

City of Marco Island, Florida



Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 1999

G. Brynjulson

City of Marco Island

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999

PREPARED BY:
DEPARTMENT OF
FINANCE AND ACCOUNTING

Cover Art by Gerry Brynjulson

A resident of Marco Island, Gerry Brynjulson is a well-known artist working primarily in oil and watercolor. His subject matter depicts the scenes found in Southwest Florida and brings to the viewer's attention many interesting and beautiful aspects of plant and animal life.

Mr. Brynjulson has exhibited widely and has won many awards and commendations. An active member of the Art League of Marco Island, Mr. Brynjulson serves on the Fine Arts Council and assists in the planning of outdoor shows and gallery exhibits.

Artwork is provided through cooperation with the Art League of Marco Island.

**CITY OF MARCO ISLAND, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999**

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**CITY OF MARCO ISLAND, FLORIDA
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CITY OF MARCO ISLAND, FLORIDA

City Officials

September 30, 1999

Elected

David E. Brandt, City Council Chairman
John Soldenwagner, City Council Vice-Chairman
Harry Cowin, Councilman
Capt. Ed. R. Day, Councilman
Kjell W. Pettersen, Councilman
Ruth Schuler, Councilwoman
E. Glenn Tucker, Councilman

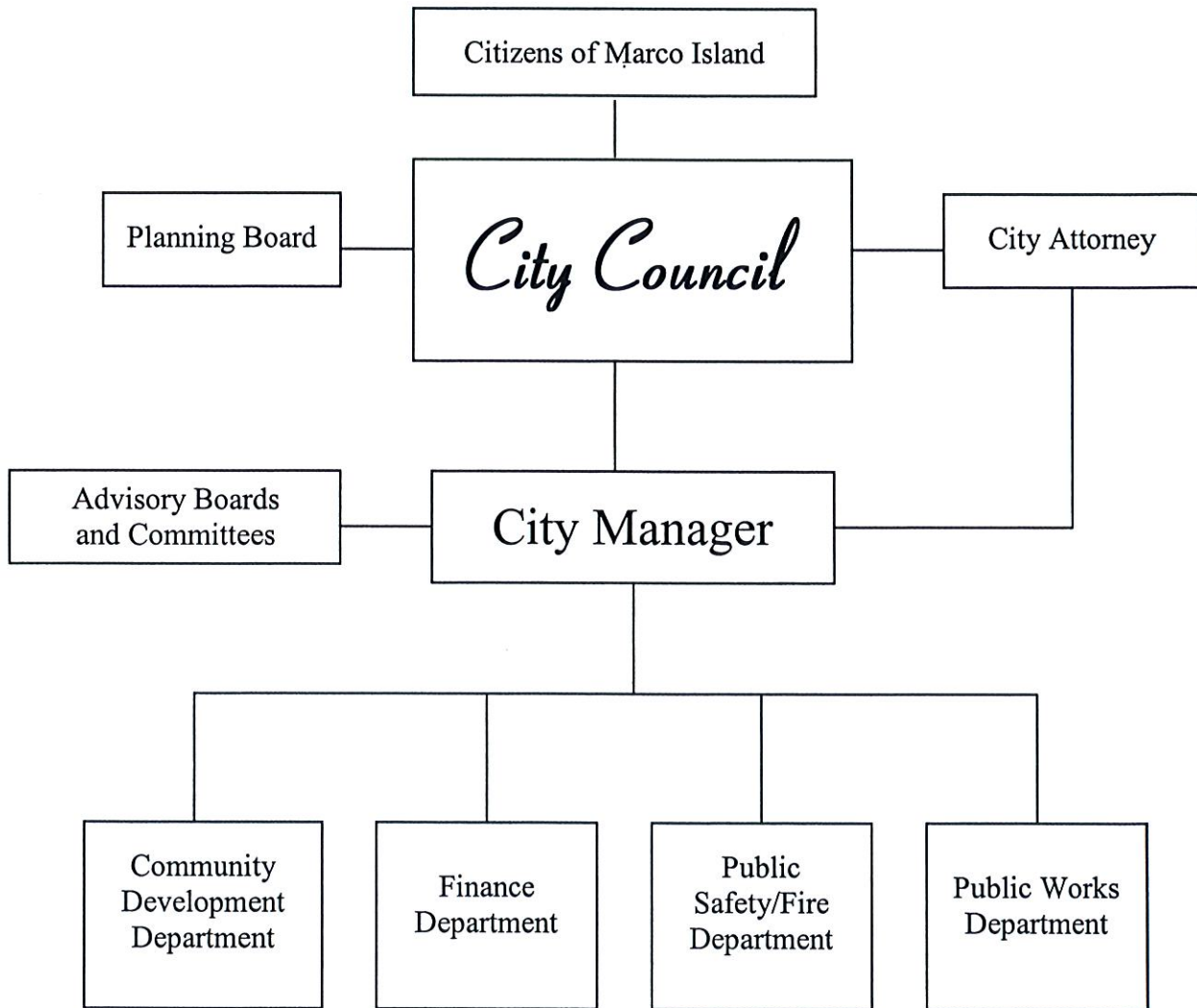
Appointed

A. William Moss, City Manager
Lisa M. Absher, CGFO, Finance Director
K. Greg Niles, Community Development Director
Norman J. Trebilcock, P.E., Public Works Director
Robert G. Boone, Public Safety Director

CITY OF MARCO ISLAND, FLORIDA

Organization Chart

September 30, 1999



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City of Marco Island

April 3, 2000

Honorable Members of the City Council
City of Marco Island, Florida

We are pleased to submit the Comprehensive Annual Financial Report for the City of Marco Island, Florida, for the fiscal year ended September 30, 1999. This is the second year of operations for the City of Marco Island. This report contains a comprehensive analysis of the City's financial position and activities for the period.

RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

This report was prepared by the City's Finance Department following the guidelines recommended by the Government Finance Officers Association of the United States and Canada. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

ORGANIZATION OF THIS REPORT

In accordance with the above-mentioned guidelines, the accompanying report is divided into four major sections:

1. **Introductory Section** – This section introduces the reader to the report and includes the title page, the table of contents, the organization chart, and this transmittal letter.
2. **Financial Section** – The combined financial statements, together with the notes to the financial statements and the independent auditor's opinion, comprise the General Purpose Financial Statements (GPFS). The GPFS are the City's basic

financial statements and provide an overview for users who require less detailed information about the City's finances than is contained in the balance of this report. This section also includes required supplementary information and supporting schedules.

3. Statistical Section – This section includes a number of tables of unaudited data, including information on overlapping governments and demographic and other miscellaneous information.
4. Governmental Auditing Section – This section includes the Management Letter and reports prepared by our auditors in compliance with Government Auditing Standards and Rules of the State of Florida Auditor General.

SIGNIFICANCE OF THE SECOND FISCAL YEAR

The year ended September 30, 1999, is the second fiscal year for the City of Marco Island. The City of Marco Island was incorporated in August of 1997 as Florida's 400th City. Presentation of the Financial Statements for this period represents a unique challenge in that this financial entity has a limited history of one year. During this reporting period the City held its first formal budget hearings and budget process, and established its first formal budget document.

The first fiscal year was considered the City's initial start-up period wherein the basic foundation of an operating local government was established. The second fiscal year ending September 30, 1999, is considered the City's opportunity to prepare financially, and put planning resources into place for a long-term City improvement plan.

ECONOMIC CONDITION AND OUTLOOK

The City of Marco Island is located in the Southwestern portion of the State of Florida and has a permanent population of 12,408, increasing to approximately 34,000 during the peak winter season. The region enjoys a climate that is classified as subtropical. Marco Island is a vacationer's paradise where cold weather is moderated by the warm waters of the Gulf of Mexico and hot summer days are relieved by Gulf breezes.

Marco Island was developed as a planned community of exclusive water-access and waterfront residences with hotels, condominiums, and commercial businesses to support the economic viability of the Island lifestyle. Originally marketed as a winter retreat for people with permanent homes in the north, Marco Island continues to attract a retirement population that is among the most affluent and well educated in the State. Today, the business community primarily provides goods and services to the permanent and visitor population.

Marco Island continues to enjoy the results of a planned, platted, and deed restricted community. Marco Island offers public access to beaches at the north and south end of the Island, and a beach section restricted to Island residents. Beachfront property is

almost exclusively high-density multi-family zoning with tourist-oriented accommodations.

Marco Island benefits from a consistent tourism market where most of our visitors are annual return visitors renting hotel rooms, single-family homes, or condominiums during the January through April tourist season. Although the Island's top taxpayers consist of hotels and shopping centers that rely on the tourist industry, the City of Marco Island relies on commercial properties for only 12% of total property tax revenues.

The long-term economic outlook for the City is positive. The City of Marco Island currently enjoys an exceptionally strong residential real estate market with high growth in new home starts, and home and condominium resales. The City has benefited from an increase in taxable value of 13.3% since the previous year, of which new construction was 4.3%. The City currently benefits from a vigorous resale market where existing homes are selling at higher market values than taxable value, causing favorable increases in the City's tax base. With the current expansion of population in Collier County, plus the increasing popularity of the City of Marco Island as a tourist destination, and the high demand for waterfront properties, this positive trend is expected to continue.

MAJOR INITIATIVES

The second year's objectives were to establish the City's own public works and community development services divisions, as well as assume responsibility for the services previously provided by Collier County for community parks, recreation programs, code enforcement, and building permitting services.

One of the primary objectives of the City's administration during the second fiscal year was to implement a "seamless transition" in services previously provided by the County. Some of those services became effective October 1, 1998, while others evolved over the course of the fiscal year. With previously approved ordinances and staff in place, the Community Development Department was ready to assume full responsibility for planning and zoning, building services, and code enforcement on October 1st. While successfully providing the basic services expected, the Department was also able to develop numerous land development code amendments and complete a thorough draft comprehensive plan.

The Public Works Department gained momentum throughout the year, aided greatly by a series of legislative actions that effectively transferred control of the community parks and rights-of-way to the City. The Department gradually assumed responsibilities for roads and bridges, stormwater management, parks maintenance, beautification, and recreation. Through prudent staffing and out-sourcing, the Department was able to provide desired levels of service to the community. Several important capital improvement projects were initiated during the fiscal year, including a methodical road-resurfacing program, a sidewalk assessment program, key intersection improvements, and stormwater enhancement projects.

The City also utilized the second fiscal year as a time for various long-range planning efforts. Through in-house expertise and qualified consultants, the City produced or substantially completed the following master plans and studies:

1. Master Right-Of-Way Plan.
2. Master Park, Recreation and Open Space Plan.
3. Drainage Master Plan.
4. Bridge Report.

These plans and studies will serve as the cornerstones for a sound Capital Improvement Plan, and provide essential data, analysis, and standards to be included in the City's Comprehensive Plan.

In March 1999, City Council reviewed an implementation plan for the establishment of municipal law enforcement utilizing the public safety concept to the maximum extent feasible. During this period City Council created the Public Safety Department and reserved funds for the implementation of law enforcement within the integrated police and fire department, with the goal of providing uniform patrol by December 31, 1999.

During this reporting period, the City established a fund balance policy, and provided for a sufficient stockpile of reserved funds to fully fund a sufficient fund balance for the future of at least \$2 million.

The second fiscal year ended September 30, 1999, was considered the City's opportunity to prepare financially and put planning resources into place to prepare for the future. The objectives for the coming year are to establish a long-term City improvement plan, and to further refine the City services started during fiscal year 1999.

YEAR 2000

The City of Marco Island had no service interruptions or negative effects from the year 2000 changeover.

THE ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: a) the cost of a control should not exceed the benefits likely to be derived therefrom; and b) the evaluation of costs and benefits requires estimates and judgments by management. The City of Marco Island has established proper internal accounting controls to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City of Marco Island is committed to the highest standards of integrity and excellence in its financial reporting and accounting procedures. The City's internal

control structure and formal accounting procedures are subject to recurring evaluations and improvement by management.

The budget approval process for the City of Marco Island is governed by the Truth In Millage (TRIM) process as established by Florida Statutes. An annual budget is established by ordinance by the governing body on a department level in the general fund, and on a fund level in all other funds.

The City has established standard procedures for budget amendments to control the integrity of the budget system. Budget amendments are prepared by the department director, identifying both the object of expenditure requiring the budget amendment and the source of funds for the amendment. All budget amendments are reviewed by the Finance Director and forwarded to the City Manager. The City Manager has authority to approve budget amendments within each department. All budget amendments between departments or between funds, regardless of the amount, require the approval of the City Council.

During the course of the year, budgetary control was maintained over appropriations of all departments by use of monthly revenue and expenditure reports, which compare budgeted appropriations with actual expenditures and encumbrances and estimated revenues with actual revenues.

The City utilizes the uniform chart of accounts established by the State of Florida for all account names, numbers, and reporting purposes.

THE REPORTING ENTITY AND ITS SERVICES

The financial reporting entity includes all funds and account groups of the City of Marco Island, as well as any component units. The City of Marco Island has no component units. However, the comprehensive annual financial report does include the accounts and transactions of the following entity that does not satisfy the definition of a component unit, since it is not legally separate from the City:

- The City of Marco Island Firefighters' Pension Plan

This report includes all funds and account groups of the City of Marco Island. During its second year of operations, ended September 30, 1999, the City of Marco Island provided general administrative services, fire control, community development, planning and zoning, public works, beautification, recreation, and parks maintenance services. The City does not own or operate a utility.

The City is operated legislatively by a seven-member Council elected at large for four-year staggered terms. The City Manager, as chief executive officer, manages the operations of the City and reports directly to the Council. The Finance Director is the chief fiscal officer and accountant for the City, and reports directly to the City Manager.

FINANCIAL INFORMATION

Summary of financial results: The following schedules present a summary of general fund revenues and expenditures by function for the fiscal year ended September 30, 1999.

General governmental revenues: General fund revenues and other financing sources totaled \$11,919,786 in fiscal year 1999. This is the first year that the City of Marco Island levied its own property taxes, and was responsible for collections of its own revenues and fees. This was an increase in total revenue of 203% over the prior year's revenues that were derived from the combination of property taxes levied by the Marco Island Fire Control District assumed by the City, and the City's State Revenue Sharing Funds.

Revenues and Other Financing Sources:	1999 Total:	% of Total:	1998 Total (Memorandum Only):	% Increase (Decrease) over (under) 1998:
Property Taxes	\$7,031,504	59%	\$2,984,218	136%
Licenses and Permits	1,054,380	9%	22,867	4,511%
Intergovernmental	1,727,424	15%	2,292,319	(25%)
Charges for Services	159,460	1%	15,653	919%
Fines and Forfeitures	59,732	-	2,375	2,415%
Interest and Miscellaneous	<u>1,887,286</u>	<u>16%</u>	<u>553,849</u>	141%
Total Revenues:	\$11,919,786	100%	\$5,871,281	103%

General governmental expenditures: City operating expenses totaled \$7,017,613 in fiscal year 1999. This is an increase in expenditures of 84% of the previous year, due to the addition of City services as described in the preceding section of this letter.

Expenditures and Other Uses:	1999 Total:	% of Total:	1998 Total (Memorandum Only):	% Increase (Decrease) over (under) 1998:
General Government	\$1,231,089	18%	\$ 926,856	33%
Public Safety	3,739,236	53%	2,509,672	49%
Transportation	648,162	9%	83,259	678%
Culture and Recreation	890,758	13%	299,379	198%
Capital Outlay	<u>508,368</u>	<u>7%</u>	<u>-</u>	-
Total Expenditures:	\$7,017,613	100%	\$3,819,166	84%

Fiduciary operations: The City operates a defined benefit pension plan that covers new firefighters hired by the Fire Control District after January 1, 1996. There are four (4)

current participants in this plan that is funded through contributions from the City and the State of Florida. The pension plan has no unfunded pension benefit liability.

Debt administration: The City of Marco Island has no bonded indebtedness at this time. In addition, the City Charter does not specify a legal debt limit for the City. The City is obligated under a lease agreement for the fire department building that has a present value of \$822,844 at an imputed interest rate of 7.6%.

Cash management: In order to maximize the City's potential investment earnings, City surplus funds were invested in Certificates of Deposit and the State Board of Administration Local Investment Pool during the year. Interest earned by the City this year totaled \$370,834. The City invests surplus funds in accordance with the conservative guidelines established by the City Council, as authorized by Florida Statutes.

Risk management: The City maintains a variety of insurance which is designed to provide adequate coverage and to prevent exposure from property, liability or workers' compensation claims. The City had not established a safety program during the reporting period, but considers this an important priority in the near future. In addition, the City is self-insured for health and dental insurance benefits for its employees.

Independent Audit: The City Charter and State Statutes require an annual audit by independent certified public accountants. The firm of Purvis, Gray and Company was selected by the City Council. The auditors' report on the general-purpose financial statement and combining and individual fund statements and schedules are included in the financial section of this report.

Certificate of Achievement: 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 Marco Island, Florida, for our Annual Financial Report for the fiscal year ended September 30, 1998.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial report, whose contents conform to industry standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements: The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the City's Division Directors, Management, external Auditors, and the entire Finance Department staff. In addition, without the interest and support of the members of the City Council, the preparation of this report would not have been possible.

Respectfully submitted,

Lisa M. Absher, CGFO
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Marco Island,
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1998

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.



Cary Brubaker
President

Jeffrey L. Essler
Executive Director

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INDEPENDENT AUDITORS' REPORT

Honorable Chairman and City Council
City of Marco Island
Marco Island, Florida

We have audited the accompanying general-purpose financial statements of the City of Marco Island, Florida as of and for the year ended September 30, 1999. These general-purpose financial statements are the responsibility of the City of Marco Island, Florida's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Marco Island, Florida as of September 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 23, 1999, on our consideration of the City of Marco Island, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The required supplementary information, the supporting schedules, and the schedule of expenditures of federal awards and state financial assistance listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information and schedules have been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, are fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
1727 2nd Street • Sarasota, Florida 34236 • (941) 365-3774 • FAX (941) 365-0238

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Chairman and City Council
City of Marco Island
Marco Island, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

The tables and information included in the statistical section of this report have been summarized by management from the City of Marco Island, Florida's records. Such tables and information have not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, required supplementary information and supporting schedules and, accordingly, we express no opinion on them.

November 23, 1999
Sarasota, Florida

Purvis, Gray and Company

GENERAL-PURPOSE FINANCIAL STATEMENTS

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA**

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Internal Service</u>
Assets and Other Debits			
Cash and Cash Equivalents	\$ 8,548,804	\$ 90,379	\$ 464
Cash With Claims Administrator			4,948
Investments			
Accounts Receivable	116,183		
Contributions Receivable			
Interest Receivable			
Due From Other Governments	80,558		
Inventory	1,826		
Prepaid Items			
Deposits	2,000		
Fixed Assets:			
Land			
Buildings			
Vehicles and Equipment			
Property Held Under Capital Lease			
Amount to be Provided For Retirement of Long-Term Debt			
Total Assets and Other Debits	<u>\$ 8,749,371</u>	<u>\$ 90,379</u>	<u>\$ 5,412</u>

See accompanying notes.

Fiduciary Fund Type Pension Trust	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	1999	1998
	\$ 186,238			\$ 8,825,885
			4,948	14,396
			0	52,731
			116,183	16,516
			0	740
			0	99
			80,558	360,574
			1,826	0
			0	10,992
			2,000	2,000
	\$ 3,821,020		3,821,020	565,000
	1,300,431		1,300,431	150,682
	1,691,951		1,691,951	1,516,273
	1,609,880		1,609,880	1,609,880
		\$ 1,208,016	1,208,016	1,238,988
<u>\$ 186,238</u>	<u>\$ 8,423,282</u>	<u>\$ 1,208,016</u>	<u>\$ 18,662,698</u>	<u>\$ 8,762,765</u>

(Continued)

See accompanying notes.

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA**

	Governmental Fund Types		Proprietary Fund Type
	General	Capital Projects	Internal Service
Liabilities, Fund Equity and Other Credits			
Liabilities			
Accounts Payable	\$ 619,586	\$ 90,379	
Accrued Liabilities			
Deposits			\$ 664
Deferred Revenue	1,117		
Obligation Under Capital Lease			
Estimated Liability For Self-Insurance Losses			32,908
Accrued Compensated Absences			
Total Liabilities	620,703	90,379	33,572
Fund Equity and Other Credits			
Investment in General Fixed Assets			
Retained Earnings (Deficit)			(28,160)
Fund Balances:			
Reserved For Employees' Pension Benefits			
Other Reserves	1,789,434		
Designated	1,125,329		
Undesignated	5,213,905		
Total Fund Equity and Other Credits	8,128,668	0	(28,160)
Total Liabilities, Fund Equity and Other Credits	\$ 8,749,371	\$ 90,379	\$ 5,412

See accompanying notes.

Fiduciary Fund Type Pension Trust	Account Groups		Totals	
	General	General	(Memorandum Only)	
	Fixed Assets	Long-Term Debt	1999	1998
			\$ 709,965	\$ 128,638
			0	151,519
			664	0
			1,117	9,863
		\$ 822,844	822,844	901,736
			32,908	18,651
		385,172	385,172	337,252
<u>\$ 0</u>	<u>\$ 0</u>	<u>1,208,016</u>	<u>1,952,670</u>	<u>1,547,659</u>
	8,423,282		8,423,282	3,841,835
			(28,160)	28,236
186,238			186,238	118,540
			1,789,434	502,578
			1,125,329	0
			5,213,905	2,723,917
<u>186,238</u>	<u>8,423,282</u>	<u>0</u>	<u>16,710,028</u>	<u>7,215,106</u>
<u>\$ 186,238</u>	<u>\$ 8,423,282</u>	<u>\$ 1,208,016</u>	<u>\$ 18,662,698</u>	<u>\$ 8,762,765</u>

(Concluded)

See accompanying notes.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA**

	Governmental Fund Types			Total (Memorandum Only) 1998
	General	Capital Projects	Total 1999	
Revenues				
Taxes	\$ 7,031,504		\$ 7,031,504	\$ 2,984,218
Licenses and Permits	1,054,380		1,054,380	22,867
Intergovernmental	1,727,424		1,727,424	2,292,319
Charges For Services	159,460		159,460	15,653
Fines and Forfeitures	59,732		59,732	2,375
Interest Income	370,834		370,834	155,524
Miscellaneous	1,516,452		1,516,452	398,325
Total Revenues	<u>11,919,786</u>	<u>\$ 0</u>	<u>11,919,786</u>	<u>5,871,281</u>
Expenditures				
Current:				
General Government	1,231,089		1,231,089	926,856
Public Safety	3,739,236		3,739,236	2,509,672
Transportation	648,162		648,162	83,259
Culture and Recreation	890,758		890,758	299,379
Capital Outlay		508,368	508,368	0
(Total Expenditures)	<u>(6,509,245)</u>	<u>(508,368)</u>	<u>(7,017,613)</u>	<u>(3,819,166)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,410,541	(508,368)	4,902,173	2,052,115
Other Financing Sources (Uses)				
Operating Transfers (Out) In	(508,368)	508,368	0	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	4,902,173	0	4,902,173	2,502,115
Fund Balance, October 1	<u>3,226,495</u>	<u>0</u>	<u>3,226,495</u>	<u>1,174,380</u>
Fund Balance, September 30	<u>\$ 8,128,668</u>	<u>\$ 0</u>	<u>\$ 8,128,668</u>	<u>\$ 3,226,495</u>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ALL BUDGETED GOVERNMENTAL FUND TYPES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA**

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues				
Taxes	\$ 6,912,494	\$ 7,031,504	\$ 119,010	\$ 2,984,218
Licenses and Permits	819,150	1,054,380	235,230	22,867
Intergovernmental	1,665,482	1,727,424	61,942	2,292,319
Charges For Services	123,500	159,460	35,960	15,653
Fines and Forfeitures	27,100	59,732	32,632	2,375
Interest Income	193,800	370,834	177,034	155,524
Miscellaneous	1,308,000	1,516,452	208,452	398,325
Total Revenues	<u>11,049,526</u>	<u>11,919,786</u>	<u>870,260</u>	<u>5,871,281</u>
Expenditures				
Current:				
General Government	1,608,557	1,231,089	377,468	926,856
Public Safety	4,287,673	3,739,236	548,437	2,509,672
Transportation	845,931	648,162	197,769	83,259
Culture and Recreation	1,116,378	890,758	225,620	299,379
(Total Expenditures)	<u>(7,858,539)</u>	<u>(6,509,245)</u>	<u>1,349,294</u>	<u>(3,819,166)</u>
Excess of Revenues Over Expenditures	3,190,987	5,410,541	2,219,554	2,052,115
Other Financing Sources (Uses)				
Operating Transfers (Out) In	(1,200,000)	(508,368)	691,632	0
Excess of Revenues Over Expenditures and Other Financing Uses	<u>\$ 1,990,987</u>	4,902,173	<u>\$ 2,911,186</u>	2,052,115
Fund Balance, October 1		3,226,495		1,174,380
Fund Balance, September 30		<u>\$ 8,128,668</u>		<u>\$ 3,226,495</u>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA**

	<u>1999</u>	<u>Total (Memorandum Only) 1998</u>
Operating Revenues	\$ 168,111	\$ 186,836
Operating Expenses		
Insurance Premiums and Fees	66,885	48,712
Claims	<u>157,622</u>	<u>109,888</u>
(Total Operating Expenses)	<u>(224,507)</u>	<u>(158,600)</u>
 Operating (Loss) Income	 (56,396)	 28,236
 Retained Earnings, October 1	 <u>28,236</u>	 <u>0</u>
 Retained Earnings (Deficit), September 30	 <u>\$ (28,160)</u>	 <u>\$ 28,236</u>

See accompanying notes.

STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA

	1999	Total (Memorandum Only) 1998
Cash Flows From Operating Activities		
Operating (Loss) Income	\$ (56,396)	\$ 28,236
Adjustments to Reconcile Operating (Loss) Income to Net Cash (Used In) Provided By Operating Activities:		
Increase in Estimated Liability For Self-Insurance Losses	14,257	18,651
Deposits	664	0
Net Cash (Used In) Provided By Operating Activities	(41,475)	46,887
 Net (Decrease) Increase in Cash and Cash Equivalents	 (41,475)	 46,887
 Cash and Cash Equivalents, October 1	 46,887	 0
 Cash and Cash Equivalents, September 30	 \$ 5,412	 \$ 46,887
 <u>Reconciliation of Cash and Cash Equivalents (Above) to Combined Balance Sheet</u>		
 Captions on Combined Balance Sheet		
Cash and Cash Equivalents	\$ 464	\$ 32,491
Cash With Claims Administrator	4,948	14,396
Total	\$ 5,412	\$ 46,887

See accompanying notes.

**STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA**

	1999	Total (Memorandum Only) 1998
Additions		
Contributions		
Employee	\$ 0	\$ 1,850
Employer	1,017	0
State of Florida	69,046	72,389
Total Contributions	70,063	74,239
Investment Income		
Investment Earnings	2,525	2,113
Total Additions	72,588	76,352
Deductions		
Legal	1,905	4,856
Actuary	0	3,505
Audit	1,500	0
Administrative	1,485	2,834
(Total Deductions)	(4,890)	(11,195)
Net Increase	67,698	65,157
Net Assets Held in Trust For Pension Benefits:		
Beginning of Year	118,540	53,383
End of Year	\$ 186,238	\$ 118,540

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA**

Note 1 - Reporting Entity

The City

The City of Marco Island, Florida (the City) is located on the Gulf of Mexico in the westernmost portion of Collier County. The City operates and is governed by the laws of the State of Florida and its own Charter, which was first adopted by the electorate on August 28, 1997. The Charter provides for a Council/Manager form of government.

Component Units

The City has no component units. However, this report does include the accounts and transactions of the following entity, which does not satisfy the definition of a component unit because it is not legally separate from the City.

- The City of Marco Island Firefighters' Pension Plan (the Firefighters' Pension Plan)

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The City has created several types of funds and account groups. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

- **Governmental Fund Types** are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies and specific revenue sources (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund. The City has no special revenue or debt service funds.
- **Proprietary Fund Types** are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The City has no enterprise funds, but uses the internal service fund to account for the activities in its self-insurance fund.

NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Fund Accounting (Concluded)

- **Fiduciary Fund Types** are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. The City uses the pension trust fund to account for the activities in the Firefighters' Pension Plan.

In addition to the three broad types of governmental funds, the City also maintains **two account groups**. These two account groups are not funds. They are used to maintain accounting control and accountability for the City's general fixed assets (general fixed assets account group) and the unmatured principal of its general long-term obligations (general long-term debt account group).

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The general fund and capital projects fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The internal service fund and pension trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Pension trust fund operating statements present increases (additions) and decreases (deductions) in plan net assets.

Basis of Accounting

The general and capital projects funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual. In order for the revenues to be susceptible to accrual, they must be both measurable and available. "Measurable" means that the amount of the transaction can be determined. "Available" means the revenues must be collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes, impact fees, state-shared revenues and investment earnings are recorded when earned (measurable and available). Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are reported as revenues when received in cash. Expenditures are generally recognized in the

NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)

Note 2 - Summary of Significant Accounting Policies *(Continued)*

Basis of Accounting *(Concluded)*

accounting period in which the related liability is incurred, except that principal and interest on general long-term debt is recognized when due, and accumulated leave time is recognized when paid.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise in governmental fund types when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The internal service fund and the pension trust fund use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Applicable Pronouncements

Proprietary fund types follow all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations;
- Accounting Principles Board (APB) Opinions; and
- Accounting Research Bulletins.

Pursuant to GASB Statement No. 20, the City has elected not to apply all FASB Statements and Interpretations issued after November 30, 1989, to its proprietary fund type activities.

Cash and Investments

Cash and cash equivalents for purposes of the statement of cash flows for the internal service fund includes demand deposits, cash with claims administrator, and state pool investments. Equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less.

Investments are valued at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)

Note 2 - Summary of Significant Accounting Policies *(Continued)*

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. There is no allowance for doubtful accounts at September 30, 1999.

Property, Plant and Equipment

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. Public domain (infrastructure) fixed assets consisting of certain improvements such as roads, sidewalks and bridges are not capitalized as these assets are immovable and of value only to the government. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend its life are not capitalized. Assets in the general fixed assets account group are not depreciated.

Property, plant and equipment in the internal service fund, if any, are capitalized in that fund. Depreciation of exhaustible fixed assets used by this fund is charged as an expense against operations, and accumulated depreciation is reported on the balance sheets of the fund. Depreciation is provided over the estimated useful life of each asset using the straight-line method.

All property, plant and equipment are originally recorded at cost. Property plant and equipment formerly owned by the Marco Island Fire Control District (the Fire Control District), which were acquired by the City upon incorporation and, upon the dissolution of the Fire Control District, are recorded at the Fire Control District's cost or, if donated, at fair value on the date donated. These assets totalled \$3,594,821.

In addition, five parks with land and buildings totalling \$4,255,286 were received from Collier County, Florida during 1999. These assets have been recorded at their estimated value on the date donated.

Long-Term Obligations

Long-term debt is recognized as a liability in a governmental fund type, if due. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund type operations are accounted for in those funds.

Compensated Absences

City firefighters under union contract earn from 216 to 288 hours per year in personal leave time. The amount earned depends upon years of service. City firefighters can accrue up to a maximum of 936 hours. Upon termination, the employee is entitled to all personal leave hours, paid out at the hourly rate upon termination. Other employees have been granted paid leave under terms of their employment.

NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)

Note 2 - Summary of Significant Accounting Policies (Concluded)

Compensated Absences (Concluded)

Full-time City employees earn from 160 to 200 hours annually, based upon years of service, and can accrue up to 720 hours. Upon termination, the employee is entitled to all personal leave hours paid out at the hourly rate upon termination.

Accumulated unpaid vacation and sick pay are accrued when earned in the accompanying balance sheets. Only the portion of the unpaid vacation and sick pay benefits that are to be paid from current assets are accrued in the general fund. The long-term portion of the unpaid sick and vacation pay is reported in the general long-term debt account group as accrued compensated absences. The internal service and pension trust funds have no employees to which paid leave is provided.

Fund Equity

Unreserved retained earnings in the internal service fund represent net assets available for future operations. Reserved retained earnings represent net assets that have been legally restricted for specific purposes.

Unreserved fund balance in the governmental fund type represents that amount available to be budgeted for future operations. Reserved fund balance in the governmental fund type represents the amount that has been legally identified for specific purposes. Designated fund balances represent amounts identified by City management to be used in the future.

The internal service fund has reported a deficit retained earnings balance due to higher than anticipated medical claims.

Pension Costs

The provision for pension costs is recorded on an accrual basis, and the City's policy is to fund pension costs as they accrue.

Columns Captioned "Totals (Memorandum Only)"

Total columns on the combined financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. The data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Minor reclassifications have been made in the 1998 columns to provide more meaningful comparative data.

NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)

Note 4 - Property Taxes (Concluded)

Installment Payments

First Installment	No Later Than June 30, 1998
Second Installment	No Later Than September 30, 1998
Third Installment	No Later Than December 31, 1998
Fourth Installment	No Later Than March 31, 1999

Regular Payments

Discount Periods	November 1998 Through February 1999
No Discount Period	After March 1, 1999
Delinquent Date	April 1, 1999

Note 5 - Deposits and Investments

Deposits

At year end, the carrying amount of the City's deposits was \$8,825,885 and the bank balance was \$9,154,097. All of the City's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

As a result of the provisions of Chapter 280, all cash and time deposits held by banks can be classified as category 1 credit risk (fully insured) as defined in GASB Statement No. 3. Assignment of category 1 credit risk means that the cash and time deposits are fully insured or collateralized.

The City's claims administrator for its self-insurance fund is also holding cash in an account with a financial institution totalling \$4,948 at September 30, 1999. The account is in the City's name and is fully insured under Chapter 280.

Investments

The City's investment practices are also governed by Chapter 280, Florida Statutes, which allows the City to invest in certificates of deposit; money market investments; obligations of the U.S. Treasury, its agencies and instrumentalities; repurchase and reverse repurchase agreements collateralized by U.S. securities; and the State Board of Administration.

**NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)**

Note 5 - Deposits and Investments (Concluded)

Investments (Concluded)

The pension trust fund may also invest in qualified public depositories, or other investments as determined by an investment advisor, retained by the Pension Board, subject to guidelines prescribed by the Pension Board.

Generally accepted accounting principles require that the credit risk of most investments be classified into one of the following three categories:

- **Category 1** - Insured or registered, or securities held by the City or its agent in the City's name.
- **Category 2** - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- **Category 3** - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

The investments in the State Board of Administration - Local Government Surplus Trust Funds Investment Pool cannot be classified within the categories described above because they are not evidenced by securities that exist in physical or book entry form. These amounts totalled \$7,113,775 at September 30, 1999. Following is a listing of other investments held at September 30, 1999:

	Investment Category			Carrying Amount (Market)
	1	2	3	
Repurchase Agreement			\$1,226,000	\$1,226,000
Certificates of Deposit		\$ 494,000		494,000
Total Investments	<u>\$ 0</u>	<u>\$ 494,000</u>	<u>\$1,226,000</u>	<u>\$1,720,000</u>

The investments at the State Board of Administration are included under cash and cash equivalents on the accompanying balance sheet because they are available for immediate withdrawal.

Note 6 - Property, Plant and Equipment

Activity for general fixed assets which are capitalized by the City is summarized below:

	Balance 10/1/98	Additions	(Deductions)	Balance 9/30/99
Land	\$ 565,000	\$ 3,256,020		\$ 3,821,020
Buildings	150,682	1,149,749		1,300,431
Vehicles and Equipment	1,516,273	175,678		1,691,951
Property Held Under Capital Lease	1,609,880			1,609,880
Total	<u>\$ 3,841,835</u>	<u>\$ 4,581,447</u>	<u>\$ 0</u>	<u>\$ 8,423,282</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)

Note 7 - General Long-Term Debt

The City is obligated under certain lease agreements originally between the Fire Control District and other parties. On January 23, 1992, under terms of a Ground Lease, the Fire Control District agreed to lease approximately 1.5 acres of undeveloped land, upon which the current main fire protection facility is located, to First Continental Financial Corporation, Little Rock, Arkansas (FCFC). The lease called for payments of \$1 per year through January 25, 2007, and included up to eight automatic renewal periods of five years each.

Also, on January 23, 1992, the Fire Control District signed an agreement with FCFC (Lessor) which granted Lessor a leasehold estate in the land for the purpose of constructing a 13,000 square foot fire station. This agreement was a Lease/Purchase Option Agreement, where FCFC would lease the fire station and certain other personal property to the Fire Control District for \$88,601, semiannually through January 2007 (unless early terminated, or upon payment of the option price). The option price was established and is pursuant to a fixed schedule, which decreases annually to \$1 on January 2007. The option price at September 30, 1999, was \$844,222 plus accrued interest. Subsequent to the construction of the facility, FCFC assigned their rights to collections under the lease purchase to LaSalle Bank. Upon dissolution of the Fire Control District, the City acquired the Lessee's rights and responsibilities under these leases.

Due to the \$1 purchase option at the end of the lease term, the lease-purchase of the fire station has been accounted for as a capital lease for financial reporting. An asset of \$1,609,880 was recorded in the general fixed assets account group, with a corresponding liability in general long-term debt. The liability is being amortized using an imputed interest rate of 7.60%, the rate implicit in the lease. In January 1994, a prepayment of the liability totalling \$249,040 was made, reducing future minimum lease payments to \$72,976 semiannually.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of September 30, 1999:

Year Ending September 30,	General Long-Term Debt Account Group
2000	\$ 145,953
2001	145,953
2002	145,953
2003	145,953
2004	145,953
2005 and Thereafter	
Total Remaining Minimum Lease	364,879
Lease Payments	1,094,644
(Imputed Interest)	(271,800)
Present Value of Minimum Lease Payments	\$ 822,844

NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)

Note 7 - General Long-Term Debt (Concluded)

Changes in long-term indebtedness for the year ended September 30, 1999, are summarized below:

	<u>Balance 10/01/98</u>	<u>Additions</u>	<u>(Payments and Other Reductions)</u>	<u>Balance 9/30/99</u>
General Long-Term Debt				
Obligations Under Capital				
Leases	\$ 901,736		\$ (78,892)	\$ 822,844
Accrued Compensated Absences	337,252	\$ 47,920		385,172
Total General Long-Term Debt	<u>\$ 1,238,988</u>	<u>\$ 47,920</u>	<u>\$ (78,892)</u>	<u>\$ 1,208,016</u>

Note 8 - Fund Balance Reserves and Designations

Fund balance in the general fund are reserved for the following purposes at September 30, 1999:

Road Construction	\$ 1,128,755
Parks Construction or Operation	128,749
Fire Equipment and Purchases	531,930
Total Reserved Fund Balance	<u>\$ 1,789,434</u>

Fund balance in the general fund are designated for the following purposes at September 30, 1999:

Tax Reduction	\$ 740,157
Accrued Compensated Absences	385,172
Total Designated Fund Balance	<u>\$ 1,125,329</u>

Note 9 - Firefighters' Pension Plan

Plan Description

Full-time firefighters hired after December 31, 1995, are covered by the City's Firefighters' Pension Plan (formerly the Marco Island Fire Control District Firefighters' Pension Plan).

The City is the administrator of the single-employer, defined benefit pension plan (the Plan) that was established by the Fire Control District on December 12, 1995, under Resolution 95-006. Upon dissolution of the Fire Control District, the City assumed all assets and obligations of the Plan. The Plan does not prepare separate financial statements and is included as part (reporting as a pension trust fund) of the City's financial reporting entity since it is not legally separate.

**NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)**

Note 9 - Firefighters' Pension Plan (Continued)

Plan Description (Continued)

As of October 1, 1997 (date of the latest annual actuarial valuation), employee membership data related to the Plan were:

Retirees and Beneficiaries Currently Receiving Benefits	0
Terminated Employees Entitled to Benefits, But Not Yet Receiving Them	0
Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits, But Not Yet Receiving Them	0
	0
 Active Plan Participants	
Vested	0
Nonvested	5
Total Active Plan Participants	5
 Vested Terminated Members	0

The Plan provides retirement benefits, deferred allowances, and death and disability benefits. A participant may retire after reaching the age of 55, with ten or more years of service, or accumulating twenty-five years of service with the City, regardless of age.

Retired employees or their beneficiaries are entitled to pension payments for the longer of ten years or the retirees' remaining life equal to 3% of their final five-year average compensation times the number of years of credited service.

The final five-year average compensation (AFC) is the average annual compensation of the five highest years within the last ten years of service. Compensation includes overtime, but excludes lump-sum payments of unused leave. Maximum annual pension payments to retirees, is 100% of their final five-year average compensation. An additional supplemental benefit is also payable in the monthly amount of \$3 multiplied by credited service.

Early retirement is available at age 50, with ten years of credited service, with the benefit reduced by 3% per year for each year early. Delayed retirement is permitted, with the benefit calculated the same as the normal retirement benefit, but based on credited service and AFC as of the actual retirement date.

Participants are not vested until they reach ten years of service, at which time they become 100% vested. Terminated nonvested employees receive refunds of their accumulated member contributions only. Terminated vested employees receive their vested accrual benefit payable at early (after reduction) or normal retirement.

Pension provisions include disability benefits, whereby a disabled employee is entitled to receive the greater of the normal retirement benefits or a percentage of AFC (42% if service

NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)

Note 9 - Firefighters' Pension Plan *(Continued)*

Plan Description *(Concluded)*

incurred or 25% if nonservice incurred). Pension provisions also include death benefits, whereby the surviving spouse is entitled to receive the vested pension benefit over ten years. Plan amendments are initiated by the Pension Board, and adopted by City Ordinance, after the required public hearings. There were no plan amendments in 1999.

Funding Policy

Participants in the Plan are required to pay 1% of their compensation of the Plan. The State of Florida contributes casualty insurance premium taxes pursuant to Chapter 175, Florida Statutes, and the City contributes the required remaining balance, as determined by the actuary. During 1999, the City paid the required employee contribution totalling \$1,850.

In addition to the employee contribution, the City makes periodic contributions totalling 100% of the actuarially determined amount (after state contributions) annually to the Plan. The City's policy currently is to have actuarial studies conducted every three years. Contributions for the fiscal year ended September 30, 1999, were based on actuarial computations performed for 1998, in the last actuarial report dated October 1, 1997.

For the year ended September 30, 1999, the actuarially determined contribution amount was \$41,924 and the anticipated state contribution was \$52,962 (based on 1998). Accordingly, the required employer contribution for 1999 was \$0. For the year ended September 30, 1999, the City's total covered payroll for participants in the Plan amounted to \$185,000. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan on which contributions to the Plan are based. Total payroll for the City (covered, state retirement system, and uncovered) for the year ended September 30, 1999, was \$2,704,190.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost for the year ended September 30, 1999, was \$0 (the required contribution). The City had no net pension obligation. The annual required contribution for the 1999 fiscal year was based on the 1998 year, and was determined as part of the October 1, 1997, actuarial valuation using the entry age actuarial costs method (with allocation of future normal costs based on earnings and determined by individual). The actuarial assumptions in the October 1, 1997, valuation included: (a) 8% investment rate of return (net of administrative expenses; (b) projected salary increases of 6% per year; and (c) 4.0% rate of inflation. The assumptions included postretirement benefit increases of 3% per year. Market value was used to determine the actuarial value of assets. The unfunded actuarial accrued liability is being amortized as a level dollar amount over thirty years. The remaining amortization period at October 1, 1997, was thirty years (closed basis).

**NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)**

Note 9 - Firefighters' Pension Plan (Concluded)

Three-Year Trend Information

<u>Fiscal Year Ended September 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Pension Obligation</u>
1999	\$0	100.0%	\$0
1998	\$0	100.0%	\$0
1997	\$0	100.0%	\$0

Summary of Significant Accounting Policies and Plan Asset Matters

■ **Basis of Accounting**

The pension trust fund statements are prepared on the accrual basis of accounting. Contributions from the City and the City's employees are recognized as revenue in the period in which employees provide services to the City. Interest and dividend income is recognized when earned by the Plan. Realized gains and losses on the sale of investments held by the Plan are recognized when incurred. Net appreciation in the fair value of investments held by the Plan is recorded as an increase to investment income based on the valuation of investments as of the date of the balance sheet. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

■ **Investments**

Investments in securities are reported at fair value. There are no investments in, loans to, or leases with parties related to the Plan.

Note 10 - Defined Benefit Pension Plan

All full-time employees of the City, which are not eligible for participation in the Firefighters' Pension Plan, are eligible to participate in the Florida Retirement System (the System). This System was created by the Florida Legislature and is a cost-sharing, multiple-employer defined benefit public retirement plan available to governmental units within the state of Florida. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, Division of Retirement, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

Under the System, special risk employees who retire at or after age 55, with ten years of creditable service; and all other employees who retire at or after age 62, with ten years of creditable service; are entitled to a retirement benefit, payable monthly for life, equal to the product of: 1) average monthly compensation in the highest five years of creditable service; 2) creditable service during the appropriate period; and 3) the appropriate benefit percentage. Benefits are fully vested on reaching ten years of service. Vested employees may retire after ten years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits and cost of living adjustments, as established by Florida Statute.

NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Continued)

Note 10 - Defined Benefit Pension Plan (Concluded)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the City are required to contribute 16.45% of the compensation for regular members (10.15% after June 30, 1999) and 25.32% for special risk members (21.16% after June 30, 1999).

The City's (or Fire Control District's) contributions to the System for the years ended September 30, 1999, 1998, 1997, were \$248,618, \$293,947, and \$297,138, respectively, equal to the required contributions for each year.

Note 11 - Operating Lease

On May 1, 1998, the City began leasing office space for City Hall in the SunTrust Center on North Collier Boulevard. Prior to that date, City Hall operated out of the main Fire Department facility. The lease term extends through April 30, 2000, with three one-year renewal options available. The annual base rent for the first and second years of the lease is \$40,000, payable in monthly installments of \$3,333. Rent for the City Council room, located on the fourth floor, is \$100 a month and rental of a "Marco Island City Hall" sign is \$45 a month. Total monthly payments are \$3,478. Rent expense for 1999 was \$40,000. Future minimum lease payments for the year ending September 30, 2000, are \$41,736.

Note 12 - Commitments and Contingencies

Litigation

The City is a party to claims and lawsuits arising in the normal course of business. Management does not expect that these matters will have a material effect on the financial position or results of operations of the City.

Construction Commitments

As of September 30, 1999, the City had the following commitments related to significant unfinished capital projects:

Projects	Expended as of 9/30/99	Remaining Commitment
Road Resurfacing - Phase I (Better Roads)	\$ 28,384	\$ 171,591

NOTES TO FINANCIAL STATEMENTS
CITY OF MARCO ISLAND, FLORIDA
(Concluded)

Note 13 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Beginning in fiscal year 1998, the City implemented a new self-insurance program with reinsurance for its medical and dental coverage.

During 1999, the City purchased commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- General and Automobile Liability
- Commercial Crime

The medical and dental risk management activities are accounted for by the City within its internal service fund. Total expenses for risk management services were \$224,507 in 1999. Following is the change in liabilities for known claims, and incurred but not reported claims, in the internal service fund:

Balance, October 1, 1998	\$ 18,651
Current Year Claims and Changes in Estimate	178,705
(Claims Paid)	<u>(164,448)</u>
Balance, September 30, 1999	<u><u>\$ 32,908</u></u>

The internal service fund is charging other funds of the City for risk management services based on costs incurred subsequent to the implementation of the new program. For 1999, actual costs exceeded interdepartmental charges by \$56,396. That amount will be recovered in future years.

There were no other significant reductions in insurance coverage from 1998 to 1999. In addition, no settlements exceeded insurance coverage in the past three years.

**REQUIRED SUPPLEMENTARY INFORMATION -
(UNAUDITED)**

Year 2000 Disclosure

Pension Trust Fund

Schedule of Funding Progress

Schedule of Employer and State Contributions

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MARCO ISLAND, FLORIDA**

YEAR 2000 DISCLOSURE

The City is currently addressing year 2000 issues relating to its computer systems. The year 2000 issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00." Computer programs must be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the year 2000 issue could affect electronic equipment such as environmental systems, 911 equipment, and security systems containing computer microchips that have date recognition features. In addition, systems with which the City interfaces including depositories, telephone systems, vendors, federal government grantors, federal forfeitures, and state and county government could be affected.

As of the year end, the City had identified its year 2000 critical systems and had subjected them to the following stages of work to address year 2000 issues:

- **Awareness Stage**
Establishing a budget and project plan for dealing with the year 2000 issue.
- **Assessment Stage**
Identifying the systems and components for which year 2000 compliance work is needed.
- **Remediation Stage**
Making changes to systems and equipment.
- **Validation/Testing Stage**
Validating and testing the changes that were made during the remediation stage.

At September 30, 1999, all stages were complete.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. The City cannot assure that it will be year 2000 ready, that the City's remediation efforts will be successful in whole or in part, or that parties with whom the City does business will be year 2000 ready.

**SCHEDULE OF FUNDING PROGRESS
CITY OF MARCO ISLAND FIREFIGHTERS' PENSION PLAN
SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded (Overfunded) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/(c) UAAL as a Percentage of Covered Payroll
10/01/96	\$ 466	\$ 129	\$ (337)	361.2%	\$ 142,309	(0.2%)
10/01/97	53,383	41,289	(12,094)	129.3%	164,716	(7.3%)

Note: Latest valuation was October 1, 1997.

**SCHEDULE OF EMPLOYER AND STATE CONTRIBUTIONS
CITY OF MARCO ISLAND FIREFIGHTERS' PENSION PLAN
SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA**

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution (State)</u>	<u>Percentage Contributed</u>
09/30/96		\$ 0	\$ 0	100.0%
09/30/97	10/01/96	37,780	52,962	140.2%
09/30/98	10/01/97	41,924	72,389	172.7%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 1997
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	8.0%
Projected Salary Increases	6.0%
Inflation Rate	4.0%

GENERAL FUND

The general fund is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1999, WITH COMPARATIVE
ACTUAL AMOUNTS FOR 1998
CITY OF MARCO ISLAND, FLORIDA**

	<u>1999</u>		Variance Favorable (Unfavorable)	<u>1998</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues				
Taxes				
Property Taxes - Current	\$ 6,148,339	\$ 6,243,114	\$ 94,775	\$ 2,368,369
Property Taxes - Delinquent	1,000	5,461	4,461	52,967
Local Option Fuel Tax	552,155	594,965	42,810	562,882
Cable Franchise Fees	211,000	187,964	(23,036)	0
Total Taxes	<u>6,912,494</u>	<u>7,031,504</u>	<u>119,010</u>	<u>2,984,218</u>
Licenses and Permits				
County Occupational Licenses	16,050	28,970	12,920	20,217
Beach Vendor Licenses	2,500	4,775	2,275	0
Building Permits	800,000	1,019,985	219,985	1,500
Special Fire Permits	600	650	50	1,150
Total Licenses and Permits	<u>819,150</u>	<u>1,054,380</u>	<u>235,230</u>	<u>22,867</u>
Intergovernmental				
Federal Grants				
FEMA	866	2,338	1,472	55,263
National Urban and Forestry Grant	7,653	7,653	0	0
DCA Grant	40,000	40,000	0	0
County Mitigation Grant	7,500	7,500	0	0
Total Federal Grants	<u>56,019</u>	<u>57,491</u>	<u>1,472</u>	<u>55,263</u>
State-Shared Revenues				
Cigarette Tax	124,388	114,949	(9,439)	109,450
Municipal Revenue Sharing	190,259	194,370	4,111	214,999
Half-Cent Sales Tax	1,233,640	1,299,438	65,798	1,126,678
Firefighters' Supplemental	4,800	4,800	0	5,200
Total State-Shared Revenues	<u>1,553,087</u>	<u>1,613,557</u>	<u>60,470</u>	<u>1,456,327</u>
Other Shared Revenues				
Beautification	0	0	0	357,236
Beach Renourishment	0	0	0	262,392
Lighting District	0	0	0	161,101
Fire Services Contract	56,376	56,376	0	0
Total Other Shared Revenues	<u>56,376</u>	<u>56,376</u>	<u>0</u>	<u>780,729</u>
Total Intergovernmental	<u>1,665,482</u>	<u>1,727,424</u>	<u>61,942</u>	<u>2,292,319</u>

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1999, WITH COMPARATIVE
ACTUAL AMOUNTS FOR 1998
CITY OF MARCO ISLAND, FLORIDA
(Continued)**

	<u>1999</u>		Variance Favorable (Unfavorable)	<u>1998</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues (Concluded)				
Charges For Services				
General Government	\$ 31,500	\$ 45,244	\$ 13,744	\$ 24
Public Safety	8,000	15,441	7,441	15,254
Culture and Recreation	83,000	97,395	14,395	0
Public Education	1,000	1,380	380	375
Total Charges For Services	<u>123,500</u>	<u>159,460</u>	<u>35,960</u>	<u>15,653</u>
Fines and Forfeitures				
Court Fines	10,000	12,627	2,627	1,875
Other Violations	17,100	47,105	30,005	500
Total Fines and Forfeitures	<u>27,100</u>	<u>59,732</u>	<u>32,632</u>	<u>2,375</u>
Interest Income				
Interest Income	193,800	370,834	177,034	155,524
Miscellaneous				
Rents	0	1,680	1,680	1,615
Impact Fees	1,286,000	1,465,786	179,786	349,010
Sale of Fixed Assets	0	0	0	10,500
Donations	0	672	672	872
Miscellaneous	22,000	48,314	26,314	36,328
Total Miscellaneous	<u>1,308,000</u>	<u>1,516,452</u>	<u>208,452</u>	<u>398,325</u>
Total Revenues	<u>11,049,526</u>	<u>11,919,786</u>	<u>870,260</u>	<u>5,871,281</u>
Expenditures				
Current:				
General Government				
Legislative				
Personal Services	48,695	48,526	169	46,424
Operating Expenses	64,760	24,756	40,004	123,709
Capital Outlay	0	800	(800)	23,754
Total Legislative	<u>113,455</u>	<u>74,082</u>	<u>39,373</u>	<u>193,887</u>

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1999, WITH COMPARATIVE
ACTUAL AMOUNTS FOR 1998
CITY OF MARCO ISLAND, FLORIDA
(Continued)**

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Expenditures (Continued)				
Current: (Continued)				
General Government (Continued)				
Executive				
Personal Services	\$ 306,469	\$ 256,571	\$ 49,898	\$ 215,600
Operating Expenses	53,742	7,160	46,582	96,748
Capital Outlay	7,069	8,686	(1,617)	95,452
Total Executive	<u>367,280</u>	<u>272,417</u>	<u>94,863</u>	<u>407,800</u>
Finance				
Personal Services	144,412	143,361	1,051	50,328
Operating Expenses	73,265	29,298	43,967	9,601
Capital Outlay	11,320	633	10,687	70,254
Total Finance	<u>228,997</u>	<u>173,292</u>	<u>55,705</u>	<u>130,183</u>
Legal				
Operating Expenses	220,000	211,251	8,749	142,899
Community Development				
Personal Services	206,559	200,448	6,111	42,900
Operating Expenses	143,572	61,942	81,630	4,395
Capital Outlay	5,300	5,485	(185)	2,900
Total Community Development	<u>355,431</u>	<u>267,875</u>	<u>87,556</u>	<u>50,195</u>
Other General Government				
Operating Expenses	320,594	219,485	101,109	1,892
Capital Outlay	2,800	12,687	(9,887)	0
Total Other General Government	<u>323,394</u>	<u>232,172</u>	<u>91,222</u>	<u>1,892</u>
Total General Government	<u>1,608,557</u>	<u>1,231,089</u>	<u>377,468</u>	<u>926,856</u>
Public Safety				
Code Compliance				
Personal Services	78,026	74,321	3,705	11,680
Operating Expenses	60,368	39,836	20,532	2,547
Capital Outlay	8,500	4,070	4,430	5,776
Total Code Compliance	<u>146,894</u>	<u>118,227</u>	<u>28,667</u>	<u>20,003</u>
Other Public Safety				
Personal Services	2,170,972	1,970,565	200,407	2,072,784
Operating Expenses	1,137,910	1,086,202	51,708	196,378
Capital Outlay	226,624	61,620	165,004	30,528
Debt Service	145,952	145,952	0	145,953
Total Other Public Safety	<u>3,681,458</u>	<u>3,264,339</u>	<u>417,119</u>	<u>2,445,643</u>

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1999, WITH COMPARATIVE
ACTUAL AMOUNTS FOR 1998
CITY OF MARCO ISLAND, FLORIDA
(Continued)**

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Expenditures (Continued)				
Public Safety (Concluded)				
Building Services				
Personal Services	\$ 291,552	\$ 285,993	\$ 5,559	\$ 19,730
Operating Expenses	118,269	63,694	54,575	2,885
Capital Outlay	49,500	6,983	42,517	21,411
Total Building Services	<u>459,321</u>	<u>356,670</u>	<u>102,651</u>	<u>44,026</u>
Total Public Safety	<u>4,287,673</u>	<u>3,739,236</u>	<u>548,437</u>	<u>2,509,672</u>
Transportation				
Streets and Drainage				
Personal Services	196,457	170,368	26,089	8,291
Operating Expenses	594,885	423,392	171,493	74,968
Capital Outlay	54,589	54,402	187	0
Total Transportation	<u>845,931</u>	<u>648,162</u>	<u>197,769</u>	<u>83,259</u>
Culture and Recreation				
Parks Maintenance				
Operating Expenses	220,049	197,731	22,318	0
Capital Outlay	11,985	19,952	(7,967)	0
Total Parks Maintenance	<u>232,034</u>	<u>217,683</u>	<u>14,351</u>	<u>0</u>
Recreation				
Personal Services	55,750	50,974	4,776	0
Operating Expenses	268,821	215,233	53,588	0
Capital Outlay	11,053	11,874	(821)	0
Total Recreation	<u>335,624</u>	<u>278,081</u>	<u>57,543</u>	<u>0</u>
Beautification				
Operating Expenses	451,976	311,208	140,768	226,028
Capital Outlay	96,744	83,786	12,958	73,351
Total Beautification	<u>548,720</u>	<u>394,994</u>	<u>153,726</u>	<u>299,379</u>
Total Culture and Recreation	<u>1,116,378</u>	<u>890,758</u>	<u>225,620</u>	<u>299,379</u>
(Total Expenditures)	<u>(7,858,539)</u>	<u>(6,509,245)</u>	<u>1,349,294</u>	<u>(3,819,166)</u>

**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 1999, WITH COMPARATIVE
 ACTUAL AMOUNTS FOR 1998
 CITY OF MARCO ISLAND, FLORIDA
 (Concluded)**

	<u>1999</u>			<u>1998</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Excess of Revenues Over Expenditures	\$ 3,190,987	\$ 5,410,541	\$ 2,219,554	\$ 2,052,115
Other Financing (Uses)				
Operating Transfers (Out)	<u>(1,200,000)</u>	<u>(508,368)</u>	<u>691,632</u>	<u>0</u>
Excess of Revenues Over Expenditures and Other Financing Uses	<u>\$ 1,990,987</u>	4,902,173	<u>\$ 2,911,186</u>	2,052,115
Fund Balance, October 1		<u>3,226,495</u>		<u>1,174,380</u>
Fund Balance, September 30		<u>\$ 8,128,668</u>		<u>\$ 3,226,495</u>

ACCOUNT GROUP

Account groups are not funds; they do not reflect available financial resources and related liabilities, but are accounting records of the general fixed assets and the general long-term obligations, respectively.

General Fixed Assets Account Group - This account group is used to maintain control and cost information for all fixed assets other than those accounted for in the proprietary fund types.

**SCHEDULES OF GENERAL FIXED ASSETS BY SOURCE
 SEPTEMBER 30, 1999 AND 1998
 CITY OF MARCO ISLAND, FLORIDA**

	<u>1999</u>	<u>1998</u>
General Fixed Assets		
Land	\$ 3,821,020	\$ 565,000
Buildings and Improvements	1,300,431	150,682
Vehicles and Equipment	1,691,951	1,516,273
Property Held Under Capital Lease	1,609,880	1,609,880
Total General Fixed Assets	<u>8,423,282</u>	<u>3,841,835</u>
 Source		
General Fund Revenue	931,050	614,889
Fire District Taxes	2,626,946	2,626,946
Contributions	4,865,286	600,000
Total Investment in General Fixed Assets	<u>\$ 8,423,282</u>	<u>\$ 3,841,835</u>

**SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA**

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Vehicles and Equipment</u>	<u>Property Held Under Capital Lease</u>	<u>Total</u>
General Government					
City Council			\$ 24,554		\$ 24,554
Executive			52,756		52,756
Finance			70,887		70,887
Community Development	\$ 45,000		8,385		53,385
Other General Government			56,463		56,463
Total General Government	<u>45,000</u>	<u>\$ 0</u>	<u>213,045</u>	<u>\$ 0</u>	<u>258,045</u>
Public Safety					
Code Compliance			9,846		9,846
Public Safety	565,000	150,682	1,361,407	1,609,880	3,686,969
Building Services			28,121		28,121
Total Public Safety	<u>565,000</u>	<u>150,682</u>	<u>1,399,374</u>	<u>1,609,880</u>	<u>3,724,936</u>
Culture and Recreation					
Beautification	83,786		15,000		98,786
Culture and Recreation	3,118,400	1,148,752	11,127		4,278,279
Other Park and Recreation	8,834				8,834
Total Culture and Recreation	<u>3,211,020</u>	<u>1,148,752</u>	<u>26,127</u>	<u>0</u>	<u>4,385,899</u>
Transportation					
Public Works	0	997	53,405	0	54,402
Total General Fixed Assets	<u>\$ 3,821,020</u>	<u>\$ 1,300,431</u>	<u>\$ 1,691,951</u>	<u>\$ 1,609,880</u>	<u>\$ 8,423,282</u>

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA**

	General Fixed Assets 10/1/98	Additions	(Deductions)	(Transfers)	General Fixed Assets 9/30/99
General Government					
City Council	\$ 23,754	\$ 800			\$ 24,554
Executive	87,664	8,686		\$ (43,594)	52,756
Finance	70,254	633			70,887
Community Development	2,900	50,485			53,385
Other General Government		12,869		43,594	56,463
Total General Government	<u>184,572</u>	<u>73,473</u>	<u>\$ 0</u>	<u>0</u>	<u>258,045</u>
Public Safety					
Code Compliance	5,776	4,070			9,846
Public Safety	3,625,349	61,620			3,686,969
Building Services	21,138	6,983			28,121
Total Public Safety	<u>3,652,263</u>	<u>72,673</u>	<u>0</u>	<u>0</u>	<u>3,724,936</u>
Culture and Recreation					
Beautification		98,786			98,786
Culture and Recreation		4,278,279			4,278,279
Other Park and Recreation		8,834			8,834
Total Culture and Recreation	<u>0</u>	<u>4,385,899</u>	<u>0</u>	<u>0</u>	<u>4,385,899</u>
Transportation					
Public Works	5,000	49,402			54,402
Total General Fixed Assets	<u>\$ 3,841,835</u>	<u>\$ 4,581,447</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,423,282</u>

STATISTICAL SECTION (UNAUDITED)

CITY OF MARCO ISLAND, FLORIDA

General Governmental Expenditures By Function (2) (3)

	Fiscal Year 1999:	Fiscal Year 1998:	Fiscal Year 1997 (Memorandum Only): (1)
General Government	\$ 963,214	\$ 876,661	\$ -0-
Community Development	267,875	50,195	-0-
Building Services	356,670	44,026	-0-
Public Safety	3,382,566	2,465,646	2,787,206
Transportation	648,162	83,259	-0-
Parks & Recreation	495,764	-0-	-0-
Beautification	394,994	299,379	-0-
Capital Projects	<u>508,368</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures:	\$7,017,613	\$3,819,166	\$2,787,206

(1) The fiscal year 1997 expenditures for the Marco Island Fire Control District are provided as a memorandum total, only. The Marco Island Fire Control District was dissolved in August, 1997, and its operations and personnel were reorganized as the Fire Department for the City of Marco Island.

(2) The schedule includes expenditures for the City of Marco Island's General Fund and Capital Projects Fund. The total cost of Public Safety includes combined police, fire, and code enforcement.

(3) The City of Marco Island was incorporated in August, 1997. This schedule includes expenses for the City's first and second year of operations; a prior ten years of statistics is not applicable.

CITY OF MARCO ISLAND, FLORIDA

General Governmental Revenues By Source (2) (3)

	Fiscal Year 1999:	Fiscal Year 1998:	Fiscal Year 1997 (Memorandum Only): (1)
Property Taxes (1)	\$7,031,504	\$2,984,218	\$2,303,914
Licenses and Permits	1,054,380	22,867	-0-
Intergovernmental	1,727,424	2,292,319	-0-
Charges for Services	159,460	15,653	8,361
Fines and Forfeitures	59,732	2,375	-0-
Interest and Miscellaneous	<u>1,887,286</u>	<u>553,849</u>	<u>260,436</u>
Total Revenues:	\$11,919,786	\$5,871,281	\$2,572,711

(1) The City of Marco Island did not levy its own property tax for fiscal year 1998. Property tax revenue noted here and in the financial statements for fiscal year 1998 was levied by the Marco Island Fire Control District. This district was dissolved in August, 1997, and its operations and personnel were reorganized as the Fire Department for the City of Marco Island. The prior year's revenues for the Marco Island Fire Control District are provided as a memorandum total only.

(2) The schedule includes revenues for the City of Marco Island's General Fund. Revenues for the Capital Project Fund were funded from the General Fund revenues through an inter-fund transfer.

(3) The City of Marco Island was incorporated in August, 1997. This schedule includes revenue for the City's first and second year of operations; a prior ten years of statistics is not applicable.

CITY OF MARCO ISLAND, FLORIDA

Property Tax Levies and Collections (3)

Assessed January 1,	Total Tax Levy:	Current Tax Collections:	Percent of Current Taxes Collected:	Delinquent Tax Collections:	Total Tax Collections:	Ratio of Total Collections to Total Tax Levy:	Constitutional Officer Commissions and Charges:
1997 (1)	\$2,547,087	\$2,419,717	95.0%	\$1,619	\$2,421,336	95.1%	\$49,812
1998 (2)	\$6,462,356	\$6,243,114	96.6%	\$5,461	\$6,248,575	96.7%	n/a

Source: Collier County Tax Collector

(1) The City of Marco Island did not levy its own property tax for fiscal year 1998. The property taxes collected during fiscal year 1998, assessed on January 1, 1997, were for the Marco Island Fire Control District which was subsequently incorporated into the City of Marco Island. The ratio of tax collections, and fees and charges shown for 1998 were specific to the special district levy and are not expected to continue in the future.

(2) The City of Marco Island was incorporated in August of 1997, and the City's first tax levy was for 1998 (fiscal year 1999). Statistics of prior year's collections for the City of Marco Island are not available. The ratio of the City's tax collections for 1998 are expected to continue in the future.

(3) Outstanding delinquent taxes for the City of Marco Island are not significant.

CITY OF MARCO ISLAND, FLORIDA

Taxable Value of Property (2)

Assessed January 1,	Fiscal Year Ended:	Taxable Values:	Percent Increase Over Prior Year:	Taxable Value of New Construction:
1997 (1)	1998 (3)	\$2,841,082,435	n/a	\$118,283,165
1998	1999	\$3,060,987,023	7.7%	\$ 61,749,131

Source: Collier County Property Appraiser

(1) The City of Marco Island was incorporated in August, 1997. The taxable value of the incorporated City limits for the January 1, 1997 assessment was estimated by the Collier County Property Appraiser.

(2) Property value, taxable value, residential or commercial construction statistics, and bank deposit information is not available.

(3) The property taxes collected during fiscal year 1998 as shown in the financial statements were based on the assessed value for the Marco Island Fire Control District. The taxable value of this district was \$2,894,417,285, which is different than the incorporated City limits.

CITY OF MARCO ISLAND, FLORIDA

Property Tax Rates – Direct and Overlapping Governments (Rates per \$1,000 of Assessed Taxable Value)

Assessed January 1, Fiscal Year Ended	1998 1999	1997 1998
Collier County General Fund	3.5510	3.6813
South Florida Water Management Fund	0.2840	0.2840
Big Cypress Basin	0.2780	0.2780
School Board – State Law	5.9040	5.8340
School Board – Local Board	2.6060	2.5900
Roads & Streets MSTU #1	0.0000	0.1950
Collier County Mosquito Control	0.1953	0.1821
Marco Fire Control District	0.0000	0.8800
Marco Island Street Lighting MSTD	0.0000	0.0564
Collier County Unincorporated Services MSTD	0.0000	0.5721
Marco Island Beautification MSTD	0.0000	0.1670
Collier County Public Parks and Rec. MSTU	0.0495	0.0535
Collier County Water Pollution Control Prgm.	0.0413	0.0452
City of Marco Island General Fund (1)	2.1112	0.0000
Total:	15.0203	14.8186

(1) The City of Marco Island did not levy its own property tax during its first year of operations in fiscal year 1998.

CITY OF MARCO ISLAND, FLORIDA

Summary of Direct and Overlapping Debt (1) As of September 30, 1999

Direct Debt

None

Overlapping Debt (2)

Collier County Parks and Recreation MSTU		
General Obligation Bonds Series 1996 (3)	\$3,000,000	
Percent applicable to City: 8		<u>\$240,000</u>
Total Overlapping Debt		\$240,000

- (1) The City of Marco Island has no bonded indebtedness.
- (2) The City of Marco Island is not responsible for the overlapping debt.
- (3) Collier County's debt is payable from county-wide revenues which includes Marco Island.

CITY OF MARCO ISLAND, FLORIDA

Demographic Statistics (1)

Population:

<u>Year</u>	<u>City of Marco Island (2)</u>	<u>Collier County</u>	<u>State of Florida</u>
1980	4,679	85,971	9,746,400
1990	9,493	152,099	12,937,926
1991	9,863	161,600	13,195,952
1992	10,233	168,514	13,424,416
1993	10,603	174,664	13,608,627
1994	10,973	180,540	13,878,905
1995	11,343	186,504	14,149,317
1996	11,713	193,036	14,411,563
1997	11,805	200,024	14,712,922
1998	12,165	213,439	14,934,950
1999	12,408	219,685	15,322,040
<u>Population Projections</u>			
2000	12,670	* 235,645	15,512,900
2005	14,285	* 270,116	16,757,000

Sources: University of Florida Bureau of Economic and Business Research.
 * Collier County Department of Community Development 1998

Population by Age Group - 1990

<u>Age</u>	<u>City</u>	<u>County</u>
0-14	951	27,258
15-24	592	14,940
25-44	1,851	41,751
45-64	3,097	33,567
65+	3,002	34,583

Source: University of Florida Bureau of Economic and Business Research, 1994.

(1) Other demographic information such as per capita income, school enrollment, education level, and unemployment rate was not available for the City of Marco Island at the time of publication.

(2) Population statistics for the City of Marco Island prior to incorporation are estimated based on the current incorporated City limits.

CITY OF MARCO ISLAND, FLORIDA

Ten Largest Taxpayers As of September 30, 1999

Taxpayer:	Type of Business:	January 1, 1999 Assessed Valuation:	% of Total Assessed Valuation:
1.) City National Bank of Miami, dba Marriott Marco Island Resort	Hospitality	\$73,980,277	2.13%
2.) Marco Beach Hotel, Inc. dba Marco Island Hilton	Hospitality	\$29,201,816	0.84%
3.) Meristar Marco Island Co. dba Marco Island Radisson Hotel	Hospitality	\$25,555,770	0.73%
4.) Point Marco Development Corp. dba Cape Marco	Real Estate Developer	\$7,111,602	0.20%
5.) Island County Club	Golf Course	\$5,888,814	0.16%
6.) Marco Town Center, Inc.	Shopping Center	\$5,588,853	0.16%
7.) Millstein Industries, LLC dba Winn-Dixie Stores	Grocery Store	\$5,423,236	
8.) Tract B, Inc. dba Mission Plaza	Shopping Center	\$5,252,702	0.15%
9.) Marco Shops Joint Venture dba Shops of Marco	Shopping Center	\$4,785,343	0.13%
10.) A & N of Marco, Inc. dba Esplanade	Shopping Center	<u>\$4,568,568</u>	0.13%
Total		\$167,356,981	4.63%

Source: Collier County Property Appraiser

CITY OF MARCO ISLAND, FLORIDA

Miscellaneous Statistical Data

Date of Incorporation	August 28, 1997
Date of Adoption of City Charter	August 28, 1997
Form of Government	Council – Manager
Area	7.4 square miles
Streets	127 centerline miles of paved streets.
Fire Protection:	
Number of Stations	2
Number of employees as of 9/30/99	28
Police Protection:	
Number of employees	0
Employees as of September 30, 1999	83
Election:	
Number of registered voters	9,444
Number of votes cast last election	6,301
Last election	November 6, 1998 by mail-in ballot
Number of street lights	1,550
Number of signalized intersections	7
Number of Bridges	12
Marco Island Beaches:	
Total beach length	5.7 miles
Total area	230 acres
Number of Parks:	
Community	6
Regional	3
Number of Hospitals	0
Number of Schools	1 Elementary School

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*, ISSUED BY THE COMPTROLLER GENERAL
OF THE UNITED STATES; AND THE *RULES OF THE
AUDITOR GENERAL* OF THE STATE OF FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1999
CITY OF MARCO ISLAND, FLORIDA**

<u>Agency/Program Title</u>	<u>Grant Number</u>	<u>State Grant and Aid</u>	<u>Award Amount</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Receivable</u>
<u>Federal Awards</u>						
None						
<u>State Financial Assistance</u>						
Florida Department of Community Affairs, Local Government Comprehensive Planning and Land Development Regulation Assistance Program	99-DR-1F-09-21-02-007	Yes	\$ 40,000	0	\$ 40,000	40,000

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL-PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Chairman and City Council
City of Marco Island
Marco Island, Florida

We have audited the general-purpose financial statements of the City of Marco Island, Florida as of and for the year ended September 30, 1999, and have issued our report thereon dated November 23, 1999, which was unqualified.

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

Compliance

As part of obtaining reasonable assurance about whether the City of Marco Island, Florida's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Marco Island, Florida's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
1727 2nd Street • Sarasota, Florida 34236 • (941) 365-3774 • FAX (941) 365-0238

MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Chairman and City Council
City of Marco Island
Marco Island, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL-PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(Concluded)**

This report is intended solely for the information and use of the Chairman and City Council members, management, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

November 23, 1999
Sarasota, Florida

Purvis, Gray and Company

**INDEPENDENT AUDITORS' REPORT ON EXAMINATION OF MANAGEMENT'S
ASSERTION ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS**

Honorable Chairman and City Council
City of Marco Island
Marco Island, Florida

We have examined management's assertion that the City of Marco Island, Florida (the City) complied with the allowable cost requirements of the grants and aids appropriations identified in the schedule of expenditures of federal awards and state financial assistance, for the year ended September 30, 1999. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City's compliance based on our examination.

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

In our opinion, management's assertion that the City complied with the allowable cost requirements of the grants and aids appropriations identified in the schedule of expenditures of federal awards and state financial assistance during the fiscal year ended September 30, 1999, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Chairman and City Council members, management, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

November 23, 1999
Sarasota, Florida

Purvis, Gray and Company

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MANAGEMENT LETTER

Honorable Chairman and City Council
City of Marco Island
Marco Island, Florida

We have audited the financial statements of the City of Marco Island, Florida, as of and for the fiscal year ended September 30, 1999, and have issued our report thereon dated November 23, 1999, which was unqualified.

We have issued our independent auditors' report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* dated November 23, 1999. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the state of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General* (Section 10.554(1)(e)1.) require that we comment as to whether or not irregularities or certain other matters reported in the preceding annual financial audit report have been corrected. There were no irregularities or such other matters disclosed in the preceding audit report.

The *Rules of the Auditor General* (Section 10.554(1)(e)2.) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. There were two recommendations made in the preceding annual financial audit report, and they have been followed to our satisfaction.

As required by the *Rules of the Auditor General* (Section 10.554(1)(e)3.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the City of Marco Island, Florida, is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the *Rules of the Auditor General* (Section 10.554(1)(e)4.), we determined that the financial information for the City of Marco Island, Florida, for the year ended September 30, 1999, included in the annual City of Marco Island, Florida's financial report filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 1999.

Certified Public Accountants

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Honorable Chairman and City Council
City of Marco Island
Marco Island, Florida

MANAGEMENT LETTER
(Continued)

The *Rules of the Auditor General* (Sections 10.554(1)(e)6., 7., 8., and 9.) require disclosure in the management letter of the following matters if not already addressed in the auditors' report on compliance and on internal control over financial reporting: recommendations to improve financial management, accounting procedures and internal controls; violations of laws, rules, and regulations which may or may not materially affect the financial statements; illegal or improper expenditures which may or may not materially affect the financial statements; improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); failures to properly record financial transactions; and other inaccuracies, irregularities, shortages, and defalcations discovered by the auditor.

Listed below are our observations and recommendations for the current year:

1. Permit Fees

Our review of procedures over the issuance of building permits, indicated that the same City employee was generally responsible for determining the applicability of specific permit and impact fees, calculating and collecting those fees, issuing and recording permits, and depositing cash. For proper accounting controls, the activities of handling cash, calculating fees/issuing permits, and recordkeeping should be segregated. In addition, an appropriate review of completed transactions should be performed periodically by the Department Head. We are available to assist the City in the redesign of procedures, if needed.

2. Self-Insurance Fund

The self-insurance fund is reporting a deficit retained earnings of \$28,160 at September 30, 1999. This means that interfund payments to the self-insurance fund have been less than actual claims and insurance premiums to-date. It is our understanding that the City has addressed this shortfall in the operating budget for fiscal year 2001. In addition, we recommend the City appropriate additional amounts to build adequate reserves in the event of future cost overruns.

3. Accounts Payable

At year-end, amounts related to a number of outstanding purchase orders, were incorrectly included in expenditures and accounts payable at September 30, 1999. For accounting purposes, expenditures are generally recorded in the year the goods are received or the services are provided. Unless your budget policy provides otherwise, commitments not satisfying this expenditure definition in a given year must be re-appropriated in the subsequent year through the budget (or budget amendment) process. We recommend the City Council draft a budget policy which addresses the appropriate treatment for year-end encumbrances.

4. Fixed Assets

All tangible asset acquisitions (except infrastructure), whether purchased or contributed, should be recorded on the City's books. Beginning in 2002, even infrastructure assets will need to be recorded. We recommend the City design procedures to ensure all fixed assets acquisitions are recorded on the City's books, and begin accumulating information for properly recording all infrastructure assets, when required.

Honorable Chairman and City Council
City of Marco Island
Marco Island, Florida

MANAGEMENT LETTER
(Concluded)

The *Rules of the Auditor General* (Section 10.554(1)(e)10.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City of Marco Island, Florida was established in a special election by mail ballot per Florida House of Representatives HB 1729 on August 28, 1997. In addition, the annual financial audit report for the City of Marco Island, Florida also includes the accounts and transactions of the following entity, which does not satisfy the definition of component units because it is not legally separate from the City:

<u>Entity</u>	<u>Presentation</u>
City of Marco Island Firefighters' Pension Plan	Blended

The Firefighters' Pension Plan was established by Resolution 95-006 of the Marco Island Fire Control District, the predecessor entity to the City.

This management letter is intended solely for the information and use of the Chairman and City Council members, management, and the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

November 23, 1999
Sarasota, Florida

Perris, Gray and Company

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City of Marco Island

March 20, 2000

RESPONSE TO AUDIT MANAGEMENT LETTER

Honorable Chairman and City Council
City of Marco Island, Florida

While there were no irregularities, inaccuracies, or material weaknesses in the City's financial reporting operations and internal control components during the Audit of the Financial Reports for the year ended September 30, 1999, the City's Auditors made four observations and recommendations:

Permit Fees

The Building Services Department operates with a limited number of staff to process permits and collect payments. The City is currently working with the Auditing firm to redesign the procedures and develop periodic checks to improve the internal controls and separation of duties in this Department. We expect to have procedures in place to resolve this comment prior to year-end.

Self-Insurance Fund

The City's self-insurance fund for health and dental coverage for the City's employees incurred unusually high losses during the previous fiscal year. Although the City is covered by stop-loss insurance, the aggregate claims resulted in a deficit retained earnings for this fund. The City has increased the contributions charged to the participating employees for fiscal year 1999-2000 in order to overcome this shortfall and rebuild the fund balance.

Accounts Payable

The City incurred a number of outstanding payables as of 9/30/99 due to projects and purchases made for the Public Safety Department and the Capital Improvement Projects Fund that were not completed until after year-end close. A budget amendment has been made to re-appropriate these funds for the current fiscal year. This situation was due to start-up activities in these departments and is not expected to recur.

Fixed Assets

The City is currently preparing for the changes in fixed asset accounting effective in 2002.

The City of Marco Island is committed to the highest standards of integrity and excellence in its financial reporting and accounting procedures. All audit comments and suggestions have been accepted and incorporated into our accounting procedures.

Sincerely,


A. William Moss
City Manager

