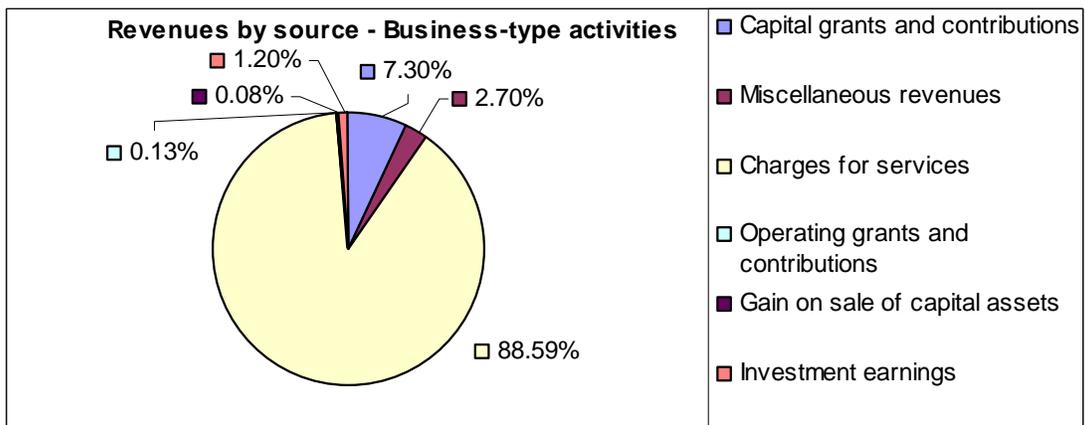
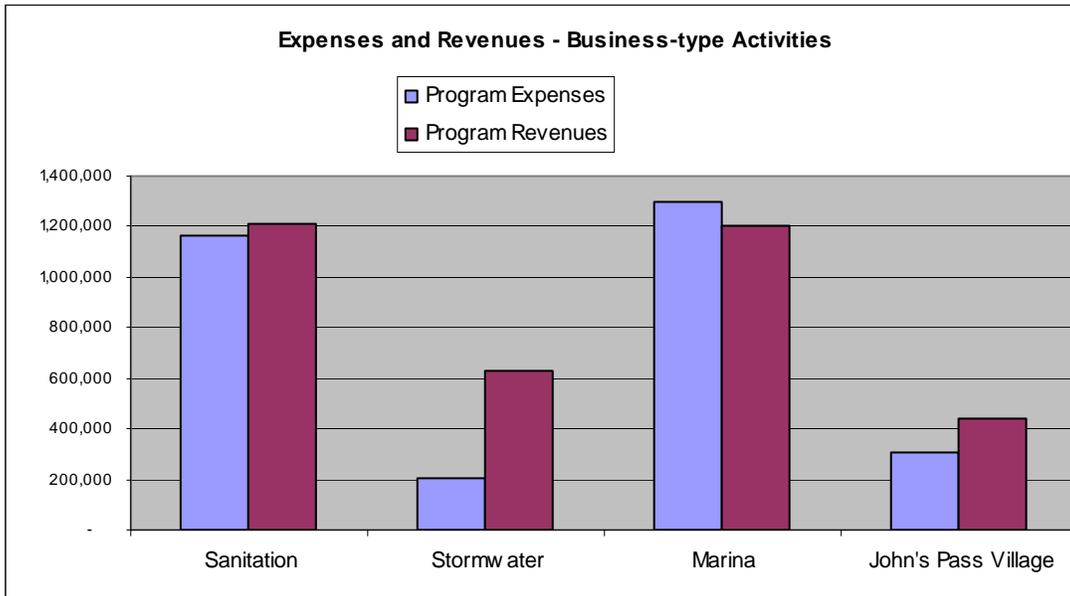
Governmental activities increased the City's net assets by \$1,266,675 which, when added to the increase in net assets of the business-type activities, resulted in a total increase in net assets of \$1,719,613.



**CITY OF MADEIRA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

***Business-type activities***

Business-type activities increased the City's net assets by \$452,938 which, when added to the increase in net assets of the governmental activities, resulted in a total increase in net assets of \$1,719,613.



**CITY OF MADEIRA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

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

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

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

As of September 30, 2008, the City's governmental funds reported combined ending fund balances of \$10,816,450, an increase of \$1,344,214 in comparison with the prior year. Approximately 4 percent of this amount (\$437,372) is reserved to indicate that it is not available for new spending, 55 percent (\$5,991,874) is designated by management to reflect resources accumulated for specific purposes, and 41 percent (\$4,387,204) constitutes unreserved fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At September 30, 2008, the unreserved fund balance of the General Fund was \$3,537,275 while the total fund balance was \$9,689,381. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 71 percent of total General Fund expenditures, while total fund balance represents 194 percent of that same amount.

The fund balance of the City's General Fund increased by \$1,034,677 during the current fiscal year, which represents a positive variance in comparison to the final revised budget, which estimated a decrease of \$89,343.

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

Unrestricted net assets of the enterprise funds at September 30, 2008 amounted to \$2,281,103.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget amounted to \$58,742. Of this amount \$246,909 is attributed to the previous year's reserve for encumbrances, less \$188,167 for prior year purchase orders that were increased, decreased or cancelled in 2008. There were no other budget amendments during the fiscal year which affected general fund expenditures.

Significant budgetary variances between the final amended budget and actual results are as follows:

- ❖ Fines and forfeits – Revenues received exceeded budgetary estimates by 22% due to imposition and collection of code enforcement fines being higher than anticipated.
- ❖ Investment earnings – Revenues received exceeded budgetary estimates by 21% due to cash balances being higher than anticipated.
- ❖ Miscellaneous revenue – Revenues received exceeded budgetary estimates by 51% due to recognition of the forfeiture balance from ICMA and a refund received for overpayment of the prior year's Workers Compensation premium.

**CITY OF MADEIRA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

- ❖ City Manager expenditures were 43% lower than anticipated due to vacancy of the City Manager's position from November 2007 to June 2008.
- ❖ City Clerk/Commission expenditures were 66% lower than anticipated due to vacancy of the Deputy Clerk position from October 2007 to September 2008, and because the contingency account was not exhausted.
- ❖ Streets Department expenditures were 33% lower than anticipated because funds appropriated for street resurfacing and curb and gutter replacements were not expended.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2008 amounts to \$7,232,486 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, equipment and construction in progress. Infrastructure has historically been recorded by the City under the classification of improvements; therefore, no retroactive reporting of infrastructure was necessary to comply with GASB-34.

Capital projects completed during the current fiscal year include:

- ❖ 141<sup>st</sup> Avenue Stormwater Pump Station

Projects in progress at September 30, 2008 include:

- ❖ Snack Shack Renovation at Archibald Memorial Beach Park
- ❖ Marina Boat Ramp Construction

**City of Madeira Beach's Capital Assets  
(net of depreciation)**

	Governmental activities		Business-type activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$2,370,228	\$2,370,228	\$414,447	\$414,447	\$2,784,675	\$2,784,675
Buildings	207,736	242,545	133,427	140,268	341,163	382,813
Improvements other than buildings	3,941,674	3,946,140	5,482,356	5,098,239	9,424,030	9,044,379
Vehicles and equipment	667,834	692,609	120,678	180,114	788,512	872,723
Construction in progress	45,014	102,380	178,714	558,771	223,728	661,151
<b>Total</b>	<b>\$7,232,486</b>	<b>\$7,353,902</b>	<b>\$6,329,622</b>	<b>\$6,391,839</b>	<b>\$13,562,108</b>	<b>\$13,745,741</b>

Additional information on the City's capital assets can be found on pages 30-32 of the Notes to the Financial Statements in this report.

**Long-term debt.** The City has no long-term debt as of September 30, 2008

**CITY OF MADEIRA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

**Next Year's Budgets and Rates**

During the current fiscal year, unreserved fund balance in the General Fund increased by \$1,069,423 to \$3,537,275. The City was able to balance the 2009 fiscal year budget while maintaining the ad valorem tax rate at 1.7954 mills, without appropriating fund balance.

Throughout fiscal year 2008 fees were introduced or increased in anticipation of the 2009 budget cycle. A new commercial fire inspection fee was adopted for fiscal year 2009. It is expected to generate annual revenues of \$17,000, based on bi-annual inspections.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Madeira Beach's finances for all those with an interest 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 Finance Director, 300 Municipal Drive, Madeira Beach, FL 33708.

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# **BASIC FINANCIAL STATEMENTS**

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**City of Madeira Beach, Florida**  
**Statement of Net Assets**  
**September 30, 2008**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,599,723	\$ 1,660,191	\$ 12,259,914
Accounts receivable	115,840	23,232	139,072
Assessments receivable	-	89,602	89,602
Due from other governmental units	175,102	541,252	716,354
Inventories	6,975	33,853	40,828
Prepaid items	194,806	74,313	269,119
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	23,183	23,183
Capital assets (net of accumulated depreciation):			
Land	2,370,228	414,447	2,784,675
Buildings	207,736	133,427	341,163
Improvements other than buildings	3,941,674	5,482,356	9,424,030
Vehicles and equipment	667,834	120,678	788,512
Construction in progress	45,014	178,714	223,728
<b>Total assets</b>	<b>18,324,932</b>	<b>8,775,248</b>	<b>27,100,180</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	226,455	73,452	299,907
Unearned revenue	49,541	1,658	51,199
Liabilities payable from restricted assets	-	23,183	23,183
Noncurrent liabilities:			
Due within one year	22,981	4,305	27,286
Due in more than one year	206,833	38,742	245,575
<b>Total liabilities</b>	<b>505,810</b>	<b>141,340</b>	<b>647,150</b>
<b>NET ASSETS</b>			
Invested in capital assets	7,232,486	6,329,622	13,562,108
Restricted for customer deposits payable	-	23,183	23,183
Unrestricted	10,586,636	2,281,103	12,867,739
<b>Total net assets</b>	<b>\$ 17,819,122</b>	<b>\$ 8,633,908</b>	<b>\$ 26,453,030</b>

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

**City of Madeira Beach, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2008**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 1,130,296	\$ 38,353	\$ -	\$ -	\$ (1,091,943)	\$ -	\$ (1,091,943)
Physical environment	257,527	500	-	-	(257,027)	-	(257,027)
Transportation	405,240	-	27,353	-	(377,887)	-	(377,887)
Public safety	2,460,537	750,530	4,915	-	(1,705,092)	-	(1,705,092)
Culture and recreation	1,053,540	488,054	-	-	(565,486)	-	(565,486)
Total governmental activities	<u>5,307,140</u>	<u>1,277,437</u>	<u>32,268</u>	<u>-</u>	<u>(3,997,435)</u>	<u>-</u>	<u>(3,997,435)</u>
Business-type activities:							
Sanitation	1,165,309	1,207,575	3,381	-	-	45,647	45,647
Stormwater	207,037	362,219	-	264,537	-	419,719	419,719
Marina	1,298,083	1,203,823	-	-	-	(94,260)	(94,260)
John's Pass Village	306,732	438,714	1,320	-	-	133,302	133,302
Total business-type activities	<u>2,977,161</u>	<u>3,212,331</u>	<u>4,701</u>	<u>264,537</u>	<u>-</u>	<u>504,408</u>	<u>504,408</u>
Total primary government	<u>\$ 8,284,301</u>	<u>\$ 4,489,768</u>	<u>\$ 36,969</u>	<u>\$ 264,537</u>	<u>(3,997,435)</u>	<u>504,408</u>	<u>(3,493,027)</u>
General revenues:							
Taxes:							
Property taxes					2,232,709	-	2,232,709
Franchise taxes					472,595	-	472,595
Utility taxes					590,358	-	590,358
Intergovernmental revenues:							
Local option gas tax					62,891	-	62,891
Local option sales tax					443,542	-	443,542
Communications services tax					279,561	-	279,561
Half-cent sales tax, unrestricted					238,256	-	238,256
State revenue sharing, unrestricted					204,186	-	204,186
Alcoholic beverage license tax, unrestricted					8,821	-	8,821
Motor fuel tax					3,353	-	3,353
Local business tax receipts					84,356	-	84,356
Investment earnings					272,689	43,357	316,046
Gain on sale of capital assets					3,472	3,025	6,497
Miscellaneous revenues					100,150	97,948	198,098
Transfers					195,800	(195,800)	-
Total general revenues and transfers					<u>5,192,739</u>	<u>(51,470)</u>	<u>5,141,269</u>
Change in net assets					1,195,304	452,938	1,648,242
Net assets - beginning					16,623,818	8,180,970	24,804,788
Net assets - ending					<u>\$ 17,819,122</u>	<u>\$ 8,633,908</u>	<u>\$ 26,453,030</u>

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

**City of Madeira Beach, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2008**

	General Fund	Special Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,510,509	\$ 1,089,214	\$ 10,599,723
Accounts receivable	115,840	-	115,840
Due from other governmental units	69,281	105,821	175,102
Inventories	6,975	-	6,975
Prepaid items	194,806	-	194,806
Total assets	\$ 9,897,411	\$ 1,195,035	\$ 11,092,446
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 109,395	\$ 67,949	\$ 177,344
Accrued expenditures	49,094	17	49,111
Unearned revenue	49,541	-	49,541
Total liabilities	208,030	67,966	275,996
Fund Balances:			
Reserved for:			
Receivables	115,840	-	115,840
Inventories	6,975	-	6,975
Prepaid items	194,806	-	194,806
Encumbrances	117,611	2,140	119,751
Unreserved, designated for:			
Vehicle replacements	453,571	-	453,571
Unforeseen emergency	1,888,783	-	1,888,783
Compensated absences	229,814	-	229,814
Proceeds from sale of sewer system	3,144,706	-	3,144,706
Capital acquisitions and improvements	-	275,000	275,000
Unreserved, undesignated, reported in:			
General fund	3,537,275	-	3,537,275
Special projects fund	-	849,929	849,929
Total fund balances	9,689,381	1,127,069	10,816,450
Total liabilities and fund balances	\$ 9,897,411	\$ 1,195,035	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			7,232,486
The noncurrent portion of compensated absences is not due and payable in the current period and, therefore, is not reported in the funds.			(229,814)
Net assets of governmental activities			\$ 17,819,122

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

**City of Madeira Beach, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2008**

	<u>General Fund</u>	<u>Special Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes:			
Property tax	\$ 2,232,709	\$ -	\$ 2,232,709
Franchise tax	472,595	-	472,595
Utility tax	590,358	-	590,358
Licenses and permits	101,810	-	101,810
Intergovernmental revenue	1,221,965	443,542	1,665,507
Charges for services	716,605	-	716,605
Fines and forfeitures	150,249	-	150,249
Special assessments	-	500	500
Investment earnings	247,122	25,567	272,689
Miscellaneous revenue	97,307	2,843	100,150
	<u>5,830,720</u>	<u>472,452</u>	<u>6,303,172</u>
Total revenues			
<b>EXPENDITURES</b>			
Current:			
General government	1,113,310	450	1,113,760
Physical environment	233,223	-	233,223
Transportation	237,105	-	237,105
Public safety	2,353,055	-	2,353,055
Culture and recreation	947,981	-	947,981
Capital outlay:			
General government	15,075	-	15,075
Physical environment	6,533	-	6,533
Transportation	56,401	4,995	61,396
Public safety	12,738	-	12,738
Culture and recreation	19,894	157,470	177,364
	<u>4,995,315</u>	<u>162,915</u>	<u>5,158,230</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>835,405</u>	<u>309,537</u>	<u>1,144,942</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	195,800	-	195,800
Sale of capital assets	3,472	-	3,472
	<u>199,272</u>	<u>-</u>	<u>199,272</u>
Total other financing sources			
Net change in fund balances	1,034,677	309,537	1,344,214
Fund balances - beginning	<u>8,654,704</u>	<u>817,532</u>	<u>9,472,236</u>
Fund balances - ending	<u>\$ 9,689,381</u>	<u>\$ 1,127,069</u>	<u>\$ 10,816,450</u>

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

**City of Madeira Beach, Florida**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended September 30, 2008**

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

Net change in fund balances - total governmental funds (page 15)		\$ 1,344,214
<p>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.</p>		
Expenditures for capital assets	273,106	
Current year depreciation	<u>(323,151)</u>	(50,045)
Change in capital equipment dispositions		(75,000)
Other		3,629
<p>The non-current portion of compensated absences does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.</p>		
		<u>(27,494)</u>
Change in net assets of governmental activities (page 1:		<u><u>\$ 1,195,304</u></u>

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

**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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property tax	\$ 2,210,500	\$ 2,210,500	\$ 2,232,709	\$ 22,209
Franchise tax	459,500	459,500	472,595	13,095
Utility tax	538,500	538,500	590,358	51,858
Licenses and permits	90,800	90,800	101,810	11,010
Intergovernmental revenue	1,249,540	1,218,940	1,221,965	3,025
Charges for services	871,140	871,140	716,605	(154,535)
Fines and forfeitures	123,000	123,000	150,249	27,249
Investment earnings	205,000	205,000	247,122	42,122
Miscellaneous revenue	64,385	64,385	97,307	32,922
	<u>5,812,365</u>	<u>5,781,765</u>	<u>5,830,720</u>	<u>48,955</u>
<b>EXPENDITURES</b>				
General government:				
City Manager	146,390	149,140	85,145	63,995
Community Development	279,035	336,735	316,442	20,293
Finance	261,550	279,320	266,099	13,221
City Clerk/Commission	828,980	697,711	235,186	462,525
Non-Departmental	224,040	229,040	225,513	3,527
	<u>1,739,995</u>	<u>1,691,946</u>	<u>1,128,385</u>	<u>563,561</u>
Physical environment:				
Public Works	269,030	271,113	239,756	31,357
	<u>269,030</u>	<u>271,113</u>	<u>239,756</u>	<u>31,357</u>
Transportation:				
Streets	434,115	437,221	293,506	143,715
	<u>434,115</u>	<u>437,221</u>	<u>293,506</u>	<u>143,715</u>
Public safety:				
Fire	1,392,335	1,426,688	1,270,494	156,194
Law Enforcement/Parking	1,142,065	1,142,898	1,095,299	47,599
	<u>2,534,400</u>	<u>2,569,586</u>	<u>2,365,793</u>	<u>203,793</u>
Culture and recreation:				
Parks	522,760	586,260	489,349	96,911
Recreation	508,865	511,782	478,526	33,256
	<u>1,031,625</u>	<u>1,098,042</u>	<u>967,875</u>	<u>130,167</u>
	<u>6,009,165</u>	<u>6,067,908</u>	<u>4,995,315</u>	<u>1,072,593</u>
Excess (deficiency) of revenues over expenditures	<u>(196,800)</u>	<u>(286,143)</u>	<u>835,405</u>	<u>1,121,548</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	195,800	195,800	195,800	-
Sale of capital assets	1,000	1,000	3,472	2,472
	<u>196,800</u>	<u>196,800</u>	<u>199,272</u>	<u>2,472</u>
Net change in fund balances	-	(89,343)	1,034,677	1,124,020
Fund balances - beginning	8,654,704	8,654,704	8,654,704	-
Fund balances - ending	<u>\$ 8,654,704</u>	<u>\$ 8,565,361</u>	<u>\$ 9,689,381</u>	<u>\$ 1,124,020</u>

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

**City of Madeira Beach, Florida**  
**Special Projects Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenue	\$ 463,400	\$ 427,200	\$ 443,542	\$ 16,342
Special assessments	-	-	500	500
Investment earnings	5,000	5,000	25,567	20,567
Miscellaneous revenues	2,840	2,840	2,843	3
Total revenues	<u>471,240</u>	<u>435,040</u>	<u>472,452</u>	<u>37,412</u>
<b>EXPENDITURES</b>				
General government:				
Non-Departmental	<u>10,000</u>	<u>10,000</u>	<u>450</u>	<u>9,550</u>
Total general government	<u>10,000</u>	<u>10,000</u>	<u>450</u>	<u>9,550</u>
Transportation:				
Streets	<u>75,000</u>	<u>79,995</u>	<u>4,995</u>	<u>75,000</u>
Total transportation	<u>75,000</u>	<u>79,995</u>	<u>4,995</u>	<u>75,000</u>
Culture and Recreation:				
Recreation	<u>120,000</u>	<u>164,221</u>	<u>157,470</u>	<u>6,751</u>
Total culture and recreation	<u>120,000</u>	<u>164,221</u>	<u>157,470</u>	<u>6,751</u>
Total expenditures	<u>205,000</u>	<u>254,216</u>	<u>162,915</u>	<u>91,301</u>
Excess (deficiency) of revenues over expenditures	<u>266,240</u>	<u>180,824</u>	<u>309,537</u>	<u>128,713</u>
Net change in fund balances	266,240	180,824	309,537	128,713
Fund balances - beginning	<u>817,532</u>	<u>817,532</u>	<u>817,532</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,083,772</u>	<u>\$ 998,356</u>	<u>\$ 1,127,069</u>	<u>\$ 128,713</u>

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

**City of Madeira Beach, Florida**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2008**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Sanitation Fund</b>	<b>Stormwater Fund</b>	<b>Marina Fund</b>	<b>John's Pass Village Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 690,852	\$ 162,396	\$ 666,781	\$ 140,162	\$ 1,660,191
Accounts receivable	4,803	216	18,213	-	23,232
Assessments receivable	-	-	-	89,602	89,602
Due from other governmental units	204,694	336,542	-	16	541,252
Inventories	-	-	33,853	-	33,853
Prepaid items	16,766	15,699	12,794	29,054	74,313
Restricted cash and cash equivalents:					
Customer deposits	-	-	23,183	-	23,183
<b>Total current assets</b>	<b>917,115</b>	<b>514,853</b>	<b>754,824</b>	<b>258,834</b>	<b>2,445,626</b>
Capital assets:					
Land	-	-	-	414,447	414,447
Buildings	-	-	38,179	235,564	273,743
Improvements other than buildings	-	2,551,047	512,520	4,434,488	7,498,055
Vehicles and equipment	565,776	73,587	72,076	10,349	721,788
Construction in progress	-	-	178,714	-	178,714
Less accumulated depreciation	(460,250)	(282,638)	(537,606)	(1,476,631)	(2,757,125)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>105,526</b>	<b>2,341,996</b>	<b>263,883</b>	<b>3,618,217</b>	<b>6,329,622</b>
<b>Total assets</b>	<b>1,022,641</b>	<b>2,856,849</b>	<b>1,018,707</b>	<b>3,877,051</b>	<b>8,775,248</b>

**Business-type Activities - Enterprise Funds**

	<b>Sanitation Fund</b>	<b>Stormwater Fund</b>	<b>Marina Fund</b>	<b>John's Pass Village Fund</b>	<b>Total</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and other current liabilities	33,891	1,099	33,992	4,470	73,452
Unearned revenue	-	-	1,658	-	1,658
Current liabilities payable from restricted assets:					
Customer deposits payable	-	-	23,183	-	23,183
Total current liabilities	<u>33,891</u>	<u>1,099</u>	<u>58,833</u>	<u>4,470</u>	<u>98,293</u>
Noncurrent liabilities:					
Compensated absences	<u>37,365</u>	<u>1,046</u>	<u>4,636</u>	<u>-</u>	<u>43,047</u>
Total noncurrent liabilities	<u>37,365</u>	<u>1,046</u>	<u>4,636</u>	<u>-</u>	<u>43,047</u>
Total liabilities	<u>71,256</u>	<u>2,145</u>	<u>63,469</u>	<u>4,470</u>	<u>141,340</u>
<b>NET ASSETS</b>					
Invested in capital assets	105,526	2,341,996	263,883	3,618,217	6,329,622
Restricted for customer deposits payable	-	-	23,183	-	23,183
Unrestricted	<u>845,859</u>	<u>512,708</u>	<u>668,172</u>	<u>254,364</u>	<u>2,281,103</u>
Total net assets	<u>\$ 951,385</u>	<u>\$ 2,854,704</u>	<u>\$ 955,238</u>	<u>\$ 3,872,581</u>	<u>\$ 8,633,908</u>

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

**City of Madeira Beach, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2008**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Sanitation Fund</b>	<b>Stormwater Fund</b>	<b>Marina Fund</b>	<b>John's Pass Village Fund</b>	
Operating revenues:					
Charges for sales and services	\$ 1,207,575	\$ 362,219	\$ 1,203,823	\$ 438,714	\$ 3,212,331
Intergovernmental revenue	3,381	264,537	-	-	267,918
Miscellaneous	4,727	250	780	93,511	99,268
Total operating revenues	<u>1,215,683</u>	<u>627,006</u>	<u>1,204,603</u>	<u>532,225</u>	<u>3,579,517</u>
Operating expenses:					
Personnel	429,622	44,714	152,080	-	626,416
Supplies and services	675,515	101,225	1,135,842	123,464	2,036,046
Depreciation	60,172	61,098	10,161	174,824	306,255
Total operating expenses	<u>1,165,309</u>	<u>207,037</u>	<u>1,298,083</u>	<u>298,288</u>	<u>2,968,717</u>
Operating income (loss)	<u>50,374</u>	<u>419,969</u>	<u>(93,480)</u>	<u>233,937</u>	<u>610,800</u>
Non operating revenues (expenses):					
Investment earnings	14,865	3,419	19,905	5,168	43,357
Interest expense	-	-	-	(8,444)	(8,444)
Gain (loss) on sale of capital assets	-	-	3,025	-	3,025
Total nonoperating revenues (expenses)	<u>14,865</u>	<u>3,419</u>	<u>22,930</u>	<u>(3,276)</u>	<u>37,938</u>
Income (loss) before transfers	65,239	423,388	(70,550)	230,661	648,738
Transfers out	-	-	-	(195,800)	(195,800)
Change in net assets	65,239	423,388	(70,550)	34,861	452,938
Total net assets - beginning	<u>886,146</u>	<u>2,431,316</u>	<u>1,025,788</u>	<u>3,837,720</u>	<u>8,180,970</u>
Total net assets - ending	<u>\$ 951,385</u>	<u>\$ 2,854,704</u>	<u>\$ 955,238</u>	<u>\$ 3,872,581</u>	<u>\$ 8,633,908</u>

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

**City of Madeira Beach, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2008**

	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Marina Fund</u>	<u>John's Pass Village Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,201,751	\$ 356,143	\$ 1,194,055	\$ 532,209	\$ 3,284,158
Payments to suppliers	(434,169)	(81,112)	(1,038,799)	(131,028)	(1,685,108)
Payments to employees	(423,706)	(44,637)	(152,810)	-	(621,153)
Payments to general fund for services	(255,585)	(33,070)	(108,355)	(18,540)	(415,550)
Net cash provided (used) by operating activities	<u>88,291</u>	<u>197,324</u>	<u>(105,909)</u>	<u>382,641</u>	<u>562,347</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers (to) from other funds	-	-	-	(195,800)	(195,800)
Payment of interfund loan	-	-	-	(284,930)	(284,930)
Interest paid on interfund loan	-	-	-	(8,444)	(8,444)
Payments received on non-ad valorem assessments	-	-	-	43,224	43,224
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(445,950)</u>	<u>(445,950)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	-	(164,904)	(69,354)	(9,780)	(244,038)
Proceeds from sales of capital assets	-	-	3,025	-	3,025
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(164,904)</u>	<u>(66,329)</u>	<u>(9,780)</u>	<u>(241,013)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	<u>14,865</u>	<u>3,419</u>	<u>19,905</u>	<u>5,168</u>	<u>43,357</u>
Net (decrease) increase in cash and cash equivalents	103,156	35,839	(152,333)	(67,921)	(81,259)
Cash and cash equivalents - October 1	<u>587,696</u>	<u>126,557</u>	<u>842,297</u>	<u>208,083</u>	<u>1,764,633</u>
Cash and cash equivalents - September 30	<u>\$ 690,852</u>	<u>\$ 162,396</u>	<u>\$ 689,964</u>	<u>\$ 140,162</u>	<u>\$ 1,683,374</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 50,374	\$ 419,969	\$ (93,480)	\$ 233,937	610,800
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	60,172	61,098	10,161	174,824	306,255
(Increase) decrease in accounts receivable	514	-	(11,918)	-	(11,404)
(Increase) decrease in due from other governments	(14,446)	(270,863)	-	(16)	(285,325)
(Increase) decrease in inventories	-	-	(8,728)	-	(8,728)
(Increase) decrease in prepaid items	(16,766)	(10,292)	(8,994)	(25,564)	(61,616)
Increase (decrease) in accounts payable, non capital	2,527	(2,665)	6,410	(540)	5,732
Increase (decrease) in unearned revenue	-	-	(2,411)	-	(2,411)
Increase (decrease) in accrued expenses	5,916	77	(730)	-	5,263
Increase (decrease) in customer deposits	-	-	3,781	-	3,781
Net cash provided (used) by operating activities	<u>\$ 88,291</u>	<u>\$ 197,324</u>	<u>\$ (105,909)</u>	<u>\$ 382,641</u>	<u>\$ 562,347</u>

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

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**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.

The following is a summary of the more significant policies:

**A. Reporting Entity:**

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

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

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

**B. Government-wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all activities of the City. For the most part, the effect of interfund activity has 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 Assets 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

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

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*. The City does not allocate indirect expenses to functions in the Statement of Activities.

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. This approach differs from the manner in which the governmental activities of the City are presented in the government-wide financial statements. The governmental fund financial statements, therefore, include a reconciliation to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

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

The City reports the following major governmental funds:

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

The *Special Projects Fund* is a Special Revenue Fund used to account for the general government's major construction activities, which are financed by specific revenue sources that are restricted by law to expenditure for specific purposes.

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

The City reports the following major proprietary funds, which are enterprise funds that are financed and operated in a manner similar to private business enterprises, where costs, including depreciation, of providing services to the general public on a continuing basis are financed or recovered primarily through user charges:

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

*Stormwater Fund* – To account for the stormwater utility fee revenues, and expenses for drainage and stormwater related projects, including NPDES reporting and compliance.

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

*John’s Pass Village Fund* – To account for the parking meter revenues and beautification and maintenance expenses of John’s Pass Village.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the City’s enterprise funds and the general fund functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources, as well as intergovernmental revenues not restricted to specific functions or activities, are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**D. Assets, Liabilities and Net Assets or Equity:**

**1. Deposits and investments**

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

Chapter 218.415(17), Florida Statutes, was adopted as the City's investment policy by Ordinance 1025 on July 13, 2004. It authorizes the City to invest in the following:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Chapter 163.01, Florida Statutes.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Chapter 280.02, Florida Statutes.
- (d) Direct obligations of the U.S. Treasury.

**2. Internal balances:**

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

The Board of Commissioners passed Resolution 06.15 on May 23, 2006 which authorized the General Fund to loan \$465,000 to the John's Pass Village Fund to finance the boardwalk reconstruction project. The resolution requires that interest be paid on a monthly basis, beginning July 1, 2007, based on the previous month's 30-Day Investment Rate of Return of the Florida State Board of Administration Local Government Investment Pool, and that principal be paid in forty-eight monthly installments, beginning October 1, 2006 and ending September 1, 2010.

On June 12, 2007, the Board of Commissioners adopted Ordinance 1106 which increased the parking meter rates at John's Pass Village from fifty cents to one dollar per hour. The ordinance requires that annual revenues collected in excess of \$225,000 be applied to reduction of the loan principal. For the fiscal year ending September 30, 2008, the amount applied was \$284,930 and the loan was paid in full as of September 30, 2008.

**3. Property taxes:**

Property taxes are levied on October 1 of each year, on property values assessed on January 1 of the same year, and are due and payable on March 31 of the following year. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes paid in March are not subject to discount. Delinquent taxes on real property bear interest at 18% per year. All unpaid taxes are delinquent on April 1 following the year in which they are

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

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.

**4. Inventories and prepaid items:**

General Fund inventory is valued at cost and consists of expendable supplies held for consumption. Expenditures are recorded when consumed rather than when purchased.

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

**5. Restricted assets:**

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

**6. Capital assets:**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest for the fiscal year ended September 30, 2008.

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

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

**7. Compensated absences:**

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

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

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

**8. Accrued liabilities and long-term obligations:**

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

**9. Fund equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management's intended future use of resources.

**10. Comparative data/reclassifications:**

Certain amounts presented in the prior year may have been reclassified in order to be consistent with the current year's presentation.

**NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets.

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities.

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting:**

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

The Board of Commissioners may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenues. During fiscal year 2008, the City made several amendments to the budget, including supplemental appropriations in several funds. These supplemental appropriations have the effect of changing the originally adopted budget total because, rather than transferring funds between line items within a department, which has no effect on the budget total, additional revenue is recognized for appropriation or funds are taken from unbudgeted reserves and appropriated for spending. Supplemental appropriations made during 2008 totaled \$593,300 for all funds.

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

**B. Excess of expenditures over appropriations**

For the year ended September 30, 2008, expenditures did not exceed appropriations in any department (the legal level of budgetary control).

**C. Deficit fund equity**

There were no funds with deficit fund equity balance as of September 30, 2008.

**NOTE 4: DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments:**

At year-end, the carrying amount of the City's deposits was \$11,979,788 and the bank balance was \$12,029,685. Change machine and petty cash funds of \$2,226 are not on deposit with a financial institution. All bank deposits were covered by Federal Depository Insurance or held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law, which limits local government deposits to "qualified public depositories." The State of Florida Collateral Pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails. For this reason, the City considers its deposits insured or collateralized. The City's pooled cash account is held pursuant to a banking services agreement, under which interest is earned on excess funds. Interest earnings on pooled cash is allocated monthly among the funds based on the percentage of each fund's cash balances to the total.

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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State Board of Administration Local Government Investment Pool

Investments in the State Board of Administration Local Government Investment Pool of \$301,083 are in a pooled investment fund and therefore not evidenced by securities that exist in physical or book entry form. Because the City's investment in this pool is its beneficial interest in the pool, not the individual securities held by the pool, the fair value of the City's position is the same as the value of the pool shares.

On November 29, 2007, the State Board of Administration (SBA) implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Pool coupled with the absence of market liquidity for certain securities contained therein. Many participants withdrew funds following reports that 3.4% of the Pool was invested in asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on the recommendations of an independent financial advisor, the SBA restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which amounted to approximately 86% of the Pool assets. Pool B consisted of assets that had either defaulted on a payment, paid more slowly than expected and/or had any significant credit and liquidity risk. \$5,670,235 of the City's balance was allocated to Pool A and \$952,661 of the City's balance was allocated to Pool B. On December 21, 2007, Pool A received a principal stability rating of "AAAM" from Standard & Poor's.

The City's entire balance of \$301,083 at September 30, 2008 resides in Pool B. Although the City has redeemed 68% of the original amount allocated to Pool B, full realization of the entire principal value of Pool B assets is still not readily determinable.

The State Board of Administration Local Government Investment Pool is a 2a7-like investment pool administered by the State of Florida. At September 30, 2008, investments held in Pool B consist of Corporate Commercial Paper (42.7%), Corporate Notes (55.8%) and Money Market Mutual Funds (1.5%). These short-term investments are included as cash equivalents and are stated at cost, which approximates fair value. GASB Statement No. 40 does not require disclosure of information pertaining to foreign currency risk, custodial credit risk, concentration of credit risk or interest rate risk. These disclosures are not applicable because 2a7-like pools are similar to money market funds where shares are owned in the fund rather than the actual underlying investments. Because Pool B is not rated by a nationally recognized statistical rating agency as of September 30, 2008, credit quality risk is not applicable.

**B. Receivables:**

No allowance provision is deemed necessary by the City as of September 30, 2008, as the City places liens on those properties considered collectible and writes off the balances of those accounts considered uncollectible.

**C. Unearned Revenue:**

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

**D. Capital assets:**

Capital asset activity for the year ended September 30, 2008 was as follows:

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$2,370,228	\$0	\$0	\$2,370,228
Construction in progress	102,380	17,634	(75,000)	45,014
Total capital assets, not being depreciated	<u>2,472,608</u>	<u>17,634</u>	<u>(75,000)</u>	<u>2,415,242</u>
Capital assets, being depreciated:				
Buildings	1,295,200	0	0	1,295,200
Improvements other than buildings	7,463,433	164,089	0	7,627,522
Vehicles and equipment	1,736,043	109,246	(33,593)	1,811,696
Total capital assets, being depreciated	<u>10,494,676</u>	<u>273,335</u>	<u>(33,593)</u>	<u>10,734,418</u>
Less accumulated depreciation for:				
Buildings	(1,052,655)	(34,809)	0	(1,087,464)
Improvements other than buildings	(3,517,293)	(168,555)	0	(3,685,848)
Vehicles and equipment	(1,057,668)	(119,787)	33,593	(1,143,862)
Total accumulated depreciation	<u>(5,627,616)</u>	<u>(323,151)</u>	<u>33,593</u>	<u>(5,917,174)</u>
Total capital assets, being depreciated, net	<u>4,867,060</u>	<u>(49,816)</u>	<u>0</u>	<u>4,817,244</u>
Governmental activities capital assets, net	<u>\$7,339,668</u>	<u>(\$32,182)</u>	<u>(\$75,000)</u>	<u>\$7,232,486</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$414,447	\$0	\$0	\$414,447
Construction in progress	558,771	166,444	(546,501)	178,714
Total capital assets, not being depreciated	<u>973,218</u>	<u>166,444</u>	<u>(546,501)</u>	<u>593,161</u>
Capital assets, being depreciated:				
Buildings	273,743	0	0	273,743
Improvements other than buildings	6,879,425	618,630	0	7,498,055
Vehicles and equipment	736,598	5,465	(20,275)	721,788
Total capital assets, being depreciated	<u>7,889,766</u>	<u>624,095</u>	<u>(20,275)</u>	<u>8,493,586</u>
Less accumulated depreciation for:				
Buildings	(133,474)	(6,842)	0	(140,316)
Improvements other than buildings	(1,781,186)	(234,513)	0	(2,015,699)
Vehicles and equipment	(556,485)	(64,900)	20,275	(601,110)
Total accumulated depreciation	<u>(2,471,145)</u>	<u>(306,255)</u>	<u>20,275</u>	<u>(2,757,125)</u>
Total capital assets, being depreciated, net	<u>5,418,621</u>	<u>317,840</u>	<u>0</u>	<u>5,736,461</u>
Business-type activities capital assets, net	<u>\$6,391,839</u>	<u>\$484,284</u>	<u>(\$546,501)</u>	<u>\$6,329,622</u>

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**Transfer of assets between Governmental Activities and Business-Type Activities:**

No assets were transferred between the governmental and business-type activities during the fiscal year ending September 30, 2008.

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

Governmental activities:	
General government	\$ 36,831
Physical environment	13,455
Transportation	97,379
Public safety	76,549
Culture and recreation	98,937
Total depreciation expense - governmental activities	\$ 323,151
Business-type activities:	
Sanitation	\$ 60,172
Stormwater	61,098
Marina	10,161
John's Pass Village	174,824
Total depreciation expense - business-type activities	\$ 306,255

**E. Construction commitments:**

The City has active construction projects as of September 30, 2008. At year end, the City's commitments with contractors were as follows:

Project	Spent To-Date	Remaining Commitment
Snack Shack Renovation	-	\$46,104
Marina Boat Ramp Construction	-	\$112,300
Total	-	\$158,404

**F. Interfund transfers:**

Transfers to/from other funds for the year ended September 30, 2008 were as follows:

Recipient Fund	Amount	Purpose
General Fund	\$195,800	Transfer from the John's Pass Village fund to reimburse the cost of one Parks Department employee and parking meter revenue that was previously recorded in the general fund.

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**G. Long-term liabilities:**

There are no general obligation or revenue bonds outstanding. Long-term liability activity for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	<u>\$202,320</u>	<u>\$219,607</u>	<u>(\$192,113)</u>	<u>\$229,814</u>	<u>\$22,981</u>
Long-term liabilities	<u>202,320</u>	<u>219,607</u>	<u>(192,113)</u>	<u>229,814</u>	<u>22,981</u>
<b>Business-type activities:</b>					
Compensated absences	<u>37,784</u>	<u>37,217</u>	<u>(\$31,954)</u>	<u>\$43,047</u>	<u>\$4,305</u>
Long-term liabilities	<u>\$37,784</u>	<u>\$37,217</u>	<u>(\$31,954)</u>	<u>\$43,047</u>	<u>\$4,305</u>

Long-term liabilities of governmental activities are generally liquidated by the General Fund.

**H. Restricted assets:**

The balance of restricted assets in the Marina Fund consists of customer deposits for wet slips and dry storage spaces.

**NOTE 5: 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, 2008, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**C. Other postemployment benefits:**

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

**D. Employee retirement systems and pension plans:**

***Florida Retirement System***

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

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

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

Early retirement benefits may also be provided; however, there is a reduction in benefits for each year prior to normal retirement. Generally, membership is compulsory for all full-time and part-time employees. There is no requirement for employees to contribute to the System; the employer pays all contributions.

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

	<u>10/1/2007 - 6/30/2008</u>	<u>7/1/2008 - 9/30/2008</u>
Regular employees - members not qualifying for other classes	9.85%	9.85%
Special Risk Employees - members employed as firefighters	20.92%	20.92%
DROP - members enrolled in the Deferred Retirement Option Program	10.91%	10.91%

The 2008 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 THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

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

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

<u>Fiscal Year Ended</u>	<u>Required Contribution</u>	<u>% Contributed</u>
9/30/2008	\$193,959	100%
9/30/2007	\$201,630	100%
9/30/2006	\$164,812	100%

For a stand-alone report of the Florida Retirement System, contact the Department of Management Services, Division of Retirement, Cedars Executive Center, Building C, 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

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

***General Employee 401(a) Pension Plan***

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

The plan, administered by the ICMA Retirement Corporation, provides for the employer to contribute 9% of earnings. Employees are not required to contribute to this plan; however, each employee directs the investment of his or her account. Employees are eligible to participate after one year of employment, and the vesting schedule provides for employees to be fully vested after five years of service, or upon reaching the plan retirement age of 65 while employed by the City. The plan permits distributions of the vested amount for retirement, death, disability, hardship or direct rollover to another eligible retirement plan. For the year ended September 30, 2008, employer contributions required and made totaled \$93,485 and covered payroll totaled \$1,038,722. Participation in the plan at September 30, 2008 was as follows:

<u>Years of Service</u>	<u>Percent Vested</u>	<u>Number of Employees</u>
5 or more	100%	16
4	0%	3
3	0%	1
2	0%	1
1	0%	2

The City also maintains a defined contribution pension 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.

**CITY OF MADEIRA BEACH, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

It provides for the employer to contribute 10% of the City Manager's base salary. The City Manager is eligible to participate immediately upon employment and is immediately vested. The City has designated a retirement age of 62 for this plan. Distributions of the vested amount for retirement, death, disability, hardship or direct rollover to another eligible retirement plan are permitted.

***Deferred Compensation Plan***

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

**E. Single Audit Act**

The City did not expend more than the \$500,000 single audit threshold for the fiscal year ended September 30, 2008, and therefore it is not subject to the requirements of the Single Audit Act.

**F. Termination Benefits**

The City is not obligated to any past or current employees for termination benefits, such as early-retirement incentives or severance benefits, as of September 30, 2008.

**G. Subsequent Events**

**Sale of Sewer System**

On October 1, 2006, the City sold its sanitary sewer collection and transmission system to Pinellas County. The sale price was based on the net present value of net operating income over the next 20 years, less capital improvement costs to upgrade the system to Pinellas County standards over the next 5 years. On the closing date, Pinellas County paid the City \$2,059,785. The balance of \$465,000 was to be due upon reconstruction of the 132<sup>nd</sup> Avenue lift station to Pinellas County standards. This project was to be completed by Ameris Realty of Florida, LLC, pursuant to a Utilities Relocation Agreement dated March 13, 2006. A disagreement arose between the City and Ameris concerning the Utilities Relocation Agreement. The City filed a lawsuit against Ameris claiming breach of contract, and Ameris filed a motion to dismiss the lawsuit. The City and Ameris subsequently entered into a settlement agreement in October of 2008 wherein the City agreed to accept the sum of \$200,000 as full and final resolution regarding the Utilities Relocation Agreement.

**Broaderick, et al. v. Thomas**

Former Commissioner Art Thomas was a defendant in 11 defamation lawsuits that were filed against him as a result of a letter he wrote to the editor of the *Beach Beacon* newspaper, which was published on January 12, 2006. At the Board of Commissioners' workshop meeting of March 7, 2006, the Board reached a consensus that the City would not provide legal support for Commissioner Thomas, so he then retained legal counsel at his own expense. In June of 2007, a Renewed Motion for Summary Judgment was granted to Mr. Thomas based on his defense of absolute immunity; however, the 11 plaintiffs filed an appeal. The appeal was not successful, and Mr. Thomas' attorney wrote a letter to the City dated October 14, 2008 requesting reimbursement of \$37,113.42 expended by Mr. Thomas for his defense of these lawsuits. On December 9, 2008, the Board approved payment to Mr. Thomas. The entire amount was covered by the City's insurance.

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

**City of Madeira Beach, Florida**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules by Source**  
**September 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 2,370,228	\$ 2,370,228
Buildings	1,295,200	1,295,200
Improvements other than buildings	7,627,522	7,463,433
Vehicles and equipment	1,811,696	1,736,043
Construction in progress	<u>45,014</u>	<u>102,380</u>
Total governmental funds capital assets	<u>\$ 13,149,660</u>	<u>\$ 12,967,284</u>
Investments in governmental funds capital assets by source:		
General fund revenues	\$ 3,465,621	\$ 3,371,502
Special revenue fund revenues	3,437,756	3,350,291
Transfers from enterprise funds	738,074	738,074
Donations	2,412,509	2,404,524
Assets acquired prior to October 1, 1989 from undetermined sources	<u>3,095,700</u>	<u>3,102,893</u>
	<u>\$ 13,149,660</u>	<u>\$ 12,967,284</u>

**City of Madeira Beach, Florida**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**September 30, 2008**

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Vehicles and Equipment</u>	<u>Total</u>
<u>Function and Activity</u>					
General government:					
City Manager	\$ -	\$ -	\$ -	\$ 6,649	\$ 6,649
Community Development	-	-	-	24,380	24,380
Finance	-	-	-	45,622	45,622
City Clerk/Commission	-	-	-	96,129	96,129
Non-Departmental	253,039	711,902	224,673	81,490	1,271,104
Total general government	<u>253,039</u>	<u>711,902</u>	<u>224,673</u>	<u>254,270</u>	<u>1,443,884</u>
Physical environment:					
Public Works	20,413	94,845	5,029,485	320,225	5,464,968
Total physical environment	<u>20,413</u>	<u>94,845</u>	<u>5,029,485</u>	<u>320,225</u>	<u>5,464,968</u>
Public Safety:					
Fire	-	-	-	934,075	934,075
Law Enforcement/Parking	-	-	-	112,846	112,846
Total public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,046,921</u>	<u>1,046,921</u>
Culture and recreation:					
Parks	2,096,776	110,429	1,539,509	118,934	3,865,648
Recreation	-	378,024	833,855	71,346	1,283,225
Total culture and recreation	<u>2,096,776</u>	<u>488,453</u>	<u>2,373,364</u>	<u>190,280</u>	<u>5,148,873</u>
Total governmental funds capital assets	<u>\$ 2,370,228</u>	<u>\$ 1,295,200</u>	<u>\$ 7,627,522</u>	<u>\$ 1,811,696</u>	<u>\$ 13,104,646</u>

**City of Madeira Beach, Florida**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**For the fiscal year ended September 30, 2008**

	<b>Governmental Funds Capital Assets 10/1/2007</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Governmental Funds Capital Assets 9/30/2008</b>
<u>Function and Activity</u>					
General government:					
City Manager	\$ 6,649	\$ -	\$ -	\$ -	\$ 6,649
Community Development	24,380	-	-	-	24,380
Finance	44,272	1,350	-	-	45,622
City Clerk/Commission	93,653	2,476	-	-	96,129
Non-Departmental	<u>1,259,855</u>	<u>11,249</u>	<u>-</u>	<u>-</u>	<u>1,271,104</u>
Total general government	<u>1,428,809</u>	<u>15,075</u>	<u>-</u>	<u>-</u>	<u>1,443,884</u>
Physical environment:					
Public Works	<u>5,409,227</u>	<u>62,934</u>	<u>(7,193)</u>	<u>-</u>	<u>5,464,968</u>
Total physical environment	<u>5,409,227</u>	<u>62,934</u>	<u>(7,193)</u>	<u>-</u>	<u>5,464,968</u>
Public Safety:					
Fire	931,558	27,880	(25,363)	-	934,075
Law Enforcement/Parking	<u>110,126</u>	<u>2,720</u>	<u>-</u>	<u>-</u>	<u>112,846</u>
Total public safety	<u>1,041,684</u>	<u>30,600</u>	<u>(25,363)</u>	<u>-</u>	<u>1,046,921</u>
Culture and recreation:					
Parks	3,861,256	5,429	(1,037)	-	3,865,648
Recreation	<u>1,123,928</u>	<u>159,297</u>	<u>-</u>	<u>-</u>	<u>1,283,225</u>
Total culture and recreation	<u>4,985,184</u>	<u>164,726</u>	<u>(1,037)</u>	<u>-</u>	<u>5,148,873</u>
Total governmental funds capital asset	<u>\$ 12,864,904</u>	<u>\$ 273,335</u>	<u>\$ (33,593)</u>	<u>\$ -</u>	<u>\$ 13,104,646</u>

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
<u>Financial Trends</u>	40
These schedules contain trend information to help the reader understand and assess how the City's financial position has changed over time.	
<u>Revenue Capacity</u>	45
These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate own-source revenues, such as property taxes.	
<u>Debt Capacity</u>	49
These schedules present information to help the reader understand and assess the City's debt burden and its ability to issue additional debt.	
There are no limitations placed upon the amount of debt the City of Madeira Beach may issue by either the City Charter or the City's Code of Ordinances, or by Florida Statutes.	
<u>Demographic and Economic Information</u>	50
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place, and to facilitate comparison of financial statement information over time and among governments.	
<u>Operating Information</u>	52
These schedules contain contextual information about the City's operations and resources to assist readers in using financial statement information to understand and assess the City's economic condition.	

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**City of Madeira Beach, Florida**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities										
Invested in capital assets, net of related debt	*	*	*	*	\$ 4,578,156	\$ 4,791,669	\$ 5,450,410	\$ 6,934,604	\$ 7,353,902	\$ 7,232,486
Restricted	*	*	*	*	-	-	-	-	-	-
Unrestricted	*	*	*	*	<u>4,685,582</u>	<u>5,543,365</u>	<u>6,232,005</u>	<u>5,799,196</u>	<u>9,269,916</u>	<u>10586636</u>
Total governmental activities net assets					<u>\$ 9,263,738</u>	<u>\$ 10,335,034</u>	<u>\$ 11,682,415</u>	<u>\$ 12,733,800</u>	<u>\$ 16,623,818</u>	<u>\$ 17,819,122</u>
Business-type activities										
Invested in capital assets, net of related debt	*	*	*	*	\$ 7,252,316	\$ 8,395,581	\$ 8,405,077	\$ 8,944,507	\$ 6,391,839	\$ 6,329,622
Restricted	*	*	*	*	16,670	20,510	22,528	21,510	19,402	23,183
Unrestricted	*	*	*	*	<u>3,587,687</u>	<u>2,453,551</u>	<u>2,213,111</u>	<u>2,517,282</u>	<u>1,769,729</u>	<u>2281103</u>
Total business-type net assets					<u>\$ 10,856,673</u>	<u>\$ 10,869,642</u>	<u>\$ 10,640,716</u>	<u>\$ 11,483,299</u>	<u>\$ 8,180,970</u>	<u>\$ 8,633,908</u>
Primary government										
Invested in capital assets, net of related debt	*	*	*	*	\$ 11,830,472	\$ 13,187,250	\$ 13,855,487	\$ 15,879,111	\$ 13,745,741	\$ 13,562,108
Restricted	*	*	*	*	16,670	20,510	22,528	21,510	19,402	23,183
Unrestricted	*	*	*	*	<u>8,273,269</u>	<u>7,996,916</u>	<u>8,445,116</u>	<u>8,316,478</u>	<u>11,039,645</u>	<u>12,867,739</u>
Total government net assets					<u>\$ 20,120,411</u>	<u>\$ 21,204,676</u>	<u>\$ 22,323,131</u>	<u>\$ 24,217,099</u>	<u>\$ 24,804,788</u>	<u>\$ 26,453,030</u>

Note:

\* Information not available prior to the implementation of GASB Statement 34.

**City of Madeira Beach, Florida  
Changes in Net Assets  
Last Four Fiscal Years  
(accrual basis of accounting)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>										
Governmental activities:										
General government	*	*	*	*	\$ 1,108,319	\$ 1,194,170	\$ 1,166,824	\$ 1,122,940	\$ 1,813,398	\$ 1,130,296
Physical environment	*	*	*	*	343,827	108,769	199,371	198,930	220,830	257,527
Transportation	*	*	*	*	188,931	328,840	297,571	381,944	496,778	405,240
Public safety	*	*	*	*	1,938,079	1,952,298	2,117,793	2,215,395	2,340,684	2,460,537
Culture and recreation	*	*	*	*	780,703	844,920	924,474	951,054	1,117,355	1,053,540
Total governmental activities expenses	*	*	*	*	<u>4,359,859</u>	<u>4,428,997</u>	<u>4,706,033</u>	<u>4,870,263</u>	<u>5,989,045</u>	<u>5,307,140</u>
Business-type activities:										
Sanitation	*	*	*	*	950,404	951,066	1,039,268	1,084,902	1,151,053	1,165,309
Sewer	*	*	*	*	1,352,345	1,006,931	987,424	952,421	868,932	-
Stormwater	*	*	*	*	128,129	113,462	121,713	160,835	195,439	207,037
Marina	*	*	*	*	387,816	576,235	658,556	716,146	889,377	1,298,083
John's Pass Village	*	*	*	*	222,648	271,285	250,374	277,805	341,919	306,732
Total business-type activities expenses	*	*	*	*	<u>3,041,342</u>	<u>2,918,979</u>	<u>3,057,335</u>	<u>3,192,109</u>	<u>3,446,720</u>	<u>2,977,161</u>
Total government expenses	*	*	*	*	<u>\$ 7,401,201</u>	<u>\$ 7,347,976</u>	<u>\$ 7,763,368</u>	<u>\$ 8,062,372</u>	<u>\$ 9,435,765</u>	<u>\$ 8,284,301</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	*	*	*	*	\$ 21,141	\$ 26,096	\$ 20,025	\$ 9,131	\$ 40,100	\$ 38,353
Physical Environment	*	*	*	*	-	-	500	48,000	10,000	500
Public safety	*	*	*	*	675,264	691,619	669,540	722,257	714,202	750,530
Culture and recreation	*	*	*	*	498,367	519,962	545,478	519,891	508,616	488,054
Operating grants and contributions	*	*	*	*	5,499	20,634	30,699	30,441	31,063	32,268
Capital grants and contributions	*	*	*	*	251,632	374,456	2,885	-	78,795	-
Total governmental activities program revenues	*	*	*	*	<u>1,451,903</u>	<u>1,632,767</u>	<u>1,269,127</u>	<u>1,329,720</u>	<u>1,382,776</u>	<u>1,309,705</u>
Business-type activities:										
Charges for services:										
Sanitation	*	*	*	*	962,388	997,343	971,553	1,091,642	1,177,699	1,207,575
Sewer	*	*	*	*	895,214	925,745	772,814	1,218,377	-	-
Stormwater	*	*	*	*	134,542	147,425	141,715	352,261	359,856	362,219
Marina	*	*	*	*	391,506	528,652	604,709	708,350	877,384	1,203,823
John's Pass Village	*	*	*	*	280,016	239,509	245,889	232,854	288,820	438,714
Operating grants and contributions	*	*	*	*	24	597	2,422	2,426	3,393	4,701
Capital grants and contributions	*	*	*	*	36,996	-	444,675	2,787	198,013	264,537
Total business-type activities program revenues	*	*	*	*	<u>2,700,686</u>	<u>2,839,271</u>	<u>3,183,777</u>	<u>3,608,697</u>	<u>2,905,165</u>	<u>3,481,569</u>
Total government program revenues	*	*	*	*	<u>\$ 4,152,589</u>	<u>\$ 4,472,038</u>	<u>\$ 4,452,904</u>	<u>\$ 4,938,417</u>	<u>\$ 4,287,941</u>	<u>\$ 4,791,274</u>

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	*	*	*	*	\$ (2,907,956)	\$ (2,796,230)	\$ (3,436,906)	\$ (3,540,543)	\$ 3,694,210	\$ 1,195,304
Business-type activities	*	*	*	*	(340,656)	(79,708)	126,442	416,588	(3,302,329)	452,938
Total governmental net expense	*	*	*	*	\$ (3,248,612)	\$ (2,875,938)	\$ (3,310,464)	\$ (3,123,955)	\$ 391,881	\$ 1,648,242
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	*	*	*	*	\$ 1,257,207	\$ 1,501,476	\$ 1,733,117	\$ 2,061,249	\$ 2,417,146	\$ 2,232,709
Franchise and utility taxes	*	*	*	*	918,316	911,971	928,499	1,022,197	1,060,469	1,062,953
Intergovernmental revenues	*	*	*	*	1,149,206	1,170,549	1,231,641	1,233,980	1,209,167	1,240,610
Local business tax receipts					81,245	77,504	73,741	80,141	80,524	84,356
Investment earnings	*	*	*	*	60,588	56,797	155,637	305,879	508,916	272,689
Gain on sale of capital assets	*	*	*	*	14,945	1,633	9,576	2,197	11,970	3,472
Miscellaneous revenues	*	*	*	*	138,677	60,616	108,376	91,555	69,586	100,150
Transfers	*	*	*	*	(248,025)	96,225	543,700	(199,945)	2,942,701	195,800
Transfer of capital assets, net	*	*	*	*	(2,950,705)	(11,675)	-	-	-	-
Total governmental activities	*	*	*	*	421,454	3,865,096	4,784,287	4,597,253	8,300,479	5,192,739
Business-type activities:										
Investment earnings	*	*	*	*	39,397	31,609	69,293	121,535	79,925	43,357
Gain on sale of capital assets	*	*	*	*	2,529	3,555	7,650	720	-	3,025
Miscellaneous revenues	*	*	*	*	130,018	142,063	111,389	103,795	102,002	97,948
Transfers	*	*	*	*	248,025	(96,225)	(543,700)	199,945	(2,942,701)	(195,800)
Transfer of capital assets, net	*	*	*	*	2,950,705	11,675	-	-	-	-
Total business-type activities	*	*	*	*	3,370,674	92,677	(355,368)	425,995	(2,760,774)	(51,470)
Total government	*	*	*	*	\$ 3,792,128	\$ 3,957,773	\$ 4,428,919	\$ 5,023,248	\$ 5,539,705	\$ 5,141,269
<b>Change in Net Assets</b>										
Governmental activities	*	*	*	*	\$ (2,486,502)	\$ 1,068,866	\$ 1,347,381	\$ 1,056,710	\$ 3,694,210	\$ 1,195,304
Business-type activities	*	*	*	*	3,030,018	12,969	(228,926)	842,583	(3,302,329)	452,938
Total government	*	*	*	*	\$ 543,516	\$ 1,081,835	\$ 1,118,455	\$ 1,899,293	\$ 391,881	\$ 1,648,242

Note:

\* Information not available prior to the implementation of GASB Statement 34.

**City of Madeira Beach, Florida**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund										
Reserved	\$ 11,146	\$ 62,257	\$ 104,833	\$ 62,422	\$ 221,432	\$ 183,810	\$ 417,957	\$ 529,754	\$ 676,227	\$ 435,232
Unreserved	<u>2,289,899</u>	<u>2,723,898</u>	<u>2,946,945</u>	<u>3,315,433</u>	<u>3,275,070</u>	<u>3,867,362</u>	<u>3,902,457</u>	<u>4,806,676</u>	<u>7,978,477</u>	<u>9,254,149</u>
Total general fund	<u>\$ 2,301,045</u>	<u>\$ 2,786,155</u>	<u>\$ 3,051,778</u>	<u>\$ 3,377,855</u>	<u>\$ 3,496,502</u>	<u>\$ 4,051,172</u>	<u>\$ 4,320,414</u>	<u>\$ 5,336,430</u>	<u>\$ 8,654,704</u>	<u>\$ 9,689,381</u>
All other governmental funds										
Reserved	\$ 56,277	\$ 984,441	\$ 106,995	\$ 806,419	\$ 400,248	\$ 235,596	\$ 1,509,418	\$ 81,978	\$ 49,487	\$ 2,140
Unreserved, reported in:										
Special revenue funds	<u>1,159,540</u>	<u>277,465</u>	<u>1,065,447</u>	<u>533,464</u>	<u>944,510</u>	<u>1,420,550</u>	<u>583,244</u>	<u>568,297</u>	<u>768,045</u>	<u>1,124,929</u>
Total all other governmental funds	<u>\$ 1,215,817</u>	<u>\$ 1,261,906</u>	<u>\$ 1,172,442</u>	<u>\$ 1,339,883</u>	<u>\$ 1,344,758</u>	<u>\$ 1,656,146</u>	<u>\$ 2,092,662</u>	<u>\$ 650,275</u>	<u>\$ 817,532</u>	<u>\$ 1,127,069</u>

**City of Madeira Beach, Florida**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>										
Taxes	\$ 2,421,339	\$ 2,447,538	\$ 2,523,436	\$ 2,716,090	\$ 2,880,429	\$ 3,130,414	\$ 3,397,444	\$ 3,835,389	\$ 3,477,615	\$ 3,295,662
Licenses and permits	123,199	105,748	131,203	106,576	94,376	91,198	86,073	90,908	100,457	101,810
Intergovernmental revenue	874,842	958,094	3,726,723	1,231,768	959,585	825,895	503,738	1,092,890	1,700,625	1,665,507
Charges for services	213,114	244,135	239,533	238,719	675,233	1,067,660	1,129,927	520,041	727,777	716,605
Fines and forfeitures	113,218	97,914	104,704	104,023	160,828	171,685	118,442	143,871	133,608	150,249
Special assessments	-	-	-	-	87,426	6,501	500	48,000	10,000	500
Investment earnings (1)	-	-	-	-	60,588	56,797	155,637	305,879	508,916	272,689
Miscellaneous revenue	539,856	618,419	582,118	630,101	138,677	61,531	108,376	87,743	69,586	100,150
<b>Total revenues</b>	<b>4,285,568</b>	<b>4,471,848</b>	<b>7,307,717</b>	<b>5,027,277</b>	<b>5,057,142</b>	<b>5,411,681</b>	<b>5,500,137</b>	<b>6,124,721</b>	<b>6,728,584</b>	<b>6,303,172</b>
<b>Expenditures</b>										
General Government	741,844	671,258	719,961	800,594	1,002,911	1,118,056	1,098,861	1,053,569	1,745,631	1,113,760
Physical Environment	112,639	131,268	97,968	113,509	110,652	94,252	175,291	178,268	192,853	233,223
Transportation	132,412	179,939	173,299	187,131	187,462	200,747	179,545	262,726	318,961	237,105
Public Safety	1,651,973	1,667,417	1,881,483	2,028,452	1,822,139	1,909,747	2,030,356	2,146,816	2,268,692	2,353,055
Culture and recreation	650,890	667,571	700,912	729,335	703,370	737,896	803,727	839,961	996,456	947,981
Capital outlay	567,172	623,196	3,573,812	770,709	1,048,819	582,783	1,059,875	1,872,004	675,131	273,106
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,856,930</b>	<b>3,940,649</b>	<b>7,147,435</b>	<b>4,629,730</b>	<b>4,875,353</b>	<b>4,643,481</b>	<b>5,347,655</b>	<b>6,353,344</b>	<b>6,197,724</b>	<b>5,158,230</b>
Excess of revenue over expenditures	428,638	531,199	160,282	397,547	181,789	768,200	152,482	(228,623)	530,860	1,144,942
<b>Other Financing Sources (Uses)</b>										
Transfers in	25,000	-	-	93,085	661,975	96,225	543,700	100,055	3,325,401 (3)	195,800
Transfers out	(63,289)	-	-	(433)	(910,000)	-	-	(300,000)	(382,700)	-
Sale of capital assets (2)	-	-	15,877	3,319	14,945	1,633	9,576	2,197	11,970	3,472
<b>Total other financing sources (uses)</b>	<b>(38,289)</b>	<b>-</b>	<b>15,877</b>	<b>95,971</b>	<b>(233,080)</b>	<b>97,858</b>	<b>553,276</b>	<b>(197,748)</b>	<b>2,954,671</b>	<b>199,272</b>
<b>Net change in fund balances</b>	<b>\$ 390,349</b>	<b>\$ 531,199</b>	<b>\$ 176,159</b>	<b>\$ 493,518</b>	<b>\$ (51,291)</b>	<b>\$ 866,058</b>	<b>\$ 705,758</b>	<b>\$ (426,371)</b>	<b>\$ 3,485,531</b>	<b>\$ 1,344,214</b>
Debt services as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Notes:

- (1) Prior to 2003, Investment earnings were included Miscellaneous Revenue.
- (2) Prior to 2001, Proceeds from the sale of capital assets were included in Miscellaneous Revenue.
- (3) Includes \$3,144,706 transferred from the closure of the sewer fund.

**City of Madeira Beach, Florida**  
**Taxable and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Tax Roll</u>	<u>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</u>	<u>Ratio of Total Taxable Value to Total Estimated Actual Value</u>
1999	1998	\$ 388,761,490	\$ 17,937,280	\$ 406,698,770	\$ 66,237,160	\$ 472,935,930	85.99%
2000	1999	398,643,020	18,197,120	416,840,140	67,408,750	484,248,890	86.08%
2001	2000	434,662,290	18,038,460	452,700,750	77,385,190	530,085,940	85.40%
2002	2001	485,819,860	19,296,310	505,116,170	99,248,750	604,364,920	83.58%
2003	2002	573,192,670	18,769,940	591,962,610	138,279,530	730,242,140	81.06%
2004	2003	684,493,900	18,226,930	702,720,830	179,743,590	882,464,420	79.63%
2005	2004	795,009,700	18,099,150	813,108,850	220,588,710	1,033,697,560	78.66%
2006	2005	986,163,400	19,015,622	1,005,179,022	272,894,490	1,278,073,512	78.65%
2007	2006	1,293,733,749	18,086,020	1,311,819,769	408,428,517	1,720,248,286	76.26%
2008	2007	1,273,943,913	17,068,930	1,291,012,843	354,121,147	1,645,133,990	78.47%

Source:  
Pinellas County Property Appraiser

Note:  
Estimated Actual Value is the "Just Value" of the properties per Chapter 193.011, Florida Statutes, without exemptions.

**City of Madeira Beach, Florida  
Property Tax Rates  
Direct and Overlapping Governments  
Per \$1,000 of Assessed Valuation  
Last Ten Fiscal Years**

Fiscal Year	Tax Roll	City of Madeira Beach Operating Millage	Overlapping Rates				Total
			County	School	Transit District	Other*	
1999	1998	2.2000	5.5380	9.1100	0.6501	2.3691	19.8672
2000	1999	2.2000	5.8540	8.6660	0.6501	2.3042	19.6743
2001	2000	2.2000	6.0040	8.4330	0.6501	2.4032	19.6903
2002	2001	2.2000	6.1410	8.4870	0.6501	2.3162	19.7943
2003	2002	2.2000	6.1410	8.4490	0.6319	2.3162	19.7381
2004	2003	2.2000	6.8010	8.2430	0.6319	1.6562	19.5321
2005	2004	2.2000	6.8010	8.1220	0.6377	1.6557	19.4164
2006	2005	2.1200	6.8010	8.3900	0.6377	1.6555	19.6042
2007	2006	1.9000	5.4700	8.2100	0.6074	2.2678	18.4552
2008	2007	1.7954	5.4562	7.7310	0.5601	1.5121	17.0548

Source:  
Pinellas County Property Appraiser

Notes:  
\*\*Other" includes Pinellas County Planning Council, Juvenile Welfare Board, Southwest Florida Water Management District and Pinellas Anclote River Basin.

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

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

**City of Madeira Beach, Florida  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	2008			1999		
	Assessed Value	Rank	Percentage Total Assessed Valuation	Assessed Value	Rank	Percentage Total Assessed Valuation
HUBBARD PROPERTIES LLC	\$ 13,315,700	1	1.03%	\$ 3,289,700	5	0.81%
919 LAND TRUST	8,423,100	2	0.65%			
POSEIDEN VENTURES LTD	8,210,100	3	0.64%			
BAREFOOT BEACH RESORT SOUTH LLC	7,488,500	4	0.58%			
MADEIRA BEACH CORP LLC	6,944,000	5	0.54%			
SANTA MADEIRA INVESTMENT PARTNERS	6,908,500	6	0.54%			
DAG BROS INC	6,669,900	7	0.52%			
PINES-CARTER FLA INC	6,256,000	8	0.48%	3,740,600	3	0.92%
B C T M GROUP LLC	6,030,000	9	0.47%			
ALL SEASONS RESORT INC	<u>5,859,160</u>	10	<u>0.45%</u>	3,871,900	2	0.95%
AMERICAN GENERAL HOSPITALITY				5,968,700	1	1.47%
CHARLES I. LOCKE TRE				3,465,100	4	0.85%
WILLIAM R. MARSH				3,272,500	6	0.80%
MADEIRA SHOPPING CENTER INC				3,156,900	7	0.78%
COMMODORE BEACH CLUB				3,091,300	8	0.76%
SANDS MADEIRA REALTY INC				2,600,200	9	0.64%
PAUL STRAUBINGER				<u>1,541,000</u>	10	<u>0.38%</u>
Total Assessed Valuation of Ten Largest Taxpayers	76,104,960		5.89%	33,997,900		8.36%
Total Assessed Valuation of Other Taxpayers	<u>1,214,907,883</u>		<u>94.11%</u>	<u>372,700,870</u>		<u>91.64%</u>
Total Assessed Valuation of All Taxpayers	<u>\$ 1,291,012,843</u>		<u>100.00%</u>	<u>\$ 406,698,770</u>		<u>100.00%</u>

Source:  
Pinellas County Property Appraiser

**City of Madeira Beach, Florida  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Tax Roll	Taxable Assessed Valuation	Tax Rate in Mills	Taxes Levied for the Fiscal Year*	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
1999	1998	\$ 406,698,770	2.2000	\$ 894,737	\$ 865,495	96.73%	2,476	\$ 867,971	97.01%
2000	1999	416,840,140	2.2000	917,048	886,239	96.64%	788	887,027	96.73%
2001	2000	452,700,750	2.2000	995,942	964,976	96.89%	6,682	971,658	97.56%
2002	2001	505,116,170	2.2000	1,111,256	1,075,404	96.77%	563	1,075,967	96.82%
2003	2002	591,962,610	2.2000	1,302,318	1,256,645	96.49%	45,724	1,302,369	100.00%
2004	2003	702,720,830	2.2000	1,545,986	1,455,751	94.16%	40,276	1,496,027	96.77%
2005	2004	813,108,850	2.2000	1,788,839	1,692,841	94.63%	56,297	1,749,138	97.78%
2006	2005	1,005,179,022	2.1200	2,130,980	2,004,952	94.09%	122,293	2,127,245	99.82%
2007	2006	1,311,819,769	1.9000	2,492,458	2,294,853	92.07%	102,677	2,397,530	96.19%
2008	2007	1,291,012,843	1.7954	2,317,884	2,130,032	91.90%	-	2,130,032	91.90%

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

Source:  
Pinellas County Tax Collector

**City of Madeira Beach, Florida**  
**Computation of Direct and Overlapping Debt**  
**September 30, 2008**

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City of Madeira Beach</u>	<u>Amount Applicable to City of Madeira Beach</u>
Overlapping: Pinellas County School Board	\$ 34,640,000	1.61%	\$ 558,300
Total Overlapping Debt	34,640,000		558,300
Total Direct Debt	-	100.00%	-
Total Direct and Overlapping Debt	<u>\$34,640,000</u>		<u>\$558,300</u>

The City's share is calculated based on the ratio of the City's taxable value of \$1,291,012,843 to the County's taxable value of \$80,101,483,681 for the 2007 tax roll.

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

**City of Madeira Beach, Florida  
Demographic Statistics  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income</u>	<u>Median Age (3)</u>	<u>Unemployment Rate (4)</u>
1999	4,195	\$29,649	\$ 124,377,555	42.10	2.8%
2000	4,511	\$31,783	143,373,113	44.20	2.7%
2001	4,511	\$32,585	146,990,935	43.00	3.8%
2002	4,521	\$33,361	150,825,081	43.90	4.6%
2003	4,529	\$33,614	152,237,806	44.00	5.2%
2004	4,504	\$35,990	162,098,960	44.20	4.5%
2005	4,510	\$38,530	173,770,300	44.20	3.8%
2006	4,514	\$41,448	187,096,272	44.50	3.4%
2007	4,511	*	*	44.50	4.2%
2008	*	*	*	*	*

\* Data not available

Source: Florida Statistical Abstract 2008

(1) Table 1.25. Data for City of Madeira Beach

(2) Table 5.10. Data for Pinellas County

(3) Table 1.38. Data for Pinellas County.

(4) Table 6.12. Data for Tampa-St. Petersburg-Clearwater Metropolitan Service Area (MSA).

**City of Madeira Beach, Florida  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2008			1999		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment*
Winn Dixie	200	1	5.86%	110	4	
Dag Brothers, Inc.	200	2	5.86%			
Pinellas County Schools (Madeira Beach Elementary and Middle Schools)	195	6	5.71%	165	1	
Publix	175	3	5.13%	125	3	
Broaderick Management Corp.	150	4	4.39%			
Hubbard Enterprises (Friendly Fisherman Restaurant)	145	7	4.25%	151	2	
Sculley's Boardwalk Grille (Restaurant)	120	5	3.51%			
City of Madeira Beach	70	8	2.05%	59	8	
McDonald's	50	9	1.46%	40	10	
U.S. Post Office	35	10	1.03%			
Eurpoa Sea Cruises				105	5	
Santa Madeira Restaurant				80	6	
Holiday Inn Motel				65	7	
Cajun Corporation (Restaurant)				48	9	
Total employment of ten largest employers	1,340		39.25%	948		
Total employment of other employers	2,074		60.75%	*		
Total employment of all employers	3,414		100.00%	*		

\*Data not available

Source:  
Pinellas County Economic Development

**City of Madeira Beach, Florida**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>
General Government	14	12 (1)	13 (2)	13	13	12.5 (3)	13.5 (4)	13 (5)	13	11 (14)
Public Works:										
Administration	3	3	3	3	3	3	3	3	3	4
Streets	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.8	2
Sanitation	9	9	9	9	9	9	9	9	9	9
Sewer	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	0 (13)	0
Stormwater	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	2
Public Safety:										
Fire:										
Firefighters and officers	13	13	13	13	13	13	13	13	13	13
Civilians	1	1	2 (6)	2	2	2	2	2	2	2
Parking Enforcement	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Parks and Recreation	11.5	11.5	12 (7)	12.5 (8)	12.5	15 (9)	15	15	15	14.5 (14)
Municipal Marina	<u>0 (10)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3 (11)</u>	<u>4 (12)</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>3 (14)</u>
<b>Total</b>	<b><u>59</u></b>	<b><u>57</u></b>	<b><u>59.5</u></b>	<b><u>60</u></b>	<b><u>63</u></b>	<b><u>66</u></b>	<b><u>67</u></b>	<b><u>66.5</u></b>	<b><u>65.5</u></b>	<b><u>63</u></b>

Source:  
Adopted Budgets

Notes:

- (1) Community Development Director and one Building Maintenance position eliminated.
- (2) Community Development Director position reinstated.
- (3) Building Maintenance position reduced from full-time to part-time.
- (4) One full-time Building Maintenance position added.
- (5) Part-time Building Maintenance position eliminated.
- (6) Fire Inspector Coordinator position added.
- (7) Part-time Groundskeeper position added.
- (8) Part-time Groundskeeper position upgraded to full-time.
- (9) Full-time Groundskeeper position added.
- (10) Marina operations taken over by a lessee.
- (11) Marina operations resumed by City.
- (12) Building Maintenance position added.
- (13) Net reduction of one employee due to sale of the sewer system to Pinellas County.
- (14) Positions not funded due to budget cuts necessitated by Property Tax Reform.

**City of Madeira Beach, Florida  
Operating Indicators by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>
<b><u>General Government</u></b>										
Building permits issued (1)	545	572	653	663	593	614	731	558	503	456
Occupational Licenses / Local Business Tax receipts issued	853	782	790	852	641	877	832	778	909	836
Checks deposited	*	*	*	*	*	*	5,150	4,983	4,821	4,216
A/P checks issued	*	*	*	*	*	*	2,854	2,723	2,760	2,352
Employees paid										
Direct deposit	*	*	*	*	*	*	1,879	1,865	* (3)	*
Payroll checks issued	*	*	*	*	*	*	547	533	* (3)	*
Purchase orders processed	*	*	438	637	985	947	885	431	429	373
<b><u>Public Safety</u></b>										
<b><u>Police (2)</u></b>										
Arrests made	*	*	519	613	540	490	446	500	592	495
Traffic citations issued	*	*	*	1,227	1,336	1,212	1,221	1,494	2,307	1,776
<b><u>Fire Department</u></b>										
Emergency responses	1,645	1,748	1,696	1,648	1,573	1,594	1,508	1,476	1,430	1,308
Fires and other non-medical emergencies	638	602	792	536	553	717	658	592	587	511
Emergency medical calls	1,007	1,146	904	1,112	1,020	877	850	884	843	797
Inspections completed	*	307	329	457	414	360	330	494	475	218
Parking tickets processed	*	*	*	*	*	*	4,657	6,491	4,548	5,524
<b><u>Public Works</u></b>										
Refuse collected (tons per day)	*	*	*	*	*	21	19	18	18	18

Source:  
Various City departments  
Pinellas County Sheriff's Office

Notes:  
\* Data not available  
(1) Building permits are issued by the Pinellas County Building Department.  
(2) Law Enforcement services are provided by the Pinellas County Sheriff's Office.  
(3) Payroll outsourced during the fiscal year.

**City of Madeira Beach  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></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	1
Police Stations (2)	0	0	0	0	0	0	0	0	0	0
<b>Culture and recreation</b>										
Parkland acreage	12.5	12.5	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
<b>Sewers (3)</b>										
Sanitary sewer lines	16.8	16.8	16.8	16.8	16.8	16.8	17.5	17.5	0	0
Number of lift stations	7	7	7	7	7	7	7	7	0	0
Average daily flow (MGD)	1	0.378	0.608	0.571	0.571	1	0.613	0.613	0	0

Source:  
Various City departments

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

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## **OTHER REPORTS**

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**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 City Commissioners  
City of Madeira Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparisons for those major funds of the City of Madeira Beach, Florida (City), as of and for the year ended September 30, 2008, and have issued our report thereon dated February 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

#### 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*.

This report is intended for the information of the Board of City Commissioners, management, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Randson, Jamison & Cristini, P.L.*

February 20, 2009

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

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

We have audited the financial statements of the City of Madeira Beach, Florida as of and for the fiscal year ended September 30, 2008 and have issued our report thereon dated February 20, 2009.

We conducted our audit in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting. Disclosures in that report, which are dated February 20, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(i)(1)) require that we address in the management letter, if not already addressed in the auditor's report on internal controls and compliance, whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report not otherwise addressed in the auditor's report pursuant to Rule 10.557(3)(b)(2). There were no findings or recommendations made on internal control and compliance issues during the preceding annual financial audit.

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

As required by the Rules of the Auditor General (Section 10.554(1)(i)(3)), the scope of our audit included a review of possible recommendations to improve the local government entity's financial management. In connection with our audit we found no material weakness or reportable conditions involving the entity's financial management.

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

The Rules of the Auditor General (Section 10.554(1)(i)(4)) requires disclosures in the management letter of the following matters if not already addressed in the auditor's report on internal controls and compliance. Violations of laws, regulations, contracts, or grant agreements, or abuse that have occurred or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential.

None of these matters were observed during our audit of the City's financial statements for the fiscal year ended September 30, 2008.

The Rules of the Auditor General (Section 10.554(1)(i)(5)) requires that the management letter include the following.

For matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

- a. Violations of laws, regulations, contracts, or grant agreements, or abuse that have occurred, or are likely to have occurred.
- b. Control deficiencies that are not significant deficiencies, including, but not limited to:
  - 1) Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements).
  - 2) Failures to properly record financial transactions.
  - 3) Inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

None of the above matters were observed during our audit of the City's financial statements for the fiscal year ended September 30, 2008.

The Rules of the Auditor General (Section 10.554(1)(i)(6)) require that the name or official title and legal authority for the primary government and each component unit of the reporting entity as defined in publications cited in Rule 10.553, unless disclosed in the notes to the financial statements.

Legal authority includes the general law, special acts, ordinances, resolutions, or other means by which the local government entity was created and is governed. For county agencies, legal authority disclosure shall include a reference to a county charter, if applicable. This disclosure has been included in the City's Comprehensive Annual financial Report for the fiscal year ended September 30, 2008.

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

The Rules of the Auditor General (Section 10.554(1)(i)(7)(a)) requires that the auditor state whether or not the governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes and identify the specific condition or conditions met. During the course of our audit of the City's financial statements for the fiscal year ended September 30, 2008, we found that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

The Rules of the Auditor General (Section 554(1)(i)(7)(b)) requires a statement as to whether or not the financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the current audit period and, if not, explanations of any significant differences. We determined that the Comprehensive Annual Financial Report for the City for the fiscal year ended September 30, 2008 is in agreement with the financial report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2008.

The Rules of the Auditor General (Section 554(1)(i)(7)(c)) requires the following information regarding the auditor's application of financial condition assessment procedures pursuant to Rule 10.556(7):

- 1) A statement that the auditor applied financial condition assessment procedures pursuant to Rule 10.556(7).

We applied these financial condition assessment procedures and found no deteriorating financial conditions during our audit of the City's financial statements for the fiscal year ended September 30, 2008.

This management letter is intended solely for the information of the City, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than those specified parties.

*Randall, Jamison & Cristine, P.L.*

February 20, 2009

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