

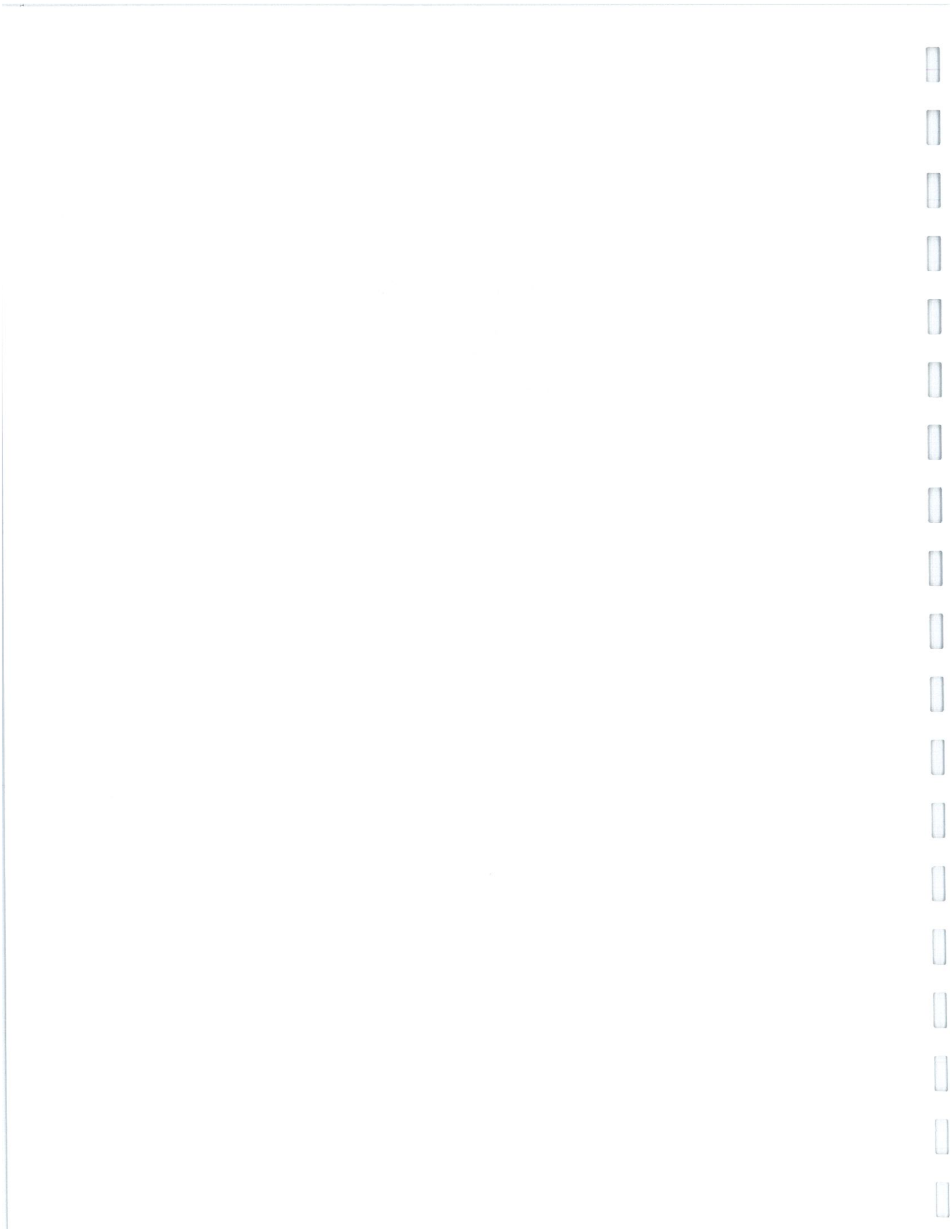
City
of
Marco Island,
Florida

Comprehensive Annual
Financial Report
For the Fiscal Year
Ended September 30, 2000

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2000**

CITY OF MARCO ISLAND, FLORIDA



**CITY OF MARCO ISLAND, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2000**

CONTENTS

Page

Independent Auditors' Report

General-Purpose Financial Statements

- Combined Balance Sheet - All Fund Types and Account Groups
- Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types
- Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types
- Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types - Internal Service Fund
- Statement of Cash Flows - All Proprietary Fund Types - Internal Service Fund
- Statement of Changes in Plan Net Assets - Pension Trust Fund
- Notes to Financial Statements

Required Supplementary Information (Unaudited)

- Pension Trust Funds:
 - Schedule of Funding Progress
 - Schedule of Employer and State Contributions

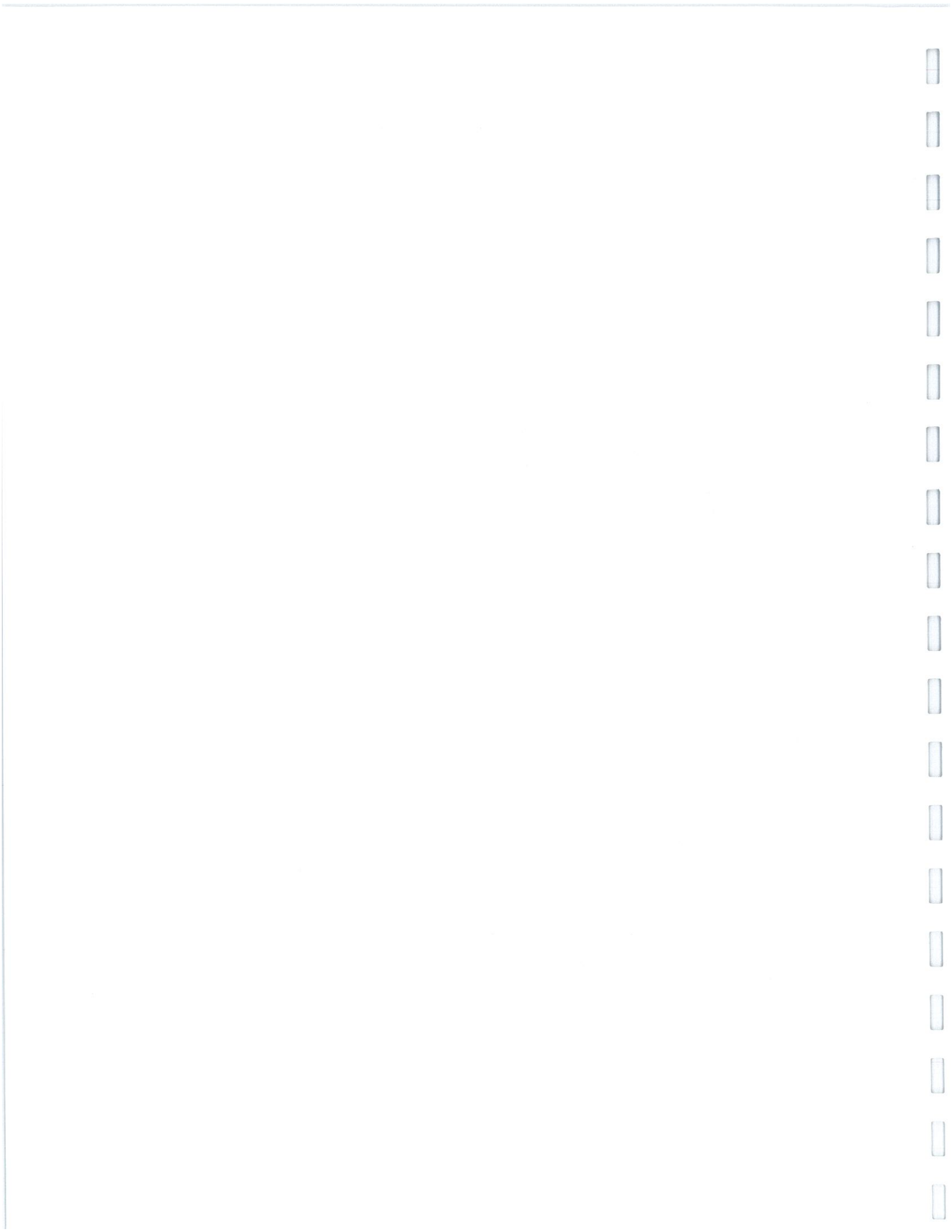
Supporting Schedules

General Fund

- Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Account Group

- Schedules of General Fixed Assets By Source
- Schedule of General Fixed Assets By Function and Activity
- Schedule of Changes in General Fixed Assets By Function and Activity



CITY OF MARCO ISLAND, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2000

CONTENTS
(Concluded)

Page

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

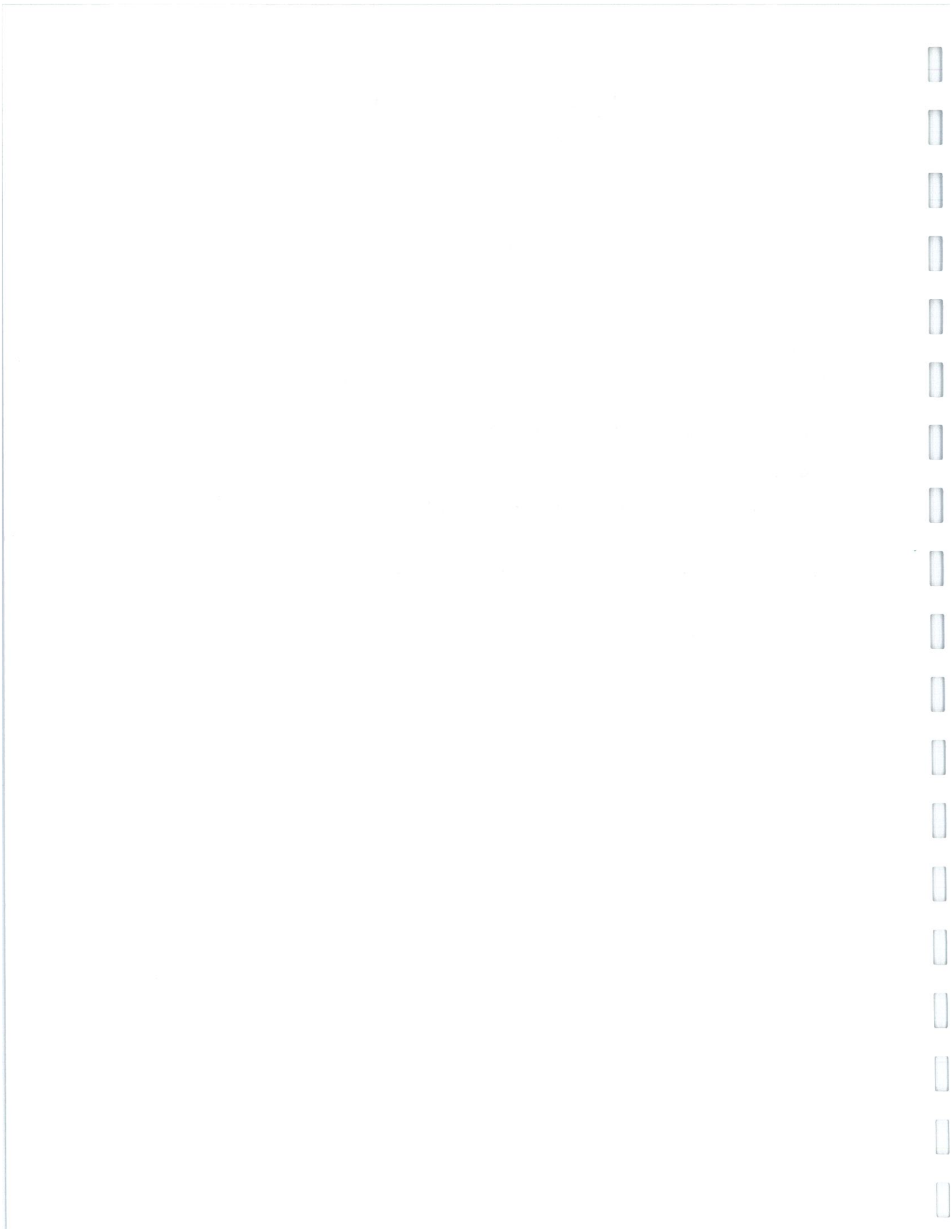
Schedule of Expenditures of Federal Awards and State Financial Assistance

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*

Independent Auditors' Report on Examination of Management's Assertion About Compliance With Specified Requirements

Management Letter

Management Response



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, 2000. 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.

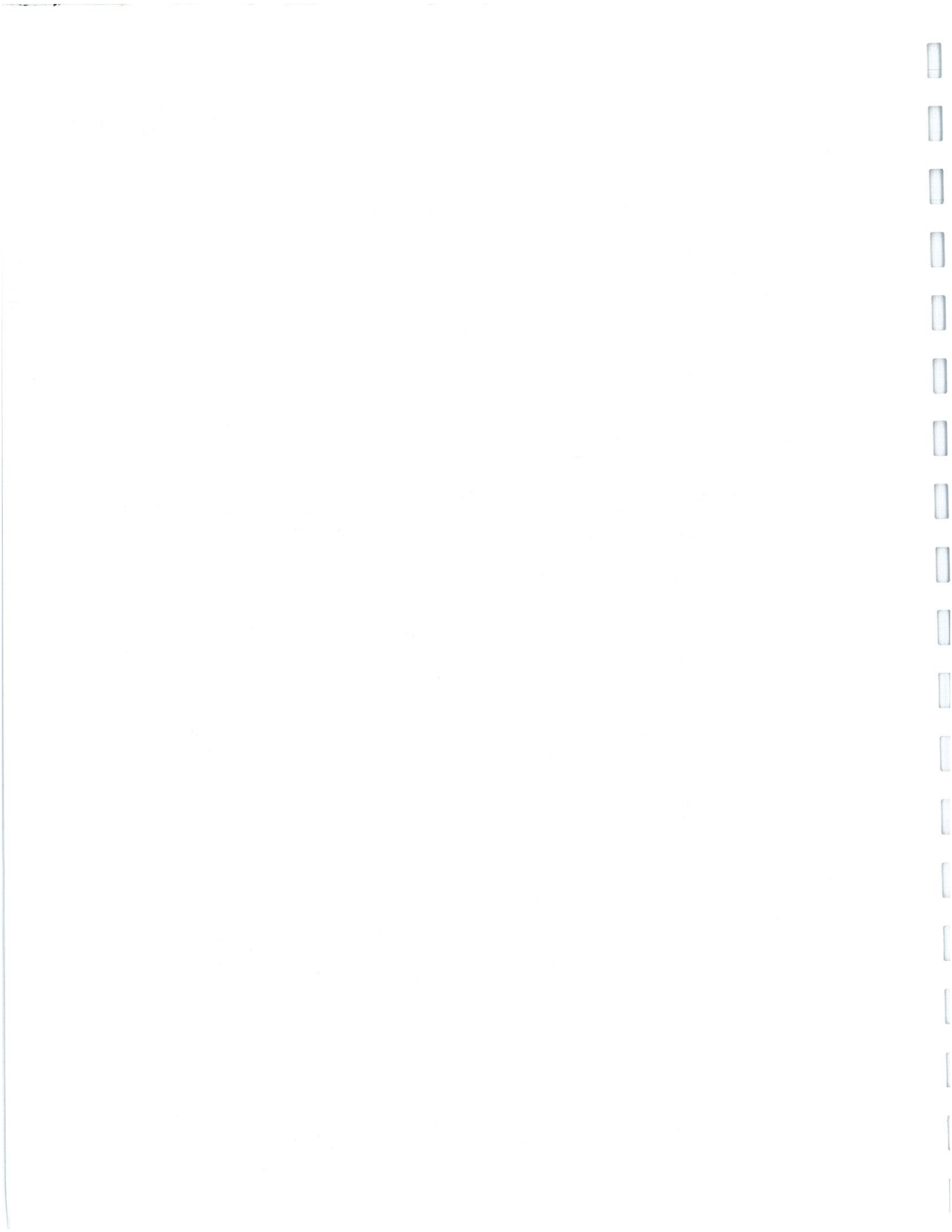
In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Marco Island, Florida as of September 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2000, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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



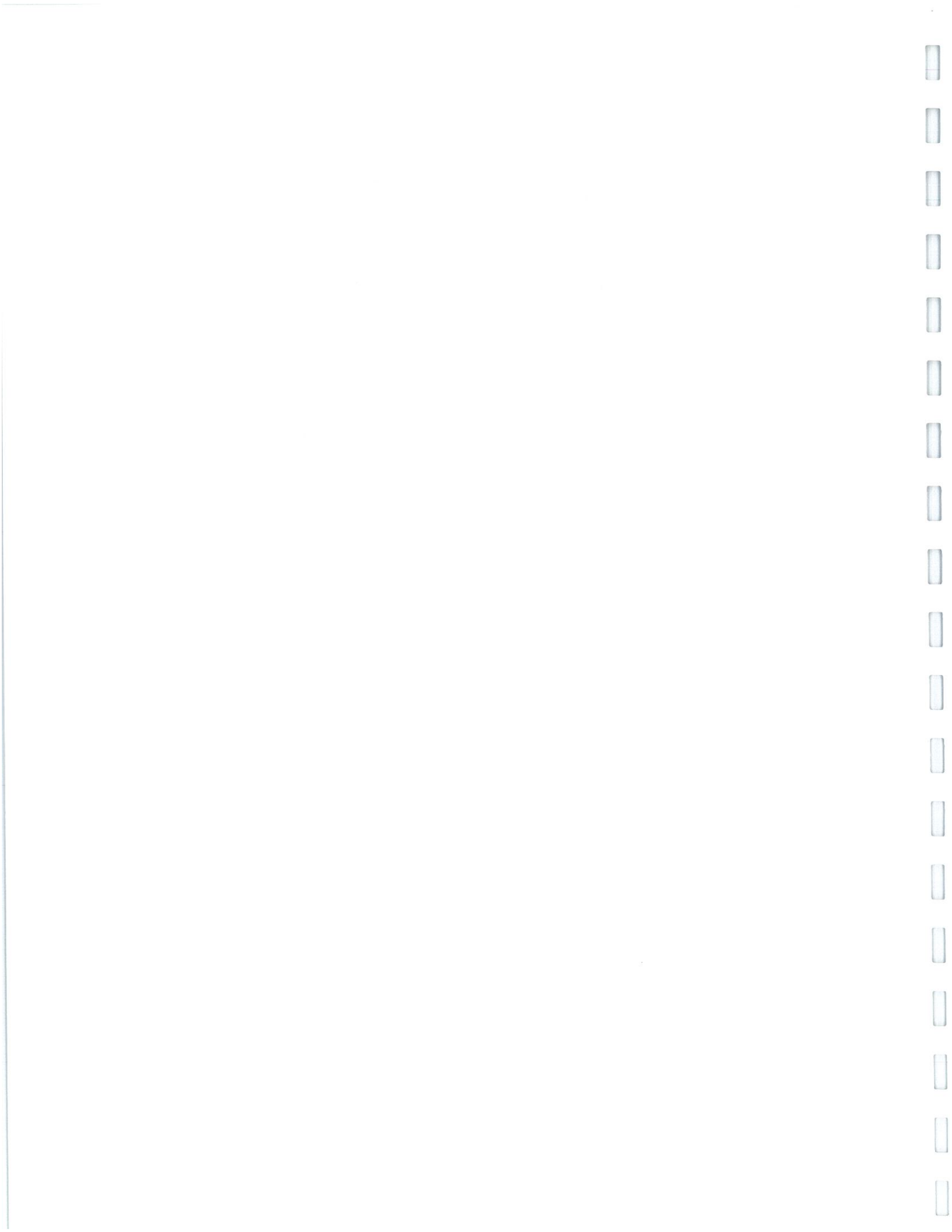
Honorable Chairman and City Council
City of Marco Island
Marco Island, Florida

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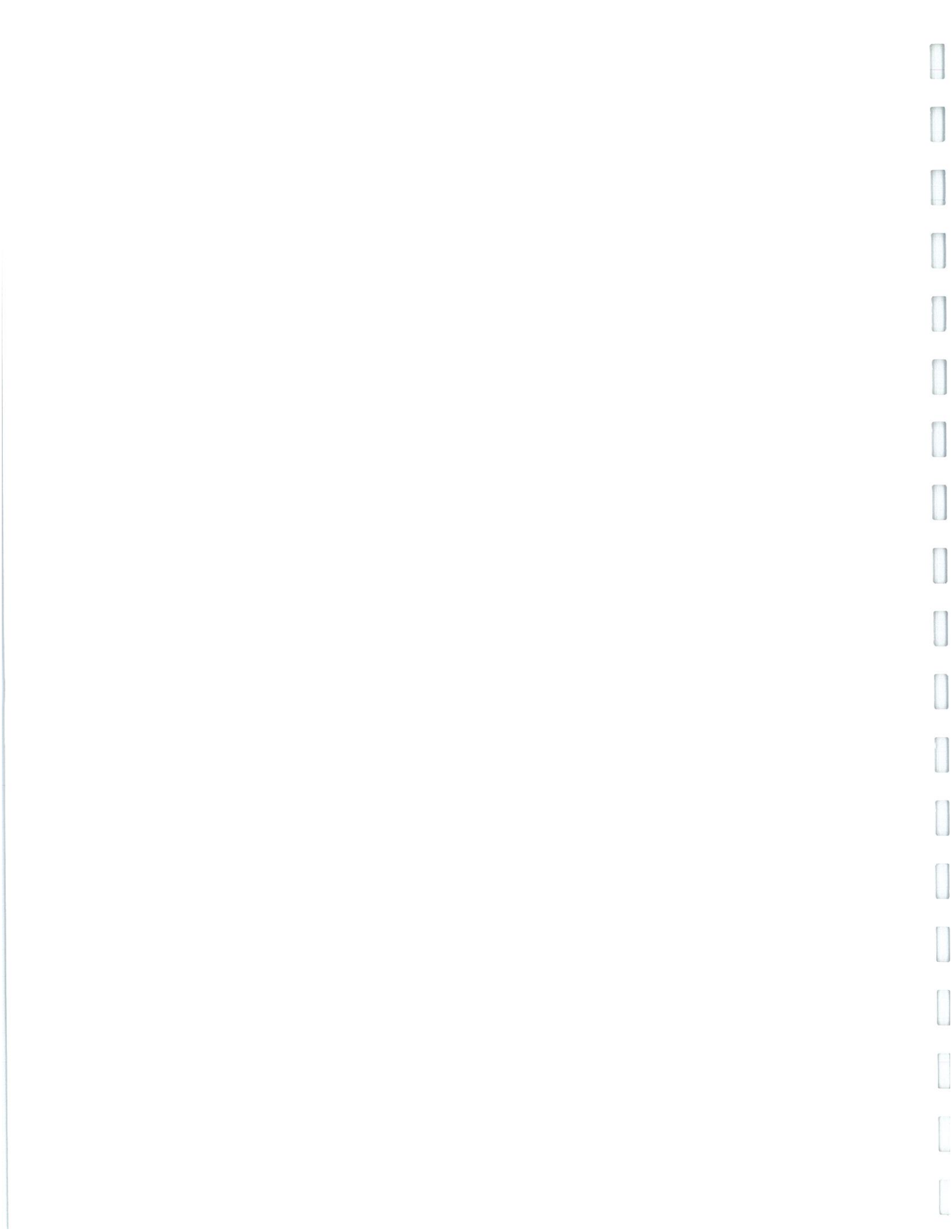
The tables and information included in the statistical section of this report have been summarized by management from the City of Marco Island, Florida's records. Such tables and information have not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements,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

November 8, 2000
Sarasota, Florida

Purvis, Gray and Company



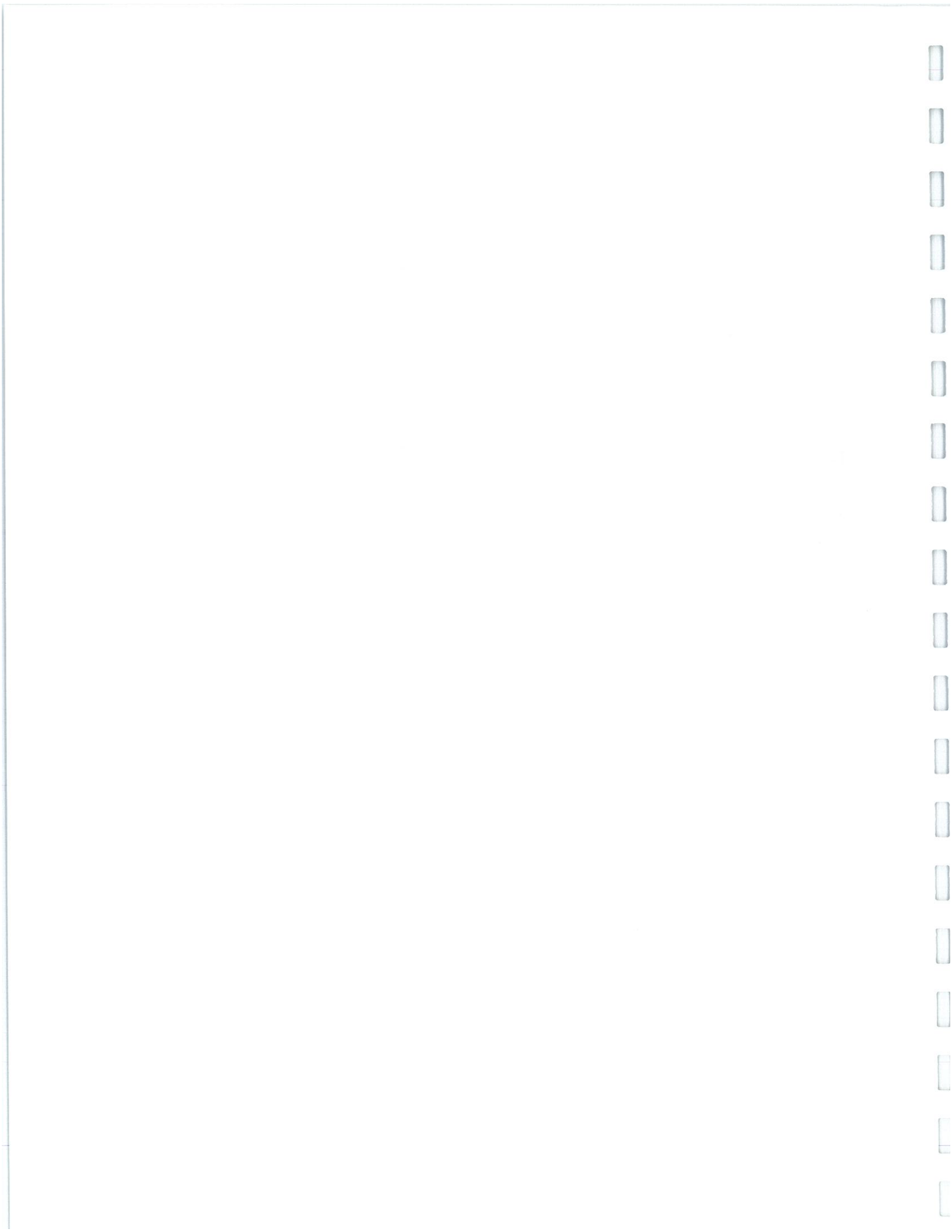
GENERAL-PURPOSE FINANCIAL STATEMENTS



**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2000
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 Pooled Investments	\$ 1,846,571	\$ 87,283	\$ 30,702
Cash With Claims Administrator			30,042
Other Investments	7,561,140		
Accounts Receivable	151,543	118,119	19,969
Due From Other Governments	111,400		
Inventory	1,045		
Prepaid Items	4,037		
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>\$ 9,677,736</u>	<u>\$ 205,402</u>	<u>\$ 80,713</u>

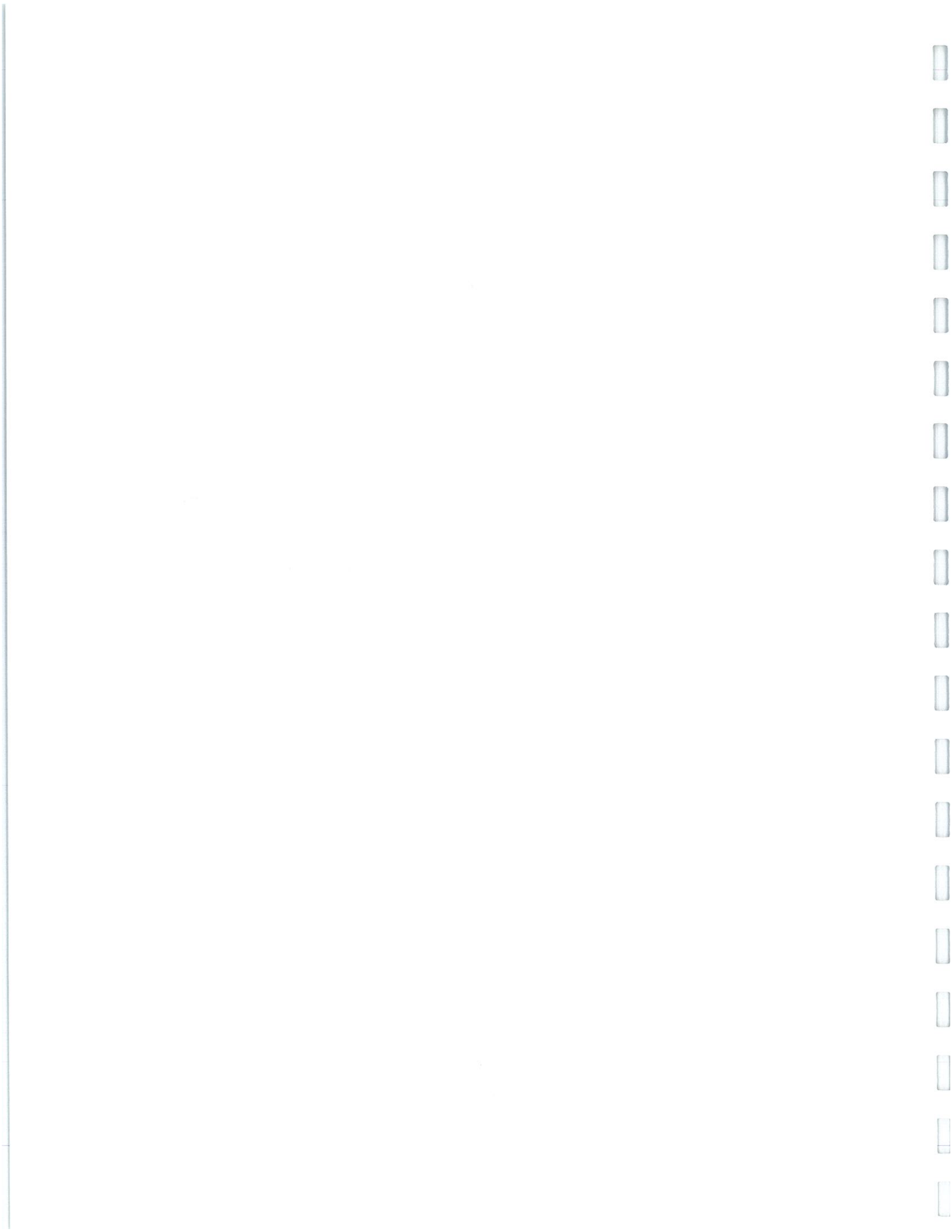
See accompanying notes.



Fiduciary Fund Type	Account Groups		Totals	
	General	General	(Memorandum Only)	
	Fixed Assets	Long-Term Debt	2000	1999
\$ 559			\$ 1,965,115	\$ 1,595,928
			30,042	4,948
185,646			7,746,786	7,229,957
			289,631	116,183
178,945			290,345	80,558
			1,045	1,826
			4,037	0
			2,000	2,000
	\$ 3,897,419		3,897,419	3,821,020
	1,323,842		1,323,842	1,300,431
	2,299,757		2,299,757	1,691,951
	1,609,880		1,609,880	1,609,880
		\$ 1,121,336	1,121,336	1,208,016
\$ 365,150	\$ 9,130,898	\$ 1,121,336	\$ 20,581,235	\$ 18,662,698

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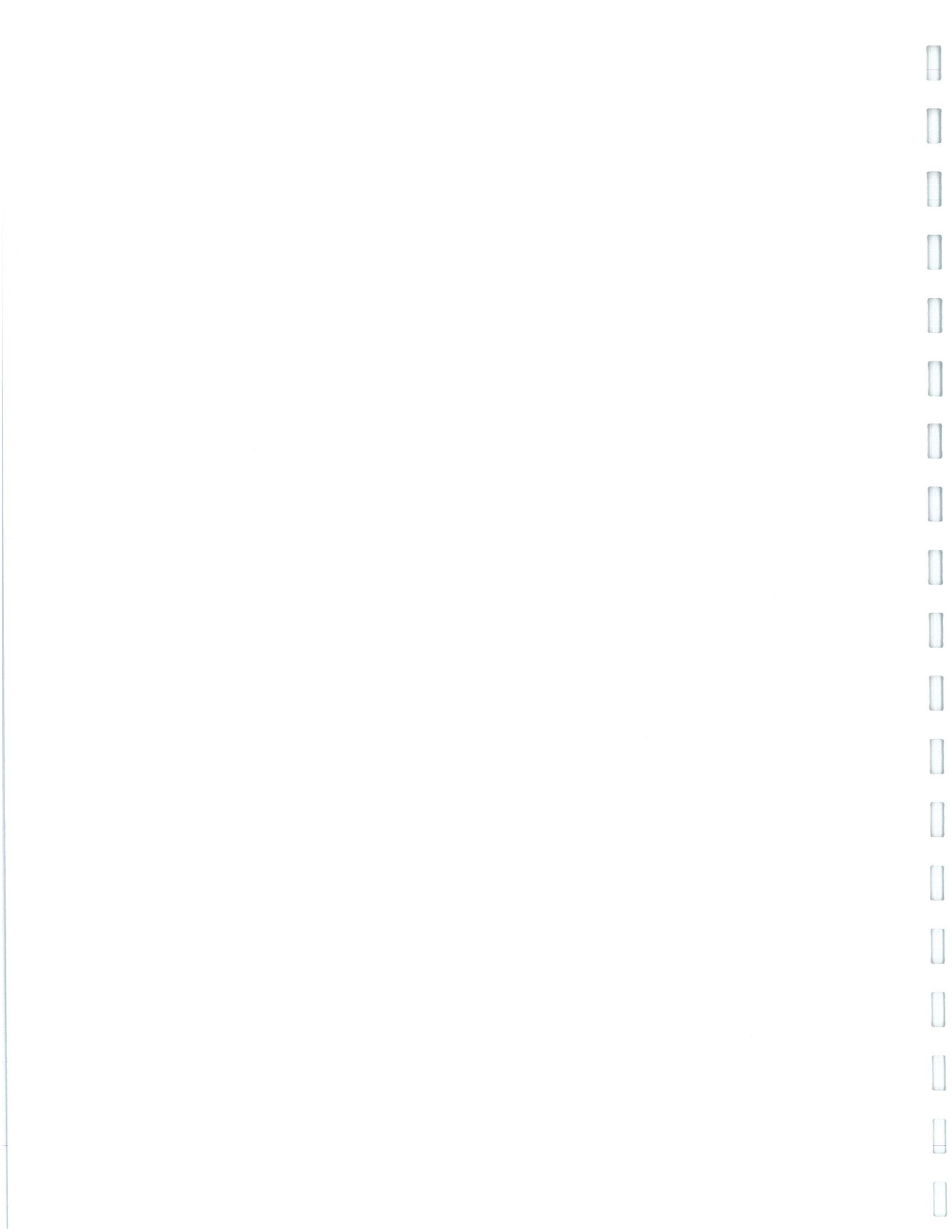
See accompanying notes.



**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2000
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>
Liabilities, Fund Equity and Other Credits			
Liabilities			
Accounts Payable	\$ 333,480	\$ 87,283	
Accrued Liabilities	96,614		
Deposits			\$ 1,726
Deferred Revenue	1,117	118,119	
Obligation Under Capital Lease			
Estimated Liability For Self-Insurance Losses			60,000
Accrued Compensated Absences			
Total Liabilities	<u>431,211</u>	<u>205,402</u>	<u>61,726</u>
Fund Equity and Other Credits			
Investment in General Fixed Assets			
Retained Earnings (Deficit)			18,987
Fund Balances:			
Reserved For Employees' Pension Benefits			
Other Reserves	2,225,274		
Designated	383,493		
Undesignated	6,637,758		
Total Fund Equity and Other Credits	<u>9,246,525</u>	<u>0</u>	<u>18,987</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 9,677,736</u>	<u>\$ 205,402</u>	<u>\$ 80,713</u>

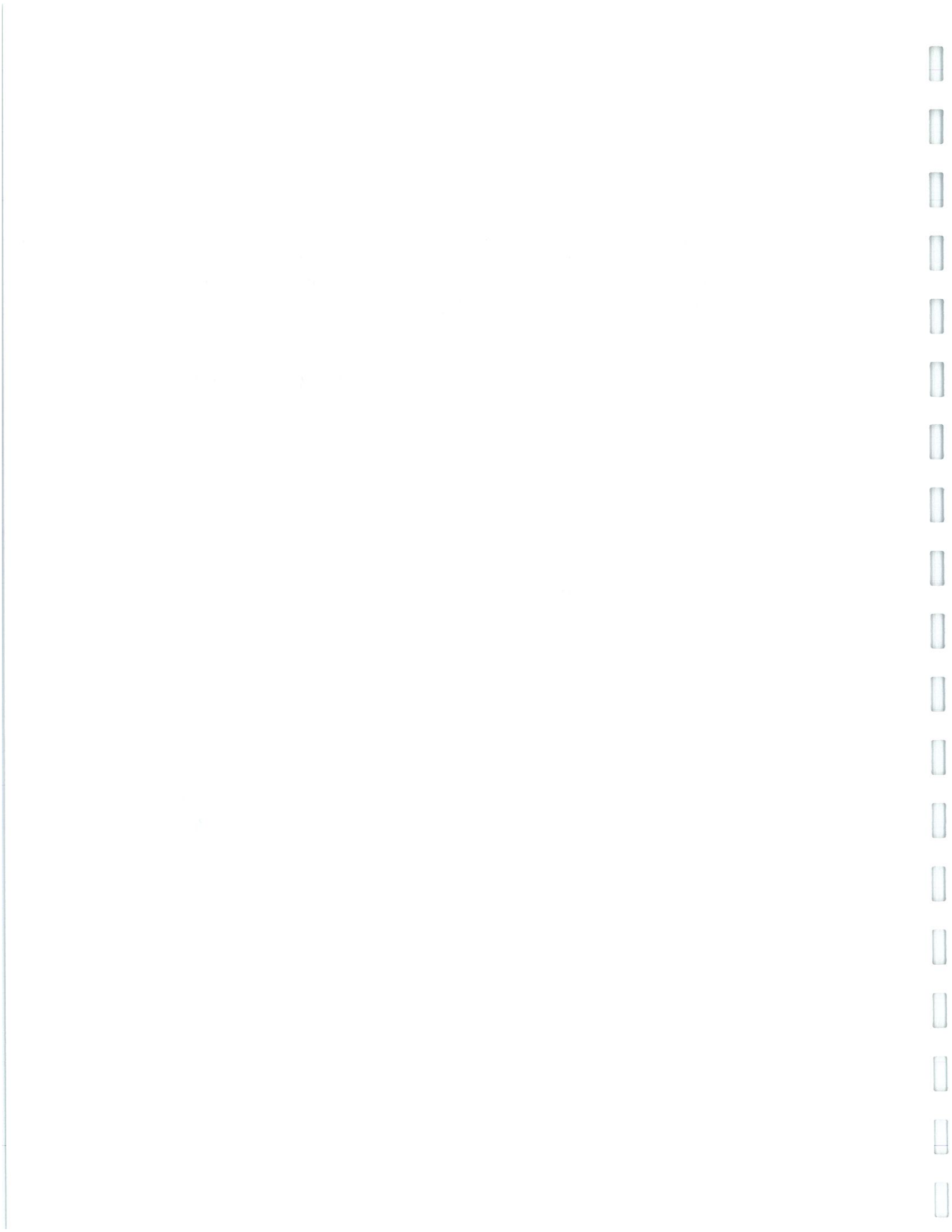
See accompanying notes.



Fiduciary Fund Type	Account Groups		Totals	
	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
Pension Trust			2000	1999
\$ 1,101			\$ 421,864	\$ 709,965
			96,614	0
			1,726	664
			119,236	1,117
		\$ 737,843	737,843	822,844
			60,000	32,908
		383,493	383,493	385,172
<u>1,101</u>	<u>\$ 0</u>	<u>1,121,336</u>	<u>1,820,776</u>	<u>1,952,670</u>
	9,130,898		9,130,898	8,423,282
			18,987	(28,160)
364,049			364,049	186,238
			2,225,274	1,789,434
			383,493	1,125,329
			6,637,758	5,213,905
<u>364,049</u>	<u>9,130,898</u>	<u>0</u>	<u>18,760,459</u>	<u>16,710,028</u>
<u>\$ 365,150</u>	<u>\$ 9,130,898</u>	<u>\$ 1,121,336</u>	<u>\$ 20,581,235</u>	<u>\$ 18,662,698</u>

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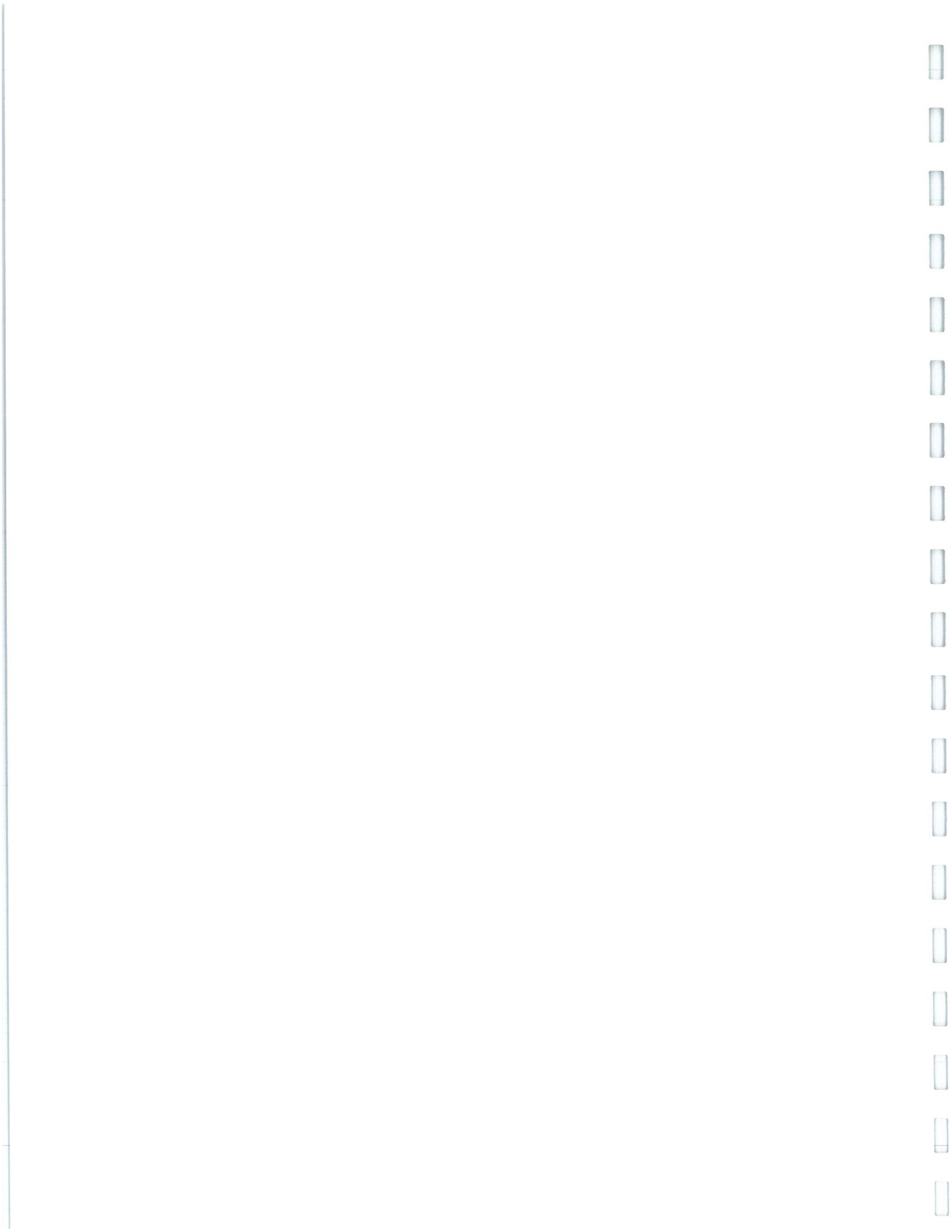
See accompanying notes.



**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2000
CITY OF MARCO ISLAND, FLORIDA**

	Governmental Fund Types			Total (Memorandum Only) 1999
	General	Capital Projects	Total 2000	
Revenues				
Taxes	\$ 6,372,005	\$ 0	\$ 6,372,005	\$ 7,031,504
Licenses and Permits	1,147,608	0	1,147,608	1,054,380
Intergovernmental	1,886,131	358,641	2,244,772	1,727,424
Charges For Services	202,721	0	202,721	159,460
Fines and Forfeitures	79,198	0	79,198	59,732
Interest Income	611,434	0	611,434	370,834
Miscellaneous	340,768	793,376	1,134,144	1,516,452
Total Revenues	<u>10,639,865</u>	<u>1,152,017</u>	<u>11,791,882</u>	<u>11,919,786</u>
Expenditures				
Current:				
General Government	1,562,566	0	1,562,566	1,231,089
Public Safety	4,955,390	0	4,955,390	3,739,236
Transportation	795,072	0	795,072	648,162
Culture and Recreation	928,508	0	928,508	890,758
Capital Outlay	0	2,432,489	2,432,489	508,368
(Total Expenditures)	<u>(8,241,536)</u>	<u>(2,432,489)</u>	<u>(10,674,025)</u>	<u>(7,017,613)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,398,329	(1,280,472)	1,117,857	4,902,173
Other Financing Sources (Uses)				
Operating Transfers (Out) In	<u>(1,280,472)</u>	<u>1,280,472</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,117,857	0	1,117,857	4,902,173
Fund Balances, October 1	<u>8,128,668</u>	<u>0</u>	<u>8,128,668</u>	<u>3,226,495</u>
Fund Balances, September 30	<u>\$ 9,246,525</u>	<u>\$ 0</u>	<u>\$ 9,246,525</u>	<u>\$ 8,128,668</u>

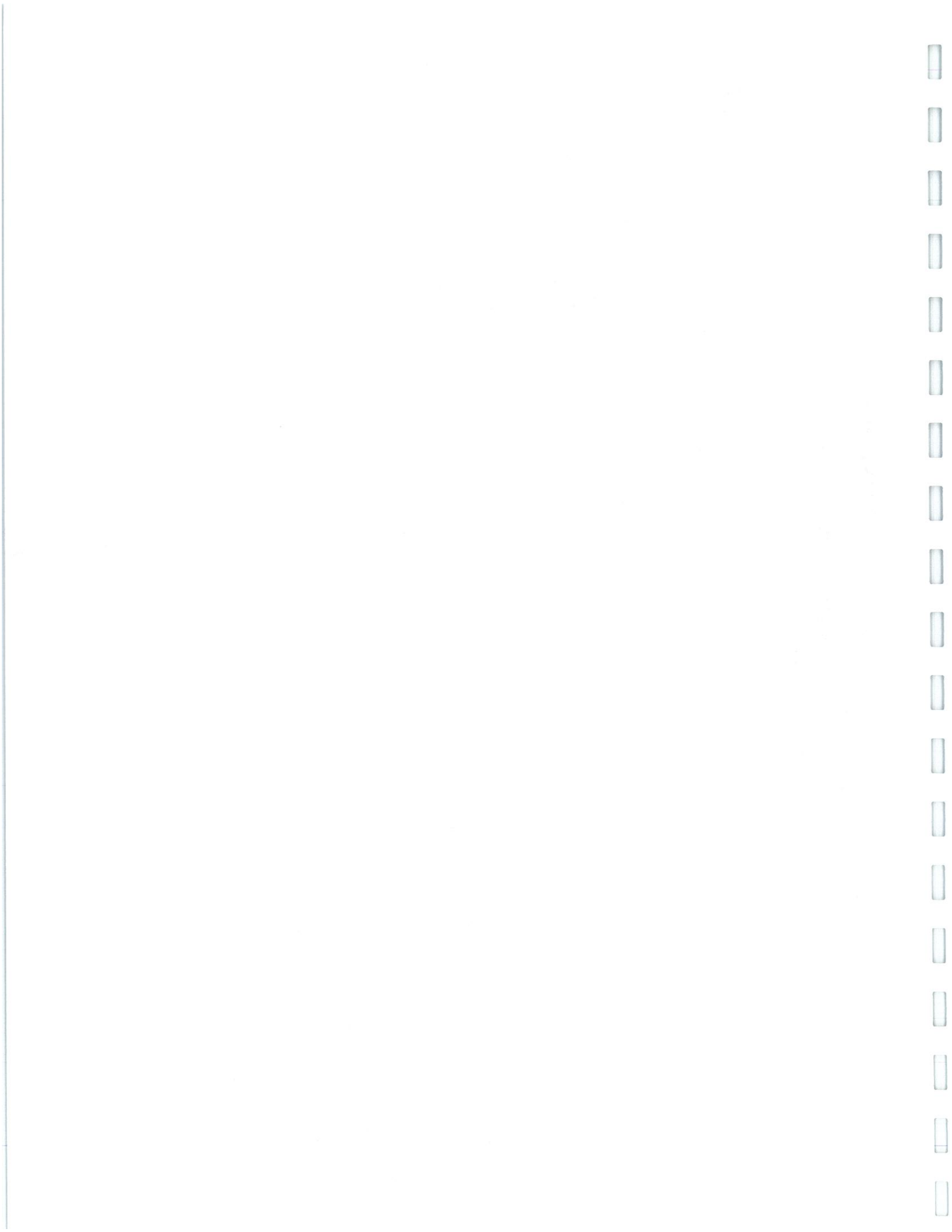
See accompanying notes.



**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2000
CITY OF MARCO ISLAND, FLORIDA**

	General Fund			Capital Projects Fund			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Taxes	\$ 6,235,986	\$ 6,372,005	\$ 136,019	\$ 0	\$ 0	\$ 0	\$ 6,235,986	\$ 6,372,005	\$ 136,019
Licenses and Permits	910,600	1,147,608	237,008	0	0	0	910,600	1,147,608	237,008
Intergovernmental	1,704,289	1,886,131	181,842	359,000	358,641	(359)	2,063,289	2,244,772	181,483
Charges For Services	177,000	202,721	25,721	0	0	0	177,000	202,721	25,721
Fines and Forfeitures	50,000	79,198	29,198	0	0	0	50,000	79,198	29,198
Interest Income	519,503	611,434	91,931	0	0	0	519,503	611,434	91,931
Miscellaneous	311,000	340,768	29,768	929,768	793,376	(136,392)	1,240,768	1,134,144	(106,624)
Total Revenues	9,908,378	10,639,865	731,487	1,288,768	1,152,017	(136,751)	11,197,146	11,791,882	594,736
Expenditures									
Current:									
General Government	1,744,315	1,562,566	181,749	0	0	0	1,744,315	1,562,566	181,749
Public Safety	5,078,427	4,955,390	123,037	0	0	0	5,078,427	4,955,390	123,037
Transportation	854,600	795,072	59,528	0	0	0	854,600	795,072	59,528
Culture and Recreation	1,242,027	928,508	313,519	0	0	0	1,242,027	928,508	313,519
Capital Outlay	0	0	0	4,490,000	2,432,489	2,057,511	4,490,000	2,432,489	2,057,511
(Total Expenditures)	(8,919,369)	(8,241,536)	677,833	(4,490,000)	(2,432,489)	2,057,511	(13,409,369)	(10,674,025)	2,735,344
Excess (Deficiency) of Revenues Over (Under) Expenditures	989,009	2,398,329	1,409,320	(3,201,232)	(1,280,472)	1,920,760	(2,212,223)	1,117,857	3,330,080
Other Financing Sources (Uses) Operating Transfers (Out) In	(1,200,000)	(1,280,472)	(80,472)	1,200,000	1,280,472	80,472	0	0	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (210,991)	1,117,857	\$ 1,328,848	\$ (2,001,232)	0	\$ 2,001,232	\$ (2,212,223)	1,117,857	\$ 3,330,080
Fund Balances, October 1		8,128,668						8,128,668	
Fund Balances, September 30		\$ 9,246,525						\$ 9,246,525	

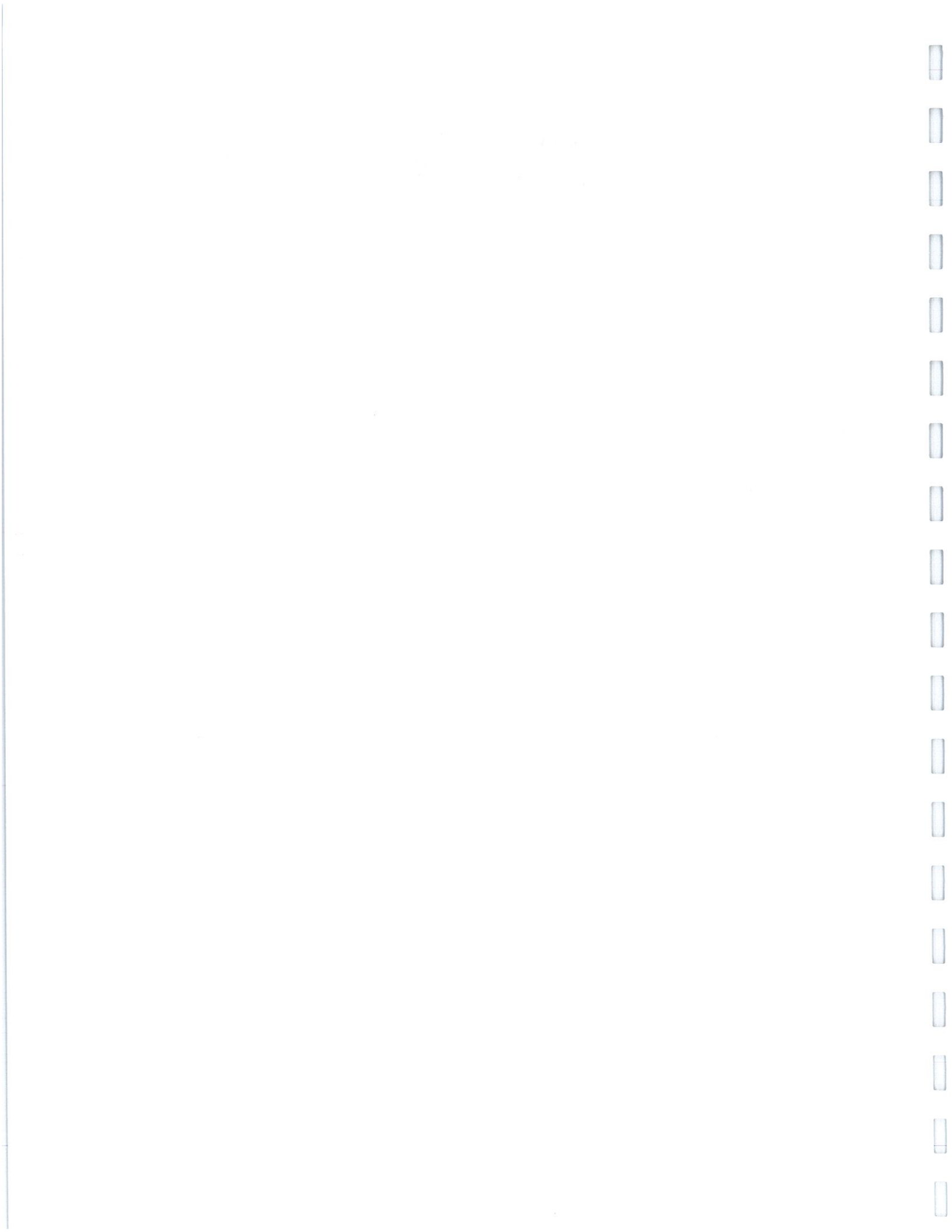
See accompanying notes.



**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000
CITY OF MARCO ISLAND, FLORIDA**

	<u>2000</u>	<u>Total (Memorandum Only) 1999</u>
Operating Revenues		
Charges For Services	\$ 415,376	\$ 168,111
Miscellaneous Income	23,613	0
Total Operating Revenues	<u>438,989</u>	<u>168,111</u>
 Operating Expenses		
Insurance Premiums and Fees	106,222	66,885
Claims	285,620	157,622
(Total Operating Expenses)	<u>(391,842)</u>	<u>(224,507)</u>
 Operating Income (Loss)	47,147	(56,396)
 Retained Earnings (Deficit), October 1	<u>(28,160)</u>	<u>28,236</u>
 Retained Earnings (Deficit), September 30	<u>\$ 18,987</u>	<u>\$ (28,160)</u>

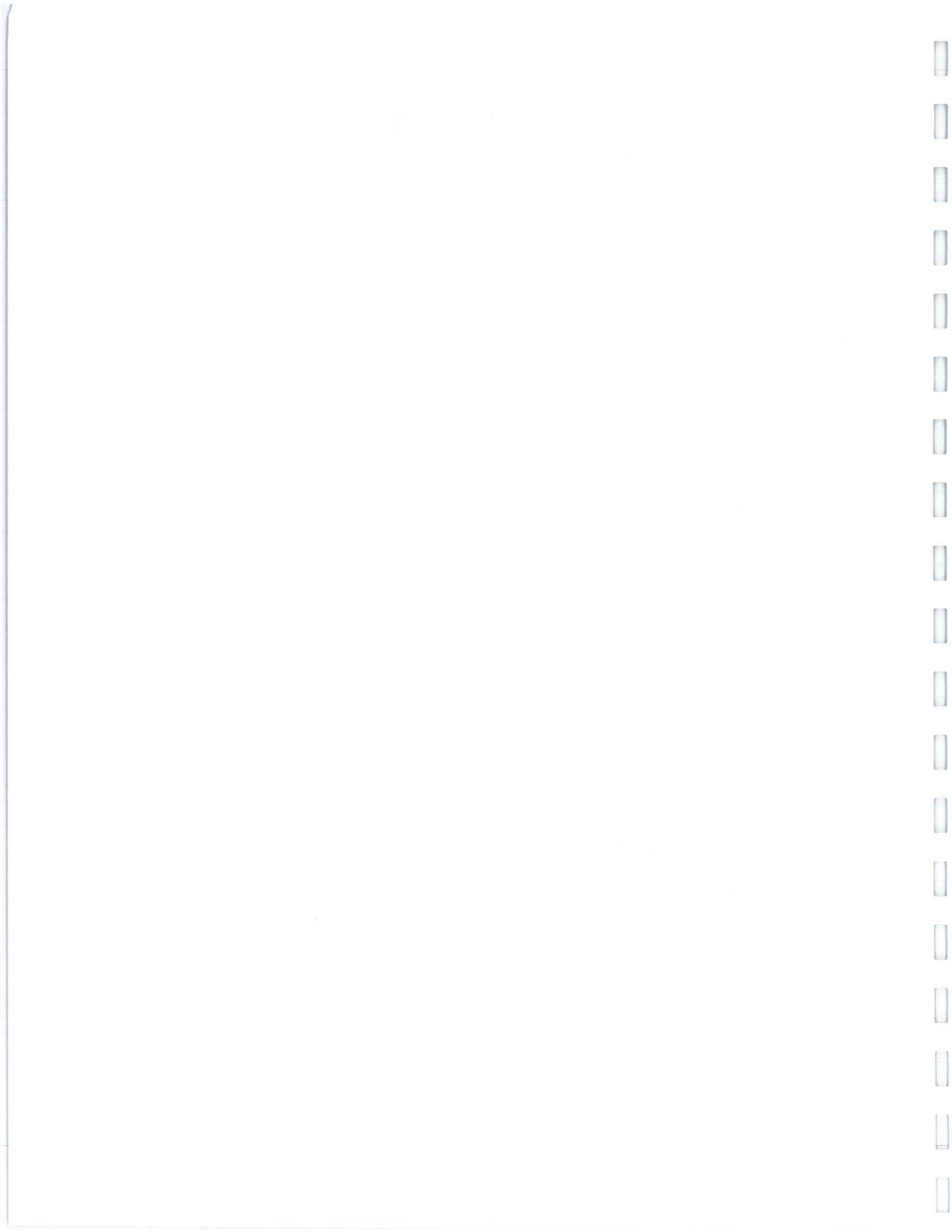
See accompanying notes.



STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000
CITY OF MARCO ISLAND, FLORIDA

	<u>2000</u>	<u>Total (Memorandum Only) 1999</u>
Cash Flows From Operating Activities		
Operating Income (Loss)	\$ 47,147	\$ (56,396)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Increase in Estimated Liability For Self-Insurance Losses	27,092	14,257
Changes in Assets - Increase (Decrease) and Liabilities - (Increase) Decrease:		
Accounts Receivable	(19,969)	0
Deposits	1,062	664
Net Cash Provided By (Used In) Operating Activities	<u>55,332</u>	<u>(41,475)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	55,332	(41,475)
Cash and Cash Equivalents, October 1	<u>5,412</u>	<u>46,887</u>
Cash and Cash Equivalents, September 30	<u>\$ 60,744</u>	<u>\$ 5,412</u>
<u>Reconciliation of Cash and Cash Equivalents (Above) to Combined Balance Sheet</u>		
Captions on Combined Balance Sheet		
Cash and Cash Equivalents	\$ 30,702	\$ 464
Cash With Claims Administrator	30,042	4,948
Total	<u>\$ 60,744</u>	<u>\$ 5,412</u>

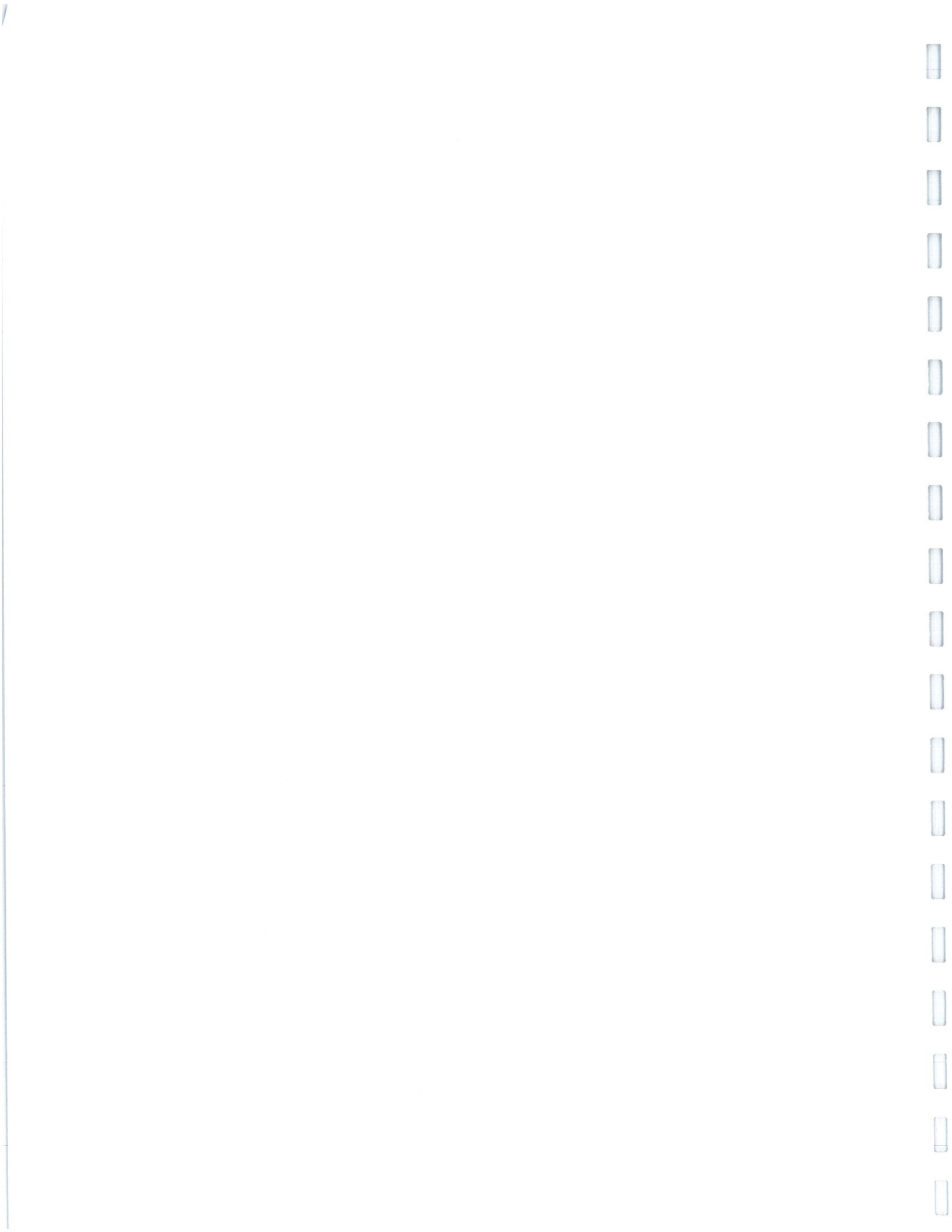
See accompanying notes.



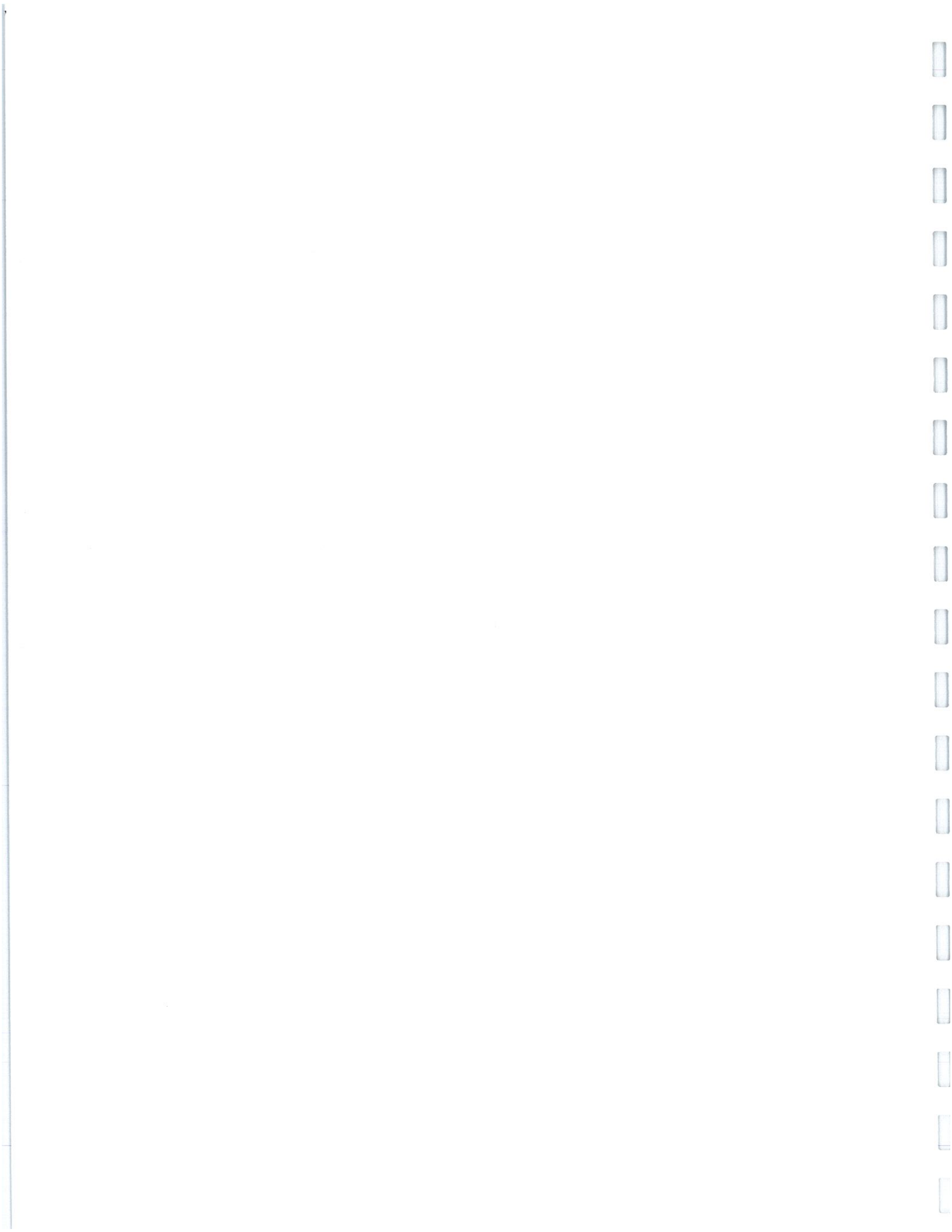
**STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000
CITY OF MARCO ISLAND, FLORIDA**

	<u>2000</u>	<u>Total (Memorandum Only) 1999</u>
Additions		
Contributions		
Employer	\$ 1,028	\$ 1,017
State of Florida	178,945	69,046
Total Contributions	<u>179,973</u>	<u>70,063</u>
Investment Income		
Investment Earnings	<u>10,332</u>	<u>2,525</u>
Total Additions	<u>190,305</u>	<u>72,588</u>
 Deductions		
Refunds of Contributions	2,378	0
Legal	7,000	1,905
Actuary	601	0
Audit	1,500	1,500
Administrative	<u>1,015</u>	<u>1,485</u>
(Total Deductions)	<u>(12,494)</u>	<u>(4,890)</u>
 Net Increase	 177,811	 67,698
 Net Assets Held in Trust For Pension Benefits:		
Beginning of Year	<u>186,238</u>	<u>118,540</u>
End of Year	<u>\$ 364,049</u>	<u>\$ 186,238</u>

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.

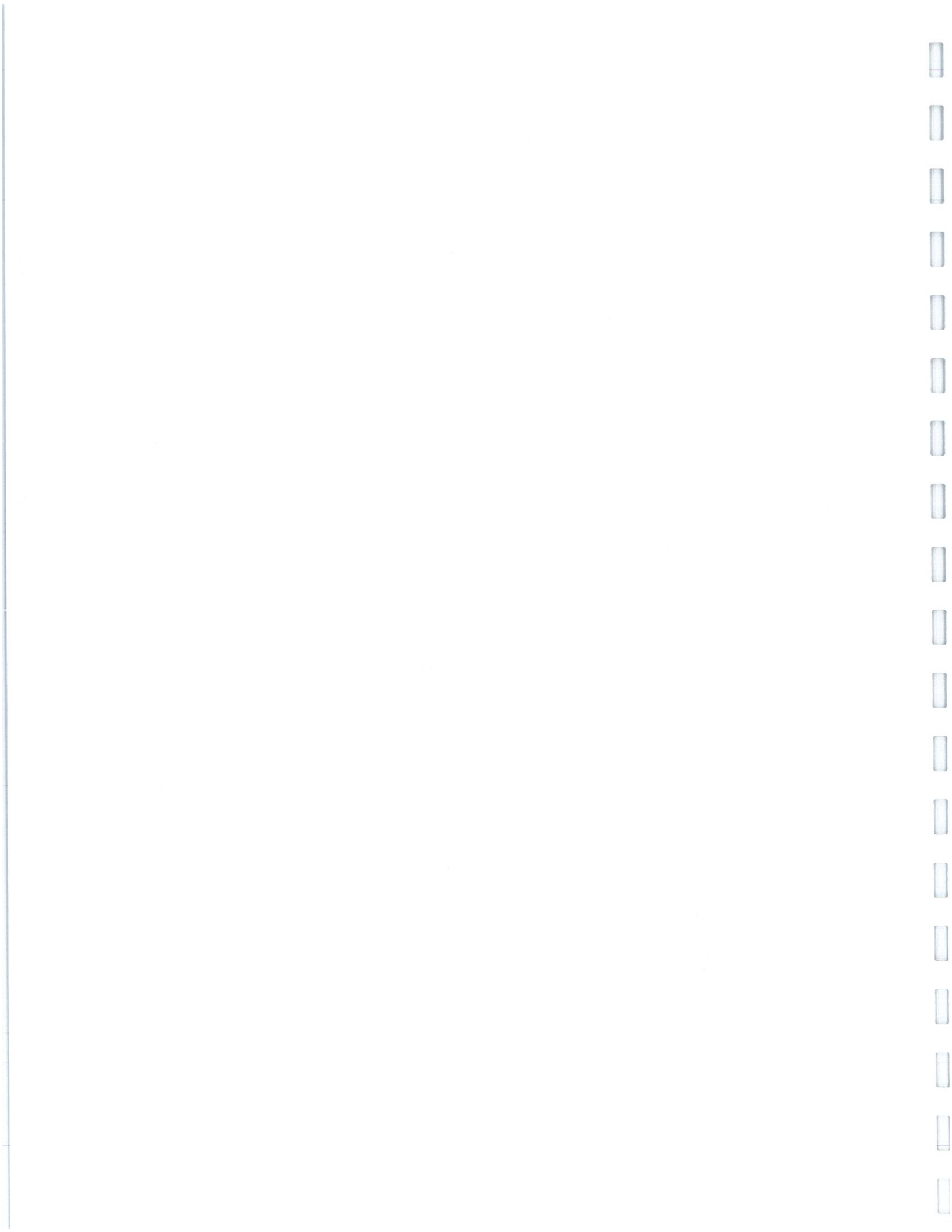
- The City of Marco Island Firefighters' Pension Plan (the Firefighters' Pension Plan)

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).

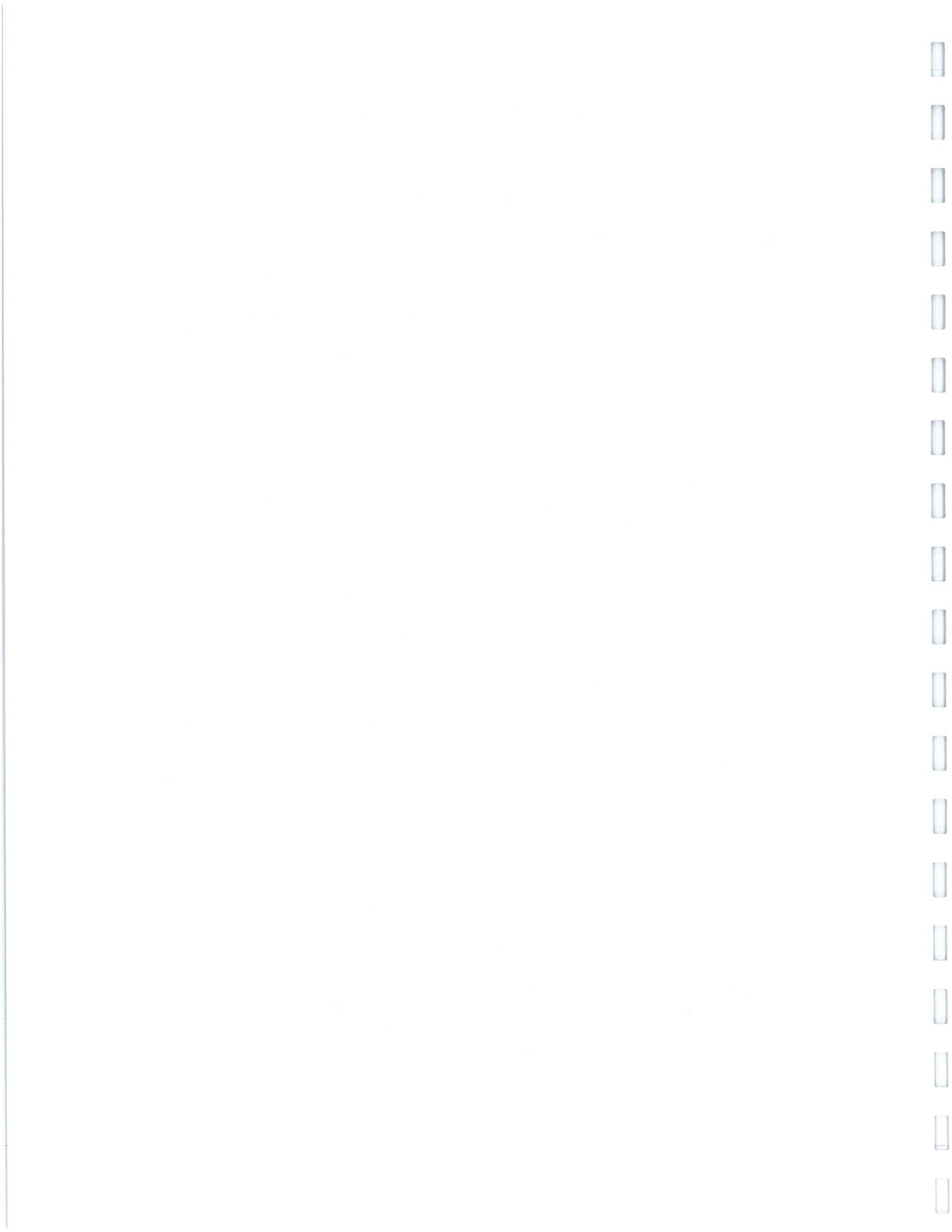
Measurement Focus

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:

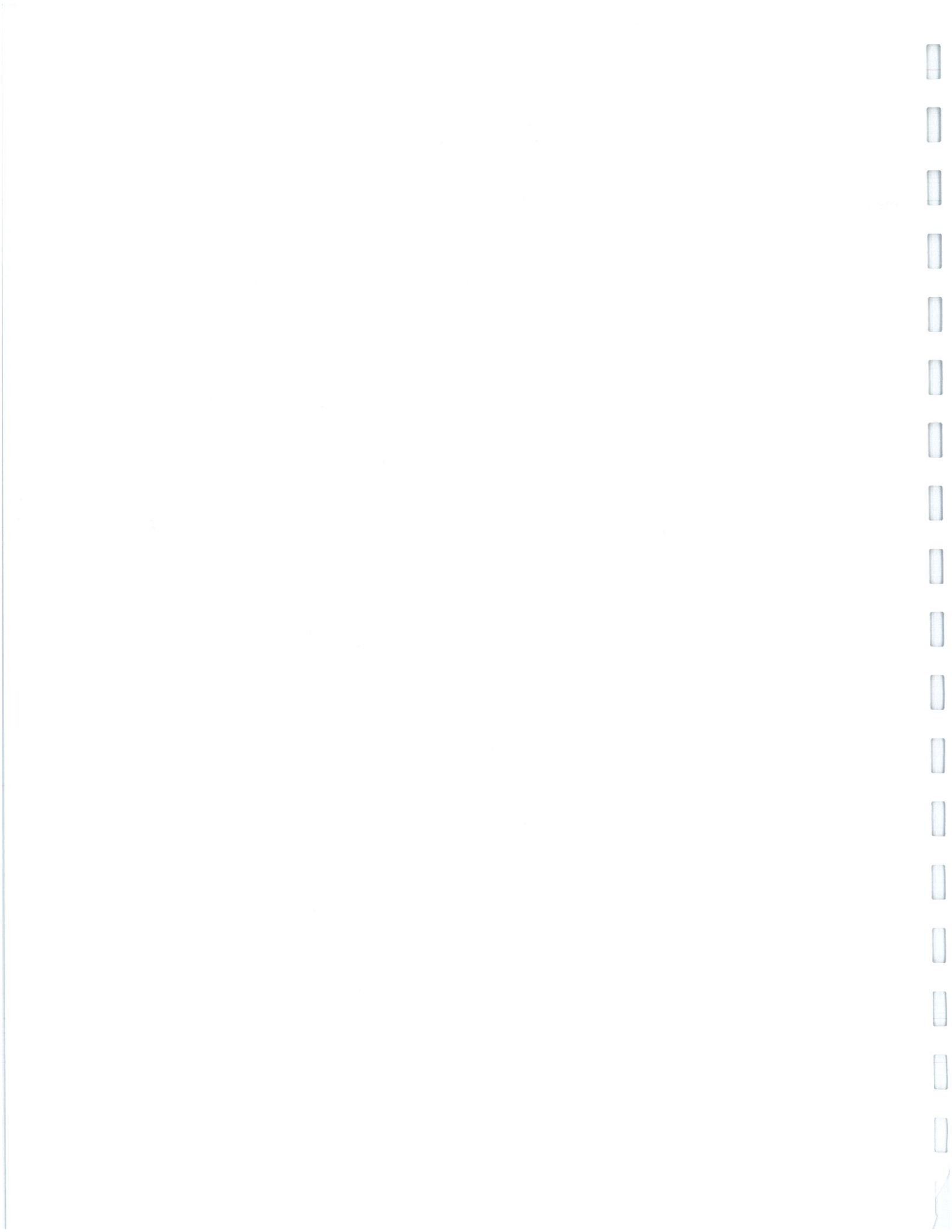
- Financial Accounting Standards Board (FASB) Statements and Interpretations;
- Accounting Principles Board (APB) Opinions; and
- Accounting Research Bulletins.

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 (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, if any, would represent net assets that had 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, if any, would represent amounts identified by City management to be used in the future.

Pension Costs

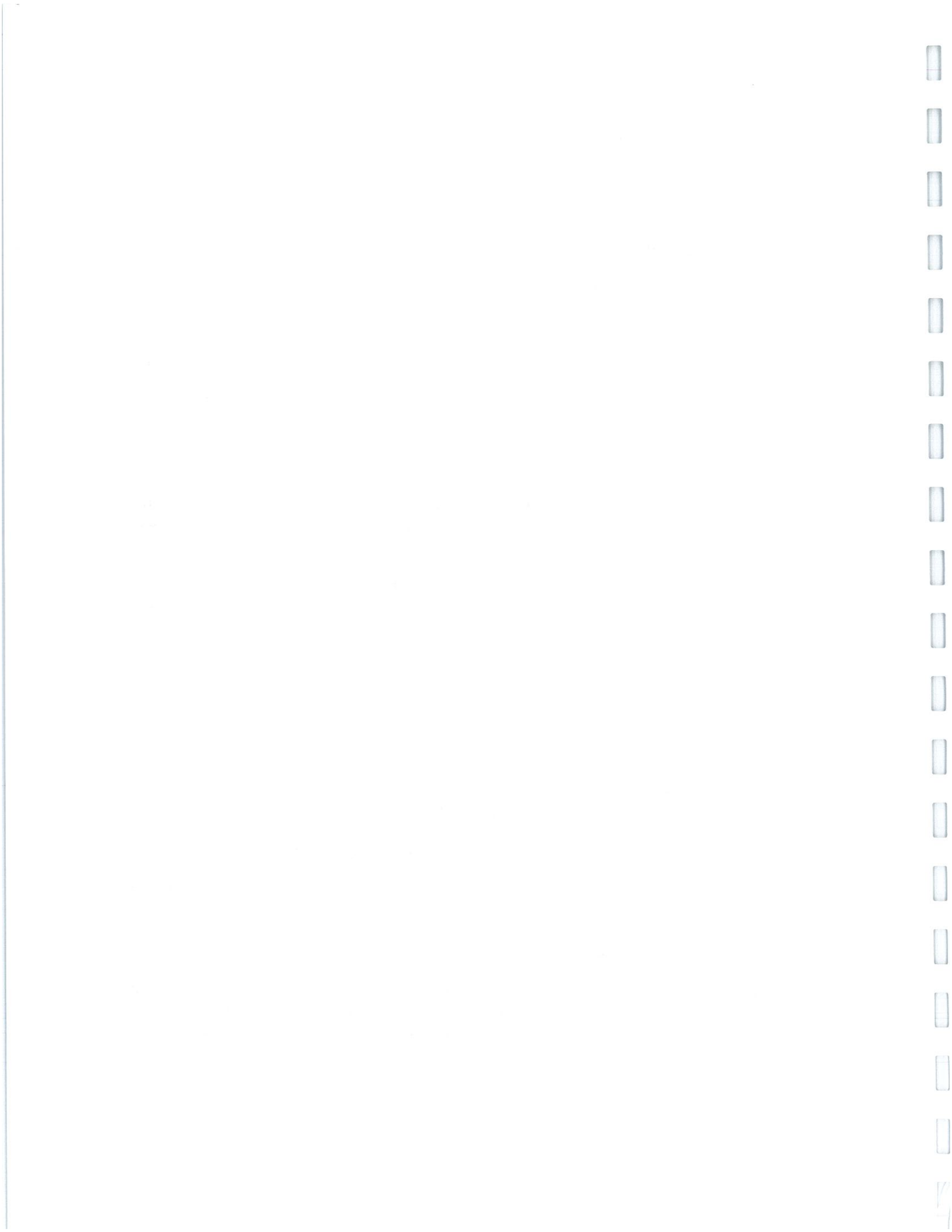
The provision for pension costs is recorded on an accrual basis, and the City's policy is to fund pension costs as they accrue.

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.

Note 3 - Legal Compliance - Budgets

The City Council annually adopts a budget ordinance for the general and capital projects funds of the City pursuant to general law. Budgets are prepared for the internal service and pension trust funds for internal use only. All annual operating budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Encumbrances lapse at year end.



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

Note 3 - Legal Compliance - Budgets (Concluded)

Per the City Charter, the budget must be a balanced budget, and operating expenditures shall be limited to an increase from the prior year's expenditures of 3% plus the then-current federal cost of living adjustment, following the third full year of incorporation. This limit shall not apply to expenditures under emergency ordinances or certain capital expenditures.

Supplemental Appropriations

If, during the fiscal year, revenues in excess of those estimated in the budget are available for appropriation, the City Council may make supplemental appropriations for the year up to the amount of such excess.

Transfer of Appropriations

At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation balance among expenditures within a department, office or agency and, upon written request by the City Manager, the City Council may transfer part or all of any unencumbered appropriation balance from one department, office or agency to another.

The budgeted amounts on the accompanying statement of revenues, expenditures and changes in fund balances - all governmental fund types are presented as amended. Following is a reconciliation of original to amended budgeted appropriations for the general and capital projects funds:

<u>General</u>	<u>Capital Projects</u>
\$ 9,780,263	\$ 3,871,000
339,106	619,000
<u>\$10,119,369</u>	<u>\$ 4,490,000</u>

Original Budget
Supplemental Appropriations
Amended Budget

Note 4 - Property Taxes

The assessment of all properties and the collection of all property taxes are made through the Property Appraiser and Tax Collector of Collier County, Florida.

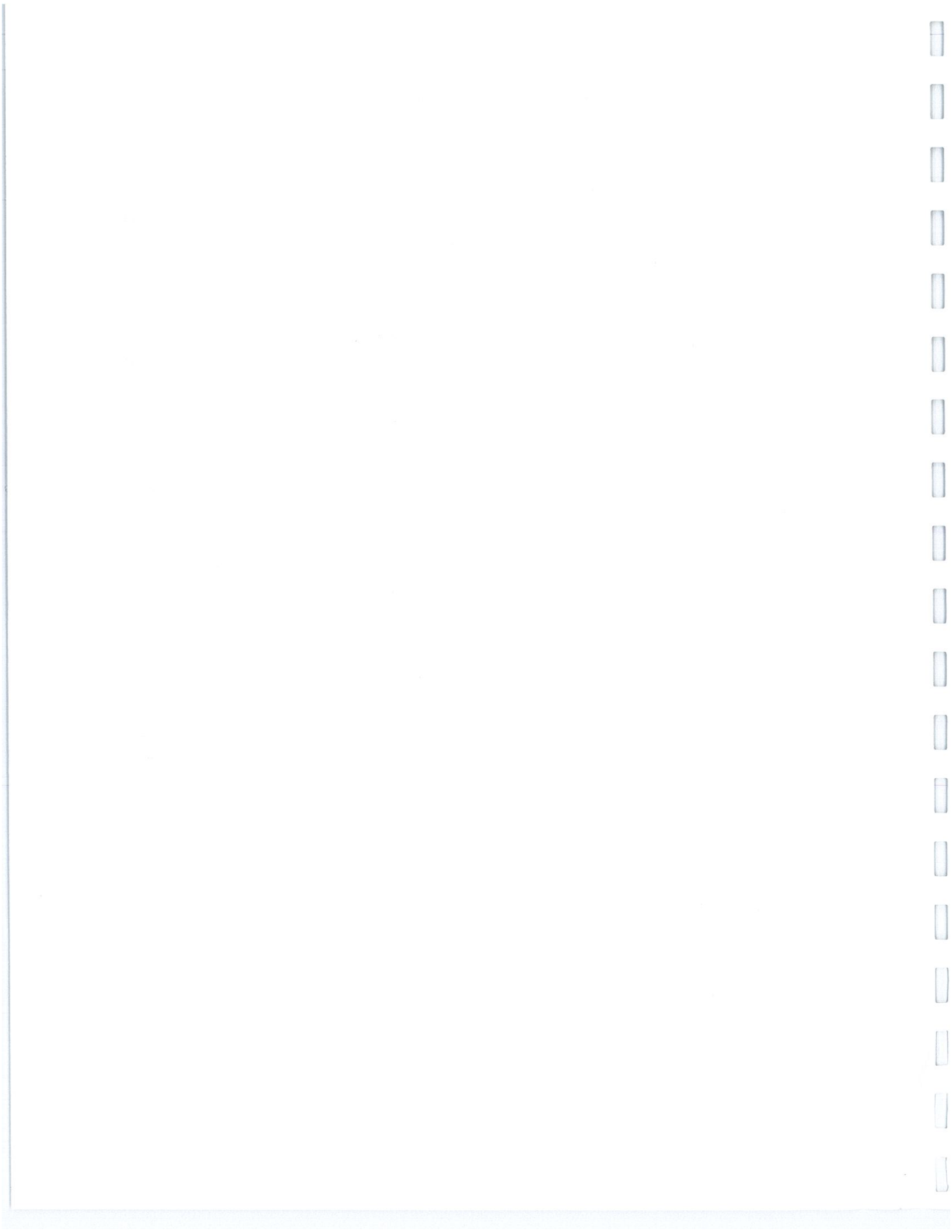
Details of the tax calendar are presented below:

Lien Date

Levy Date

January 1, 1999

October 1, 1999



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

Note 4 - Property Taxes (Concluded)

Installment Payments

First Installment	No Later Than June 30, 1999
Second Installment	No Later Than September 30, 1999
Third Installment	No Later Than December 31, 1999
Fourth Installment	No Later Than March 31, 2000

Regular Payments

Discount Periods	November 1999 Through February 2000
No Discount Period	After March 1, 2000
Delinquent Date	April 1, 2000

Note 5 - Deposits and Investments

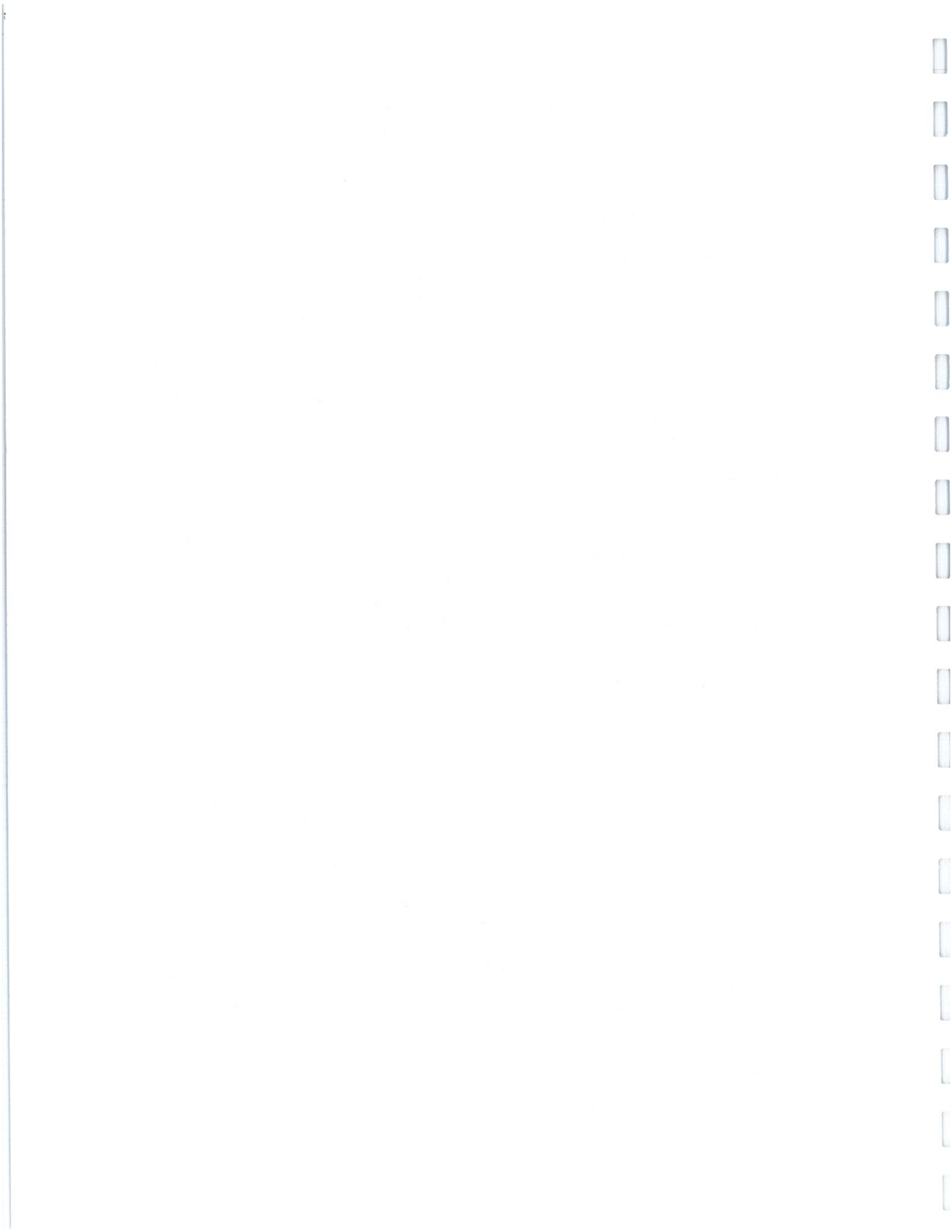
Deposits

At the end of each working day, the City invests available cash balances to improve yields, under terms of a Master Repurchase Agreement (the repurchase agreement) with the bank, collateralized by U.S. government agency securities. The repurchase agreement requires the bank to repurchase those securities at the start of the next working day, returning those cash balances, plus interest, to the City. Under this arrangement, the City's "bank balance" never dips below zero. However, because of outstanding checks, the "carrying amount" of the City's deposits (excluding the repurchase agreement) may be negative. At September 30, 2000, the bank balance of the City's deposits was \$113,005 and the carrying amount was a negative position of \$80,885. In addition, the repurchase agreement had a balance of \$1,256,000 at year end, for a combined positive position of \$1,175,115.

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 \$30,042 at September 30, 2000. The account is in the City's name and is fully insured under Chapter 280.



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

Note 5 - Deposits and Investments (Concluded)

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.

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.

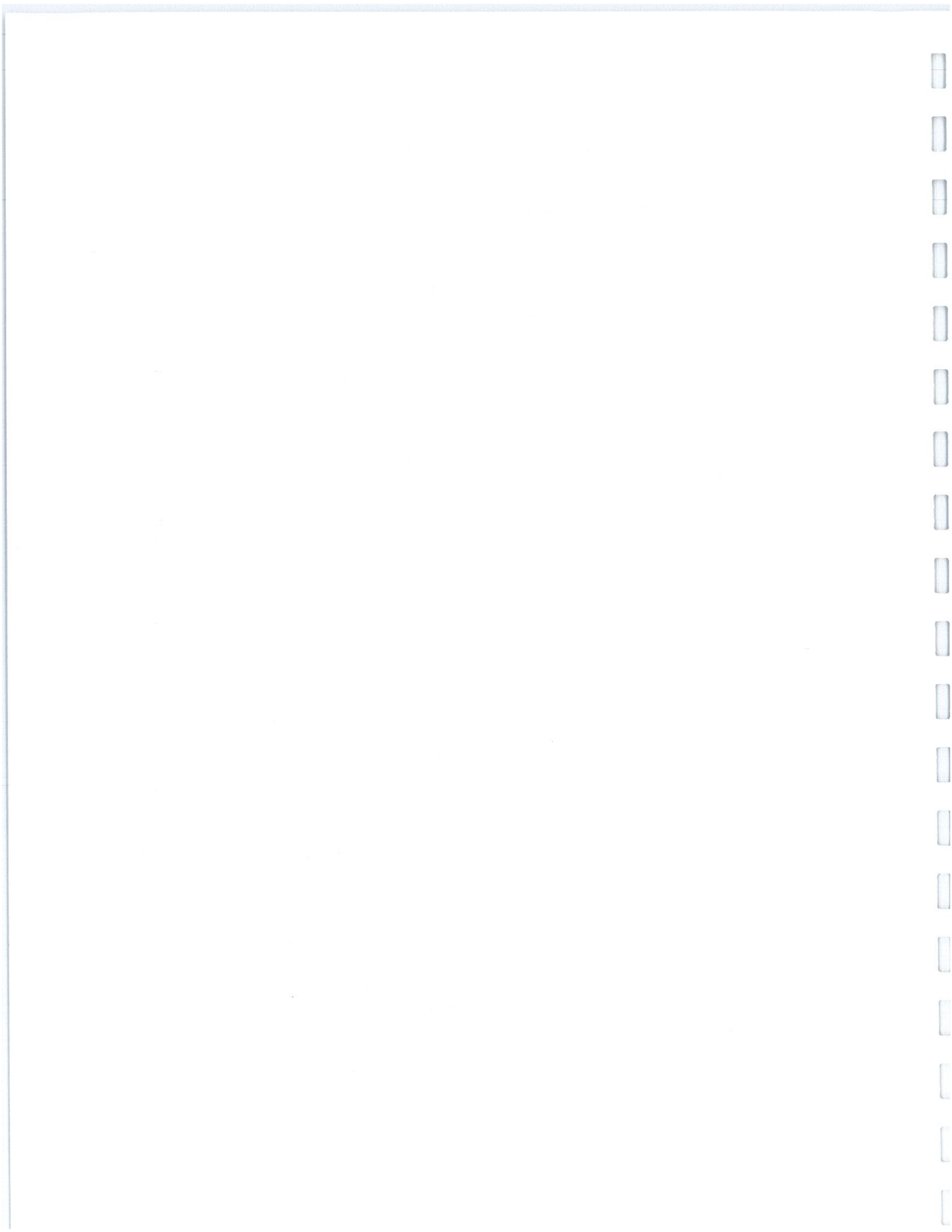
Generally accepted accounting principles require that the credit risk of most investments be classified into one of the following three categories:

- **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 \$7,746,786 at September 30, 2000. Following is a listing of other investments held at September 30, 2000:

	Investment Category			Carrying Amount
	1	2	3	(Market)
Overnight Repurchase Agreement	\$ 0	\$ 0	\$1,256,000	\$1,256,000
Certificates of Deposit	0	0	790,000	790,000
Total Investments	\$ 0	\$ 0	\$2,046,000	\$2,046,000

The overnight repurchase agreement is a contract collateralized by government agency securities. Certificates of deposit are in individual amounts less than \$100,000 with varying terms from six months to two years, and bearing interest between 6.05% and 7.35%. The repurchase agreement and certificates of deposit are included under cash and pooled investments on the accompanying balance sheet because they are maintained by the City in a pooled account for the use of all funds.



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

Note 6 - Property, Plant and Equipment

Activity for general fixed assets is summarized below:

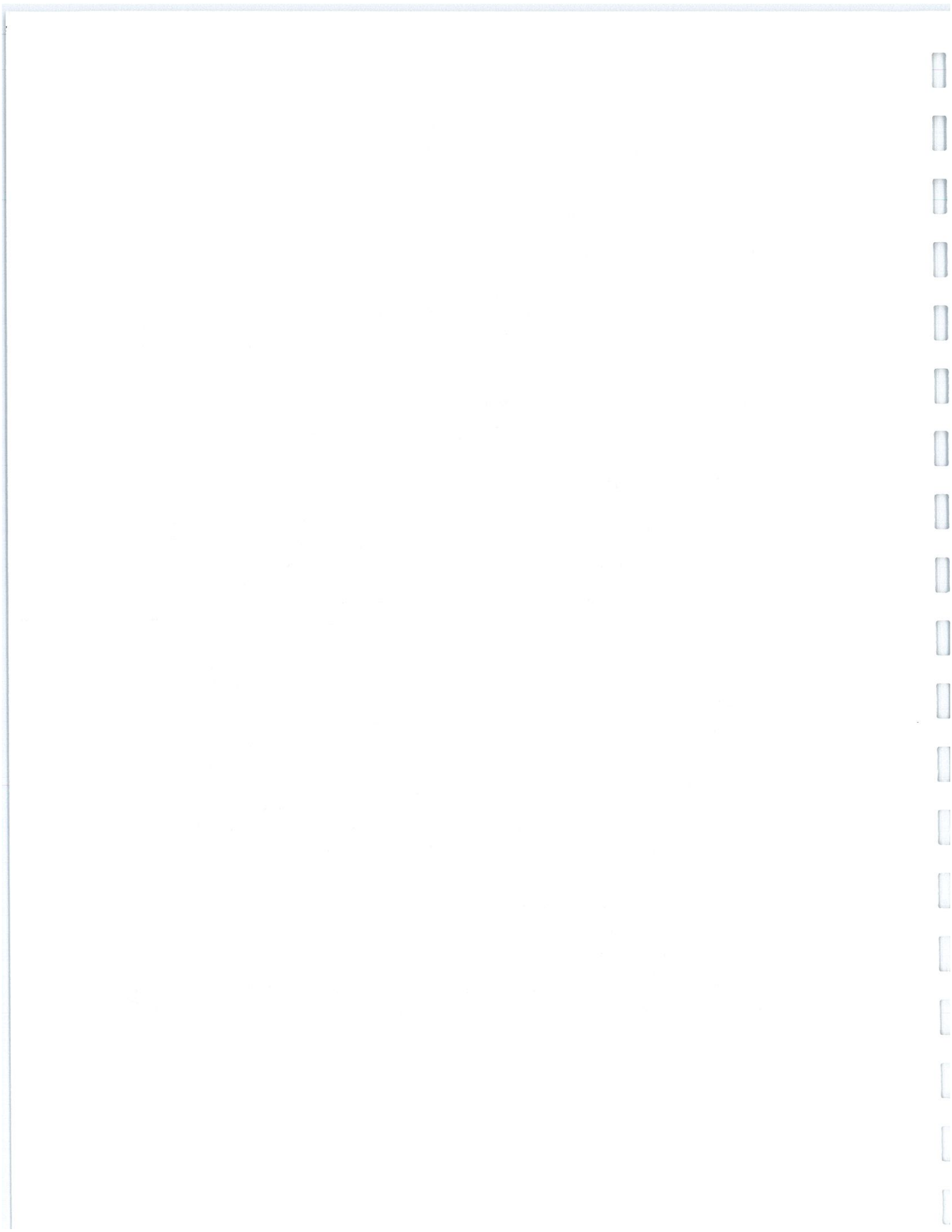
	<u>Balance</u> <u>10/1/99</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance</u> <u>9/30/00</u>
Land	\$ 3,821,020	\$ 76,399	\$ 0	\$ 3,897,419
Buildings	1,300,431	23,411	0	1,323,842
Vehicles and Equipment	1,691,951	633,554	(25,748)	2,299,757
Property Held Under Capital Lease	1,609,880	0	0	1,609,880
Total	<u>\$ 8,423,282</u>	<u>\$ 733,364</u>	<u>\$ (25,748)</u>	<u>\$ 9,130,898</u>

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, 2000, was \$760,880 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.



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

Note 7 - General Long-Term Debt (Concluded)

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, 2000:

Year Ending September 30,	General Long-Term Debt Account Group
2001	\$ 145,953
2002	145,953
2003	145,953
2004	145,953
2005	145,953
2006 and Thereafter	218,926
Total Remaining Minimum Lease Lease Payments (Imputed Interest)	948,691 (210,848)
Present Value of Minimum Lease Payments	\$ 737,843

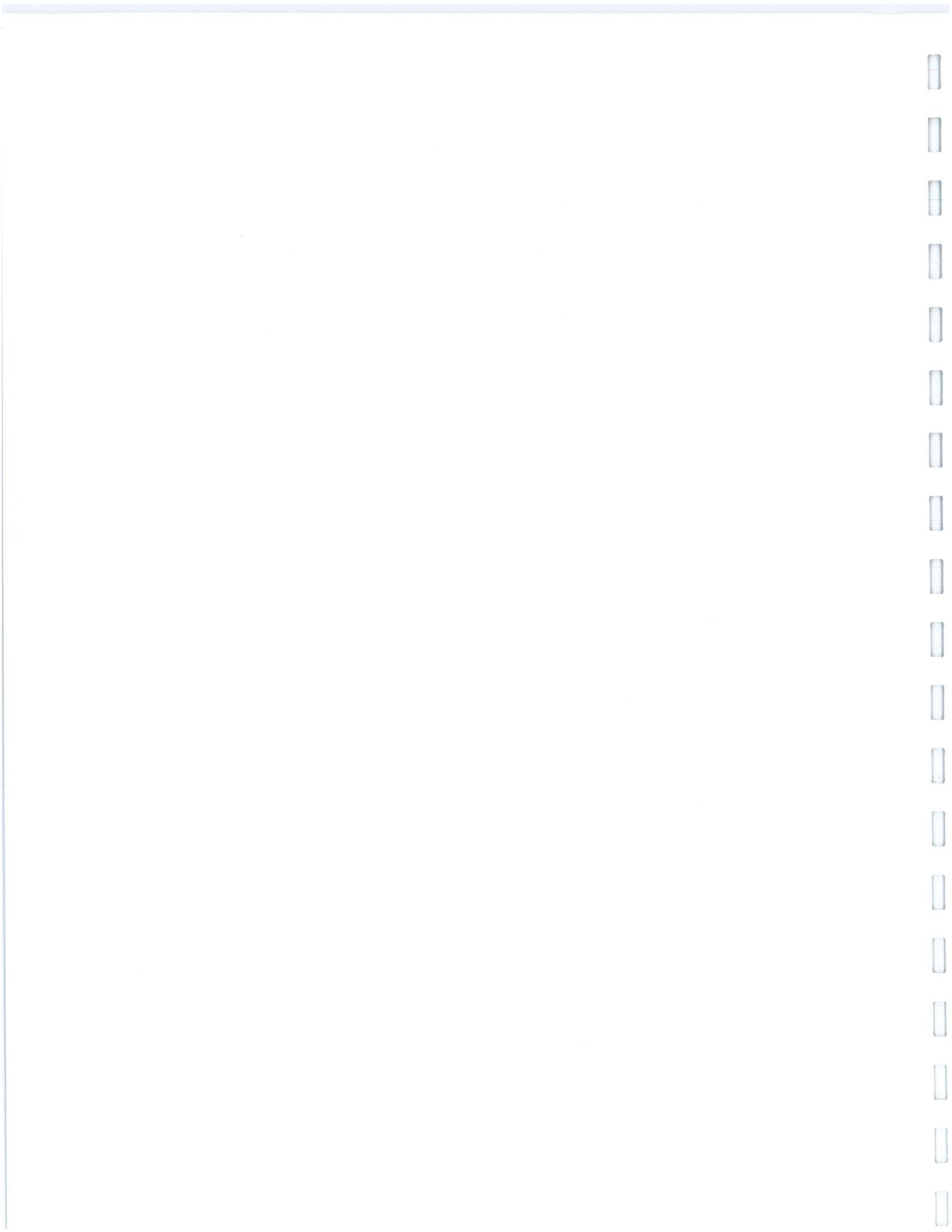
Changes in long-term indebtedness for the year ended September 30, 2000, are summarized below:

	Balance 10/01/99	Additions	(Payments and Other Reductions)	Balance 9/30/00
General Long-Term Debt				
Obligations Under Capital Leases	\$ 822,844	\$ 0	\$ (85,001)	\$ 737,843
Accrued Compensated Absences	385,172	0	(1,679)	383,493
Total General Long-Term Debt	\$ 1,208,016	\$ 0	\$ (86,680)	\$ 1,121,336

Note 8 - Fund Balance Reserves and Designations

Fund balance in the general fund is reserved for the following purposes at September 30, 2000:

Road Construction	\$ 1,345,016
Parks Construction or Operation	271,118
Fire Equipment and Purchases	609,140
Total Reserved Fund Balance	\$ 2,225,274



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

Note 8 - Fund Balance Reserves and Designations (Concluded)

Fund balance in the general fund is designated for the following purposes at September 30, 2000:

Accrued Compensated Absences	<u>\$ 383,493</u>
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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).

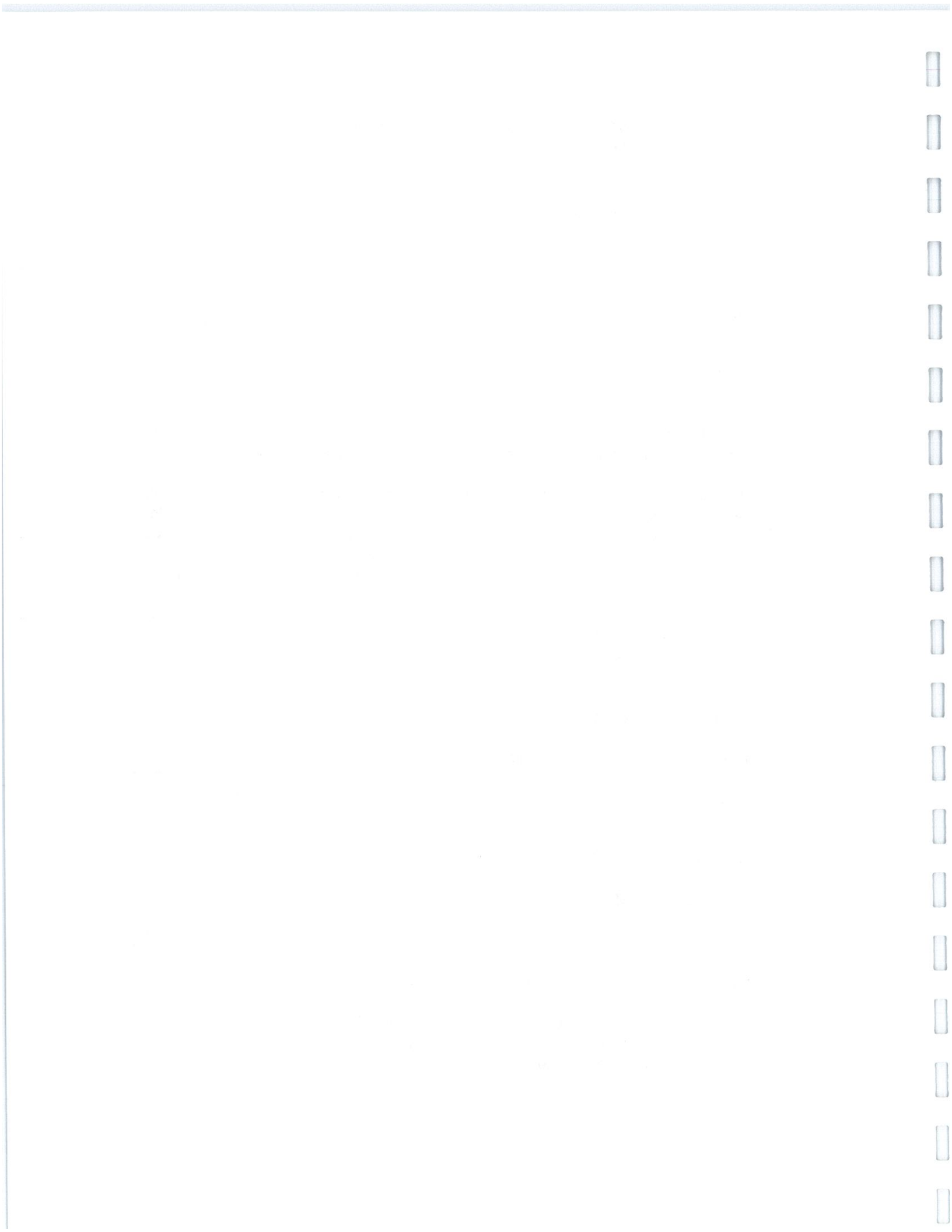
The City is the administrator of the single-employer, defined benefit pension plan (the Plan) that was established by the Fire Control District on December 12, 1995, under Resolution 95-006. Upon dissolution of the Fire Control District, the City assumed all assets and obligations of the Plan. The Plan 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.

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

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.



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

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

Plan Description *(Concluded)*

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 accrued benefit payable at early (after reduction) or normal retirement.

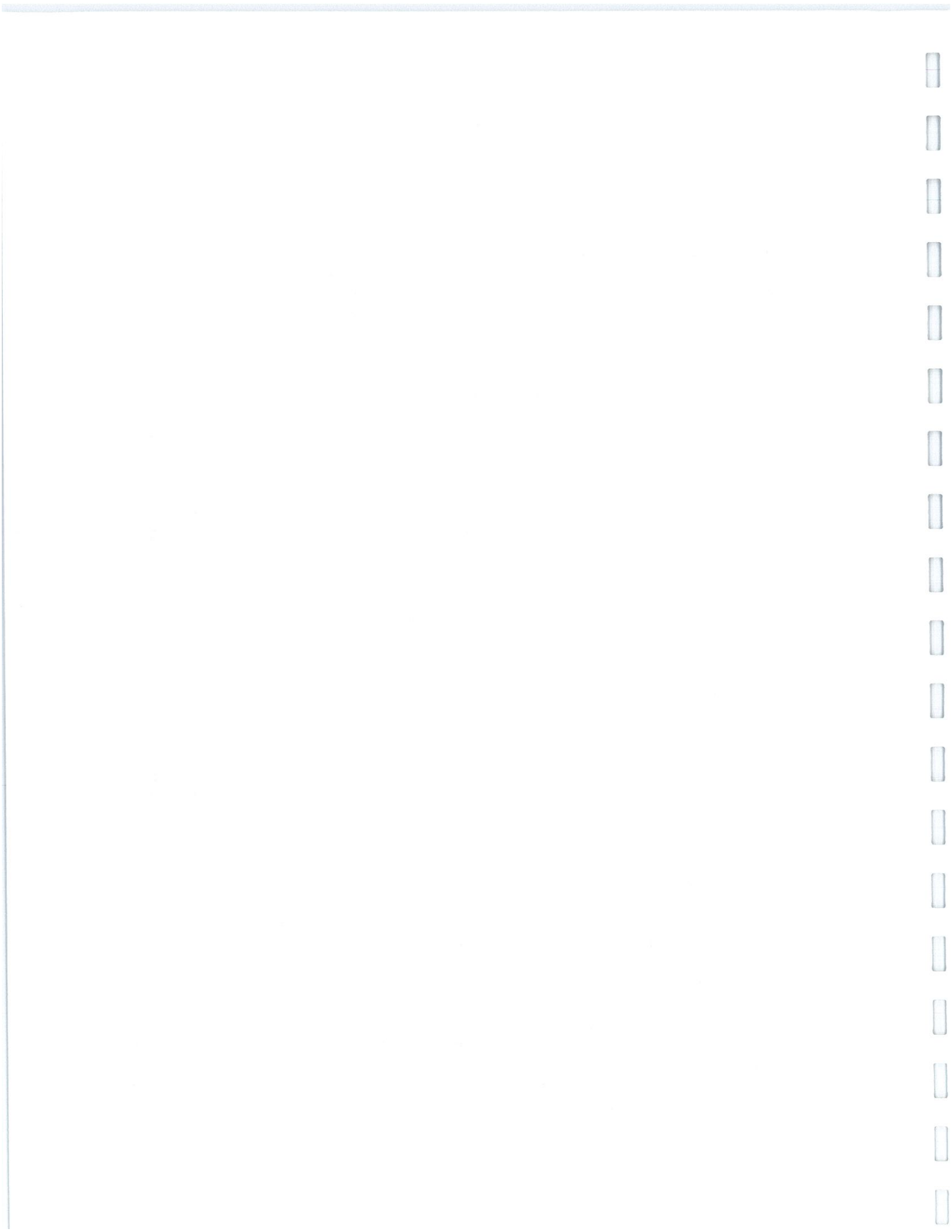
Pension provisions include disability benefits, whereby a disabled employee is entitled to receive the greater of the normal retirement benefits or a percentage of AFC (42% if service incurred or 25% if nonservice incurred). Pension provisions also include death benefits, whereby the surviving spouse 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 have been plan amendments since the last actuarial valuation.

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 2000, the City paid the required employee contribution totalling \$1,028.

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, 2000, were based on actuarial computations performed for 1998, in the last actuarial report dated October 1, 1997.

For the year ended September 30, 2000, 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 2000 was \$0. For the year ended September 30, 2000, the City's total covered payroll for participants in the Plan amounted to \$102,778. 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, 2000, was \$4,091,395.



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

Note 9 - Firefighters' Pension Plan (Concluded)

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost for the year ended September 30, 2000, was \$0 (the required contribution). The City had no net pension obligation. The annual required contribution for the 2000 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).

Three-Year Trend Information

<u>Fiscal Year Ended</u> <u>September 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Pension</u> <u>Obligation</u>
2000	\$0	100.0%	\$0
1999	\$0	100.0%	\$0
1998	\$0	100.0%	\$0

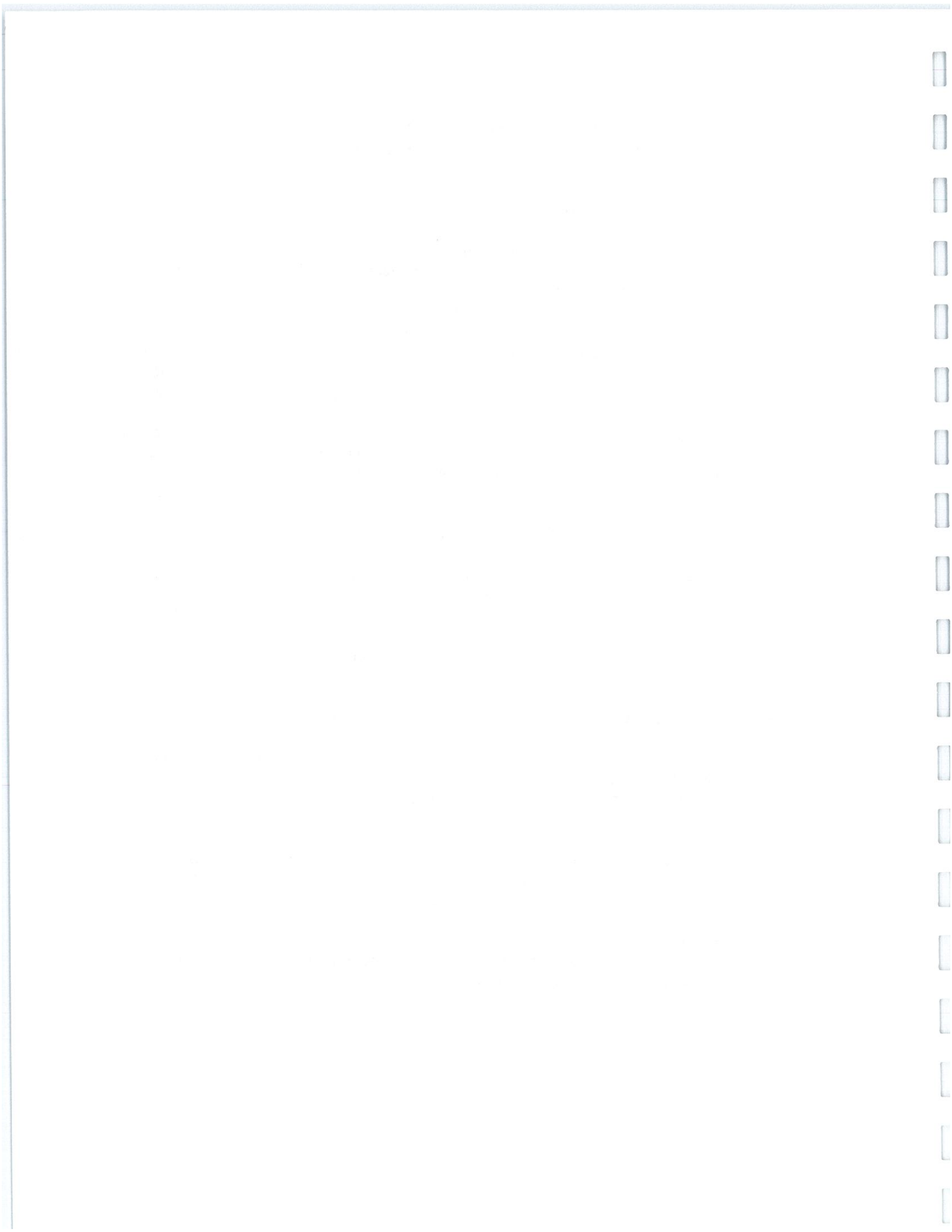
Summary of Significant Accounting Policies and Plan Asset Matters

■ **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.



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

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.

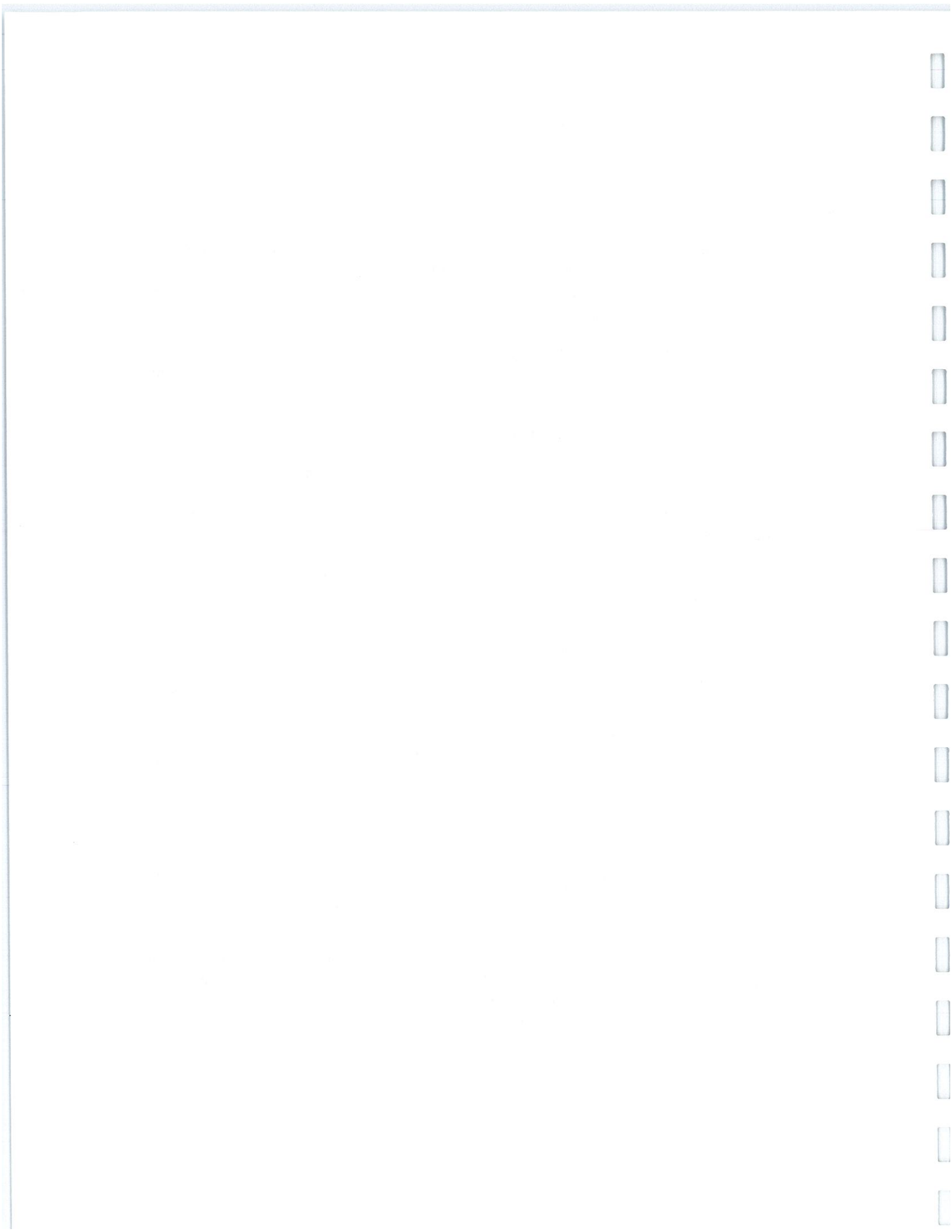
Under the System, special risk employees who retire at or after age 55, with ten years of creditable service; and all other employees who retire at or after age 62, with ten years of creditable service; are entitled to a retirement benefit, payable monthly for life, equal to the product of: 1) average 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.

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 10.15% of the compensation for regular members up to June 30, 2000; 9.15% thereafter, and 21.6% for special risk members up to June 30, 2000; 20.29% thereafter.

The City's contributions to the System for the years ended September 30, 2000, 1999, and 1998, were \$229,092, \$248,618, and \$293,947, 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 original lease term extended through April 30, 2001, with three one-year renewal options available. The annual base rent for the first three 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 2000 was \$41,736. Future minimum lease payments for the year ending September 30, 2001, are \$24,346.



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

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, 2000, the City had the following commitments related to significant unfinished capital projects:

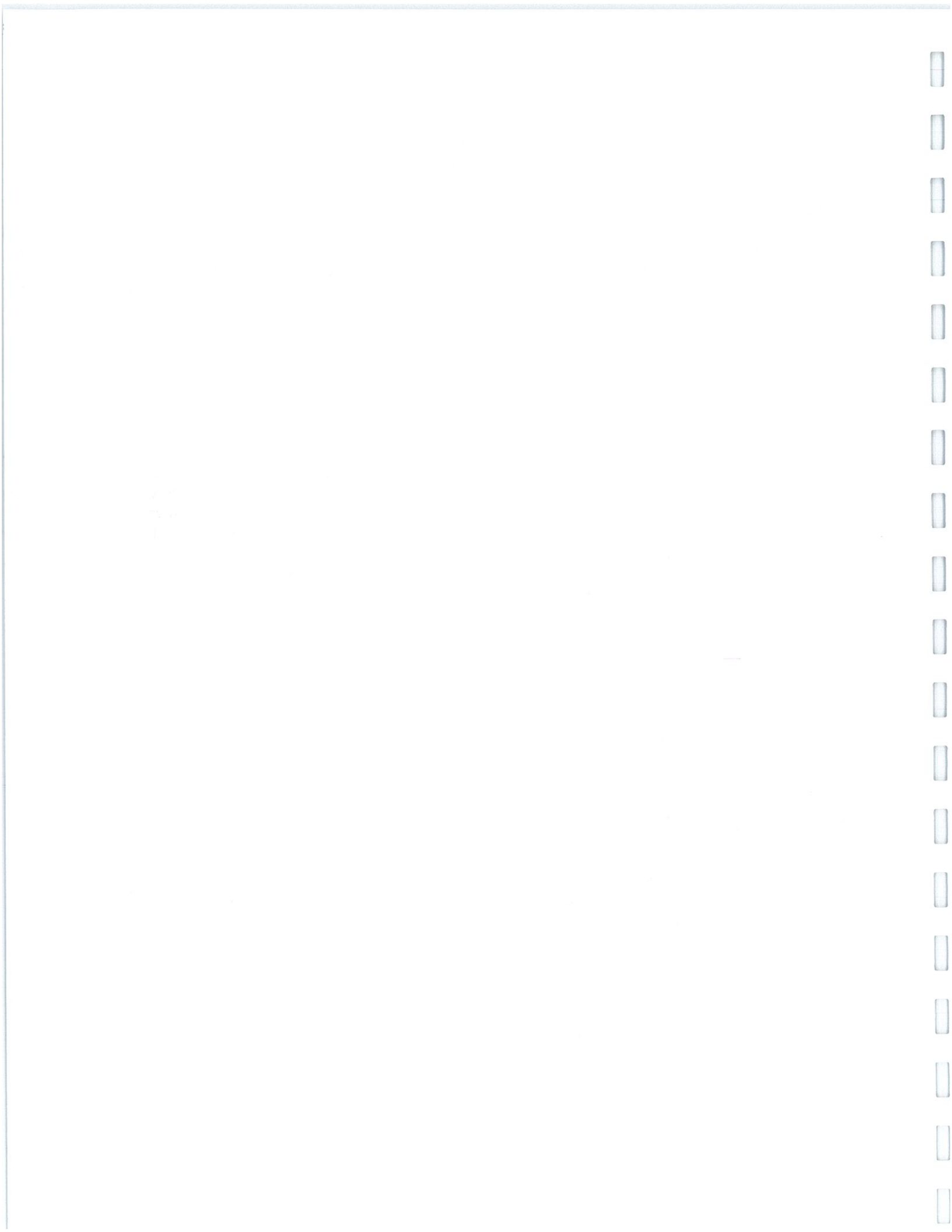
<u>Projects</u>	<u>Expended as of 9/30/00</u>	<u>Remaining Commitment</u>
Road Resurfacing - Phase II (APAC)	\$ 193,348	\$ 46,164
Water Utility Acquisition (Public Resource Management)	74,553	25,447
Barfield/Caxambus Court Bridge (Kelly Brothers)	138,485	28,740
San Marco/Barfield Intersection Design (Pitman Hartenstein)	16,310	18,190
Winter Berry/S. Collier Intersection Design (Pitman Hartenstein)	24,015	6,395
South Collier Access Management Plan (Pitman Hartenstein)	17,527	11,475
Barfield-Collier Lot Park	60,376	800
Total	<u>\$ 524,614</u>	<u>\$ 137,211</u>

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 2000, the City purchased commercial insurance against losses for the following types of risk:

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



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

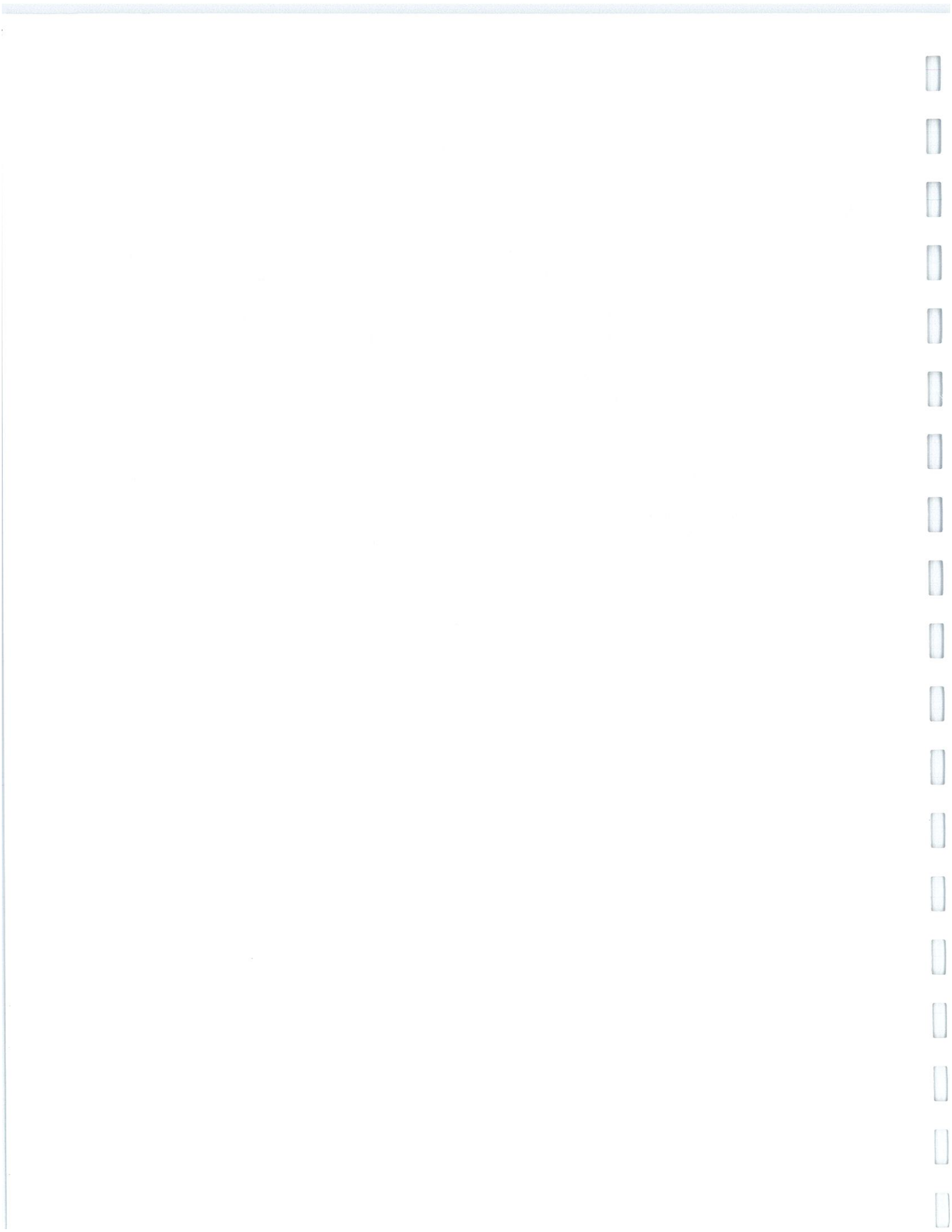
Note 13 - Risk Management (Concluded)

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 \$391,842 in 2000, which represented an increase of \$167,335 over 1999. The increase was due to additional claims, as well as additional covered employees. Following is the change in liabilities for known claims, and incurred but not reported claims, in the internal service fund:

Balance, October 1, 1999	\$ 32,908
Current Year Claims and Changes in Estimate (Claims Paid)	285,620 <u>(258,528)</u>
Balance, September 30, 2000	<u>\$ 60,000</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 2000, actual costs (net of \$23,613 of miscellaneous income) exceeded interdepartmental charges by \$132,853. Near year end, City Council authorized a supplemental charge of \$180,000 to the general fund (other general government) to cure this deficiency.

There were no other significant reductions in insurance coverage from 1999 to 2000. In addition, no settlements exceeded insurance coverage in the past three years.

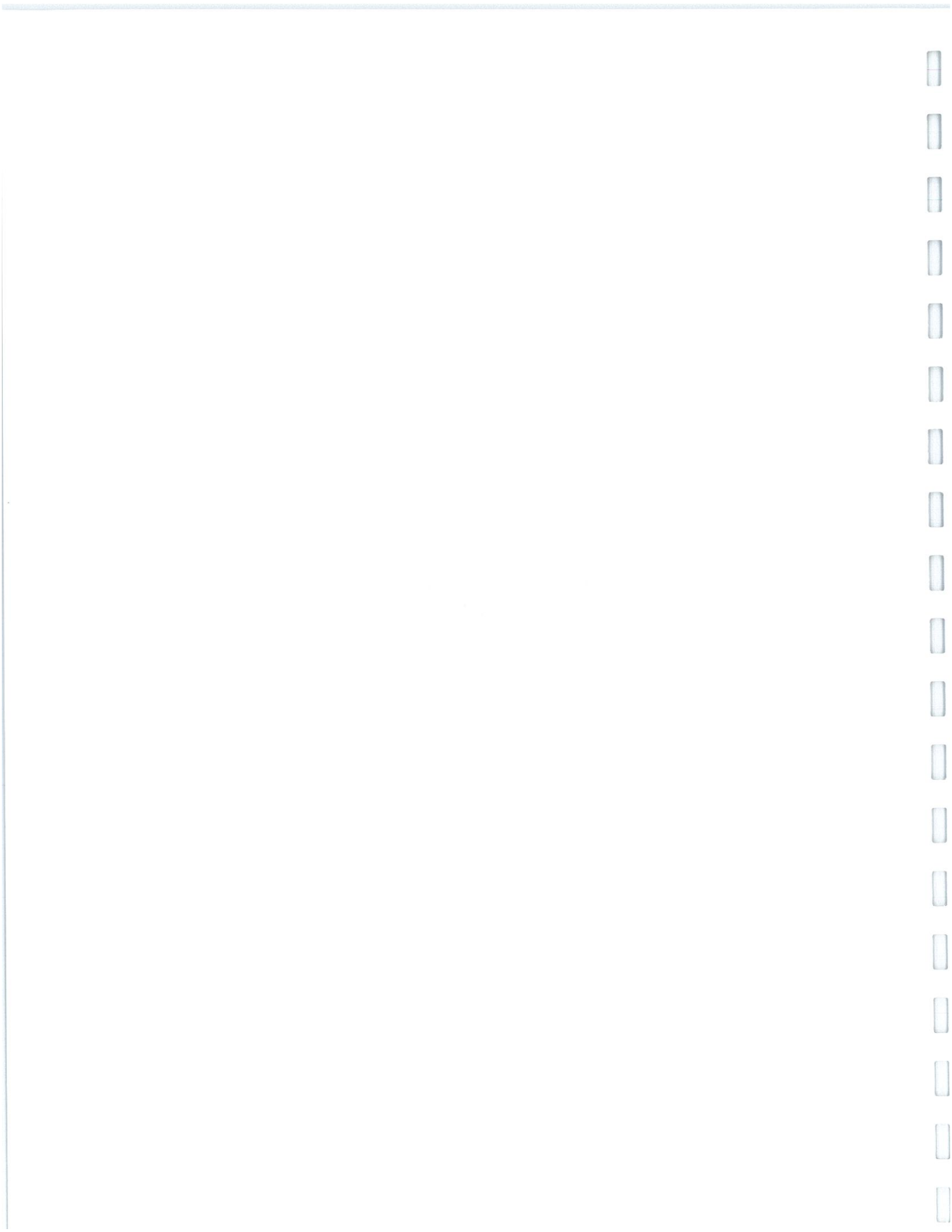


**REQUIRED SUPPLEMENTARY INFORMATION -
(UNAUDITED)**

Pension Trust Fund

Schedule of Funding Progress

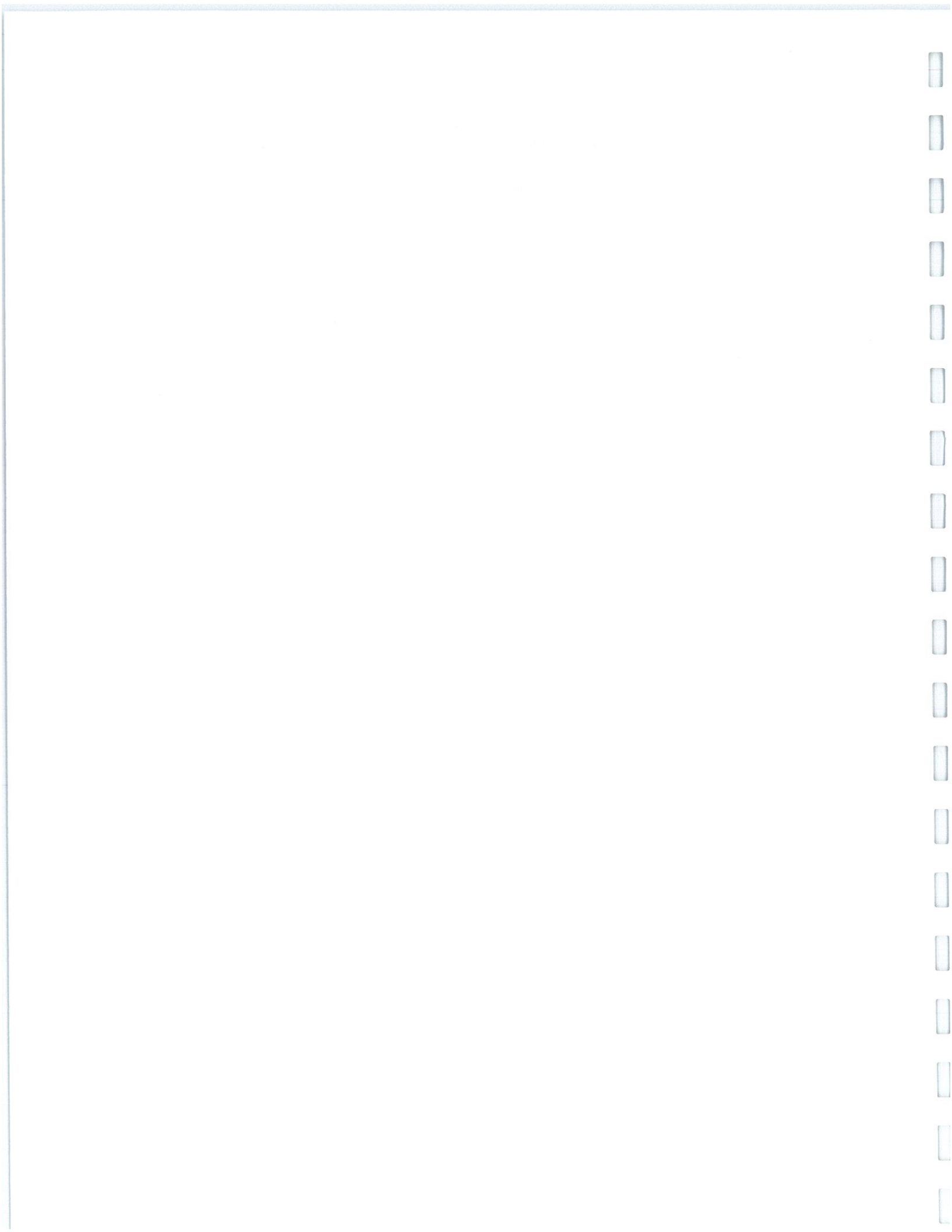
Schedule of Employer and State Contributions

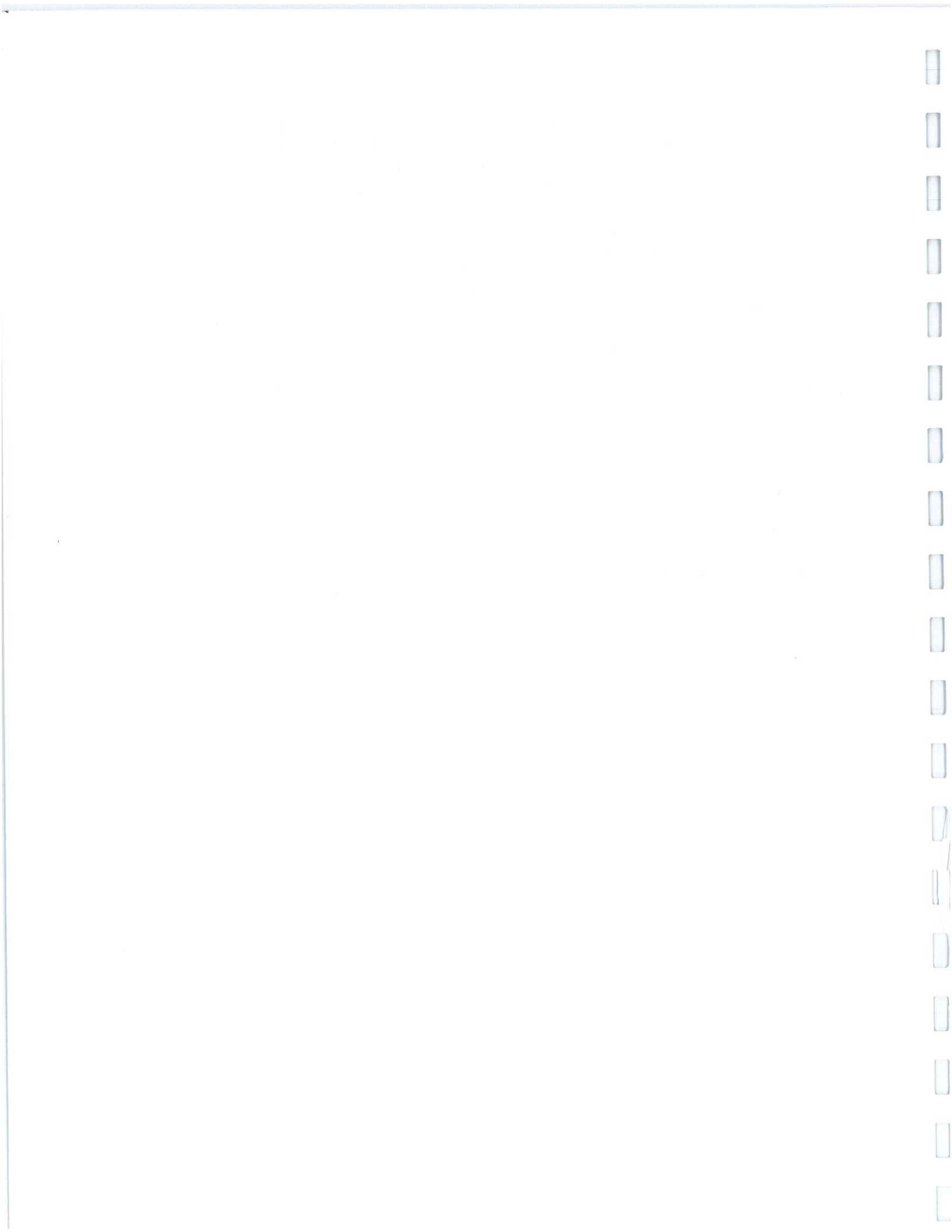


**SCHEDULE OF FUNDING PROGRESS
CITY OF MARCO ISLAND FIREFIGHTERS' PENSION PLAN
SEPTEMBER 30, 2000
CITY OF MARCO ISLAND, FLORIDA**

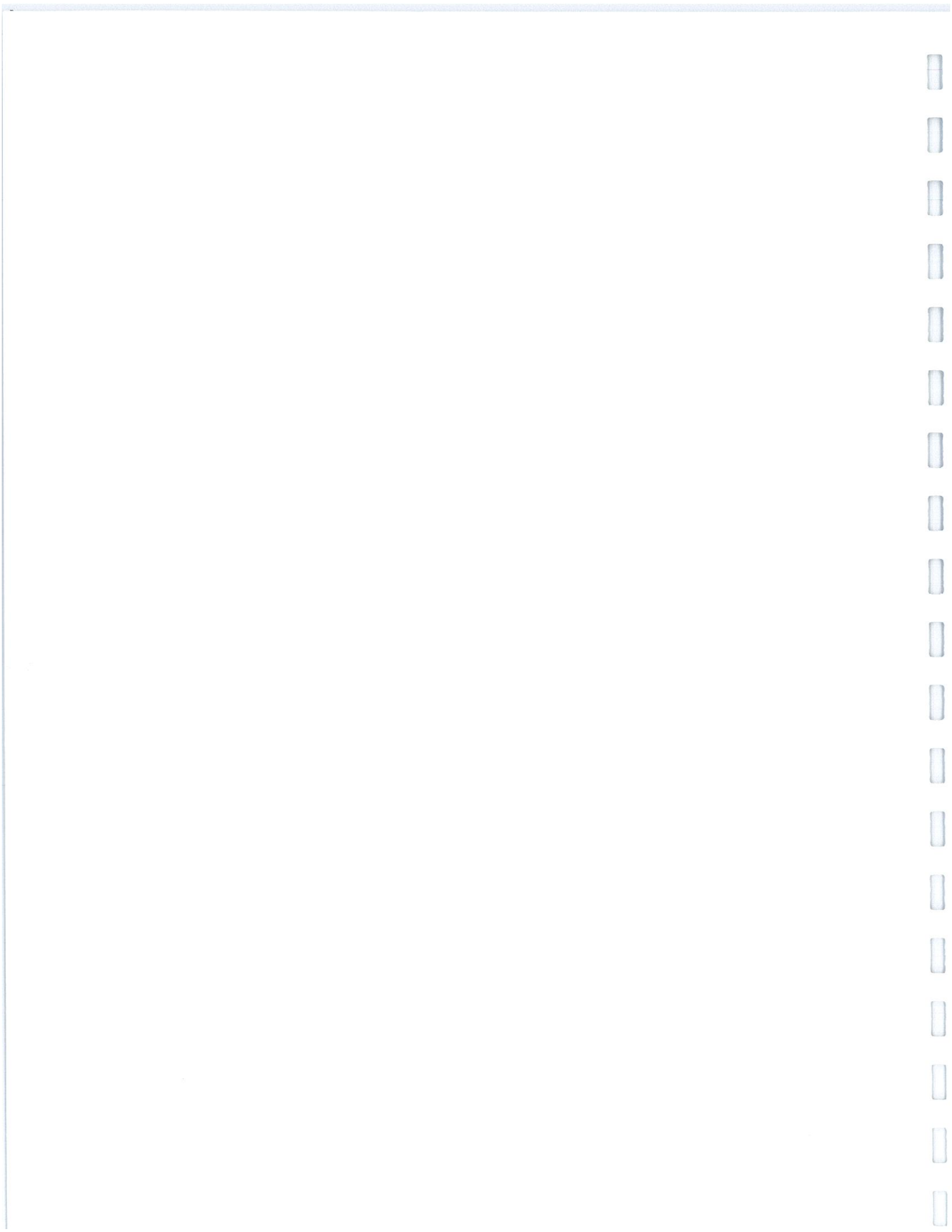
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded (Overfunded) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/(c) UAAL as a Percentage of Covered Payroll
10/01/96	\$ 466	\$ 129	\$ (337)	361.2%	\$ 142,309	(0.2%)
10/01/97	53,383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

Note: Latest valuation was October 1, 1997.



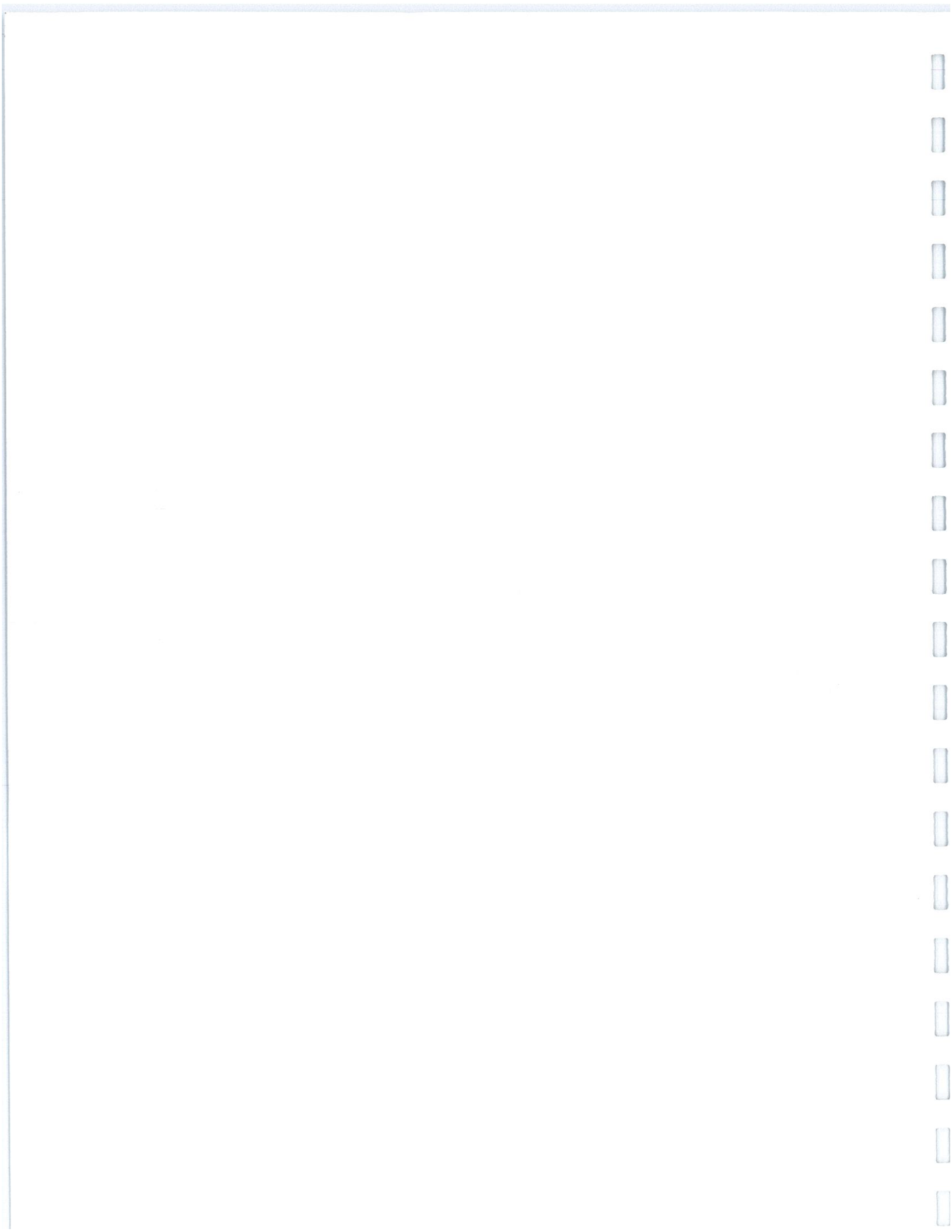


SUPPORTING SCHEDULES



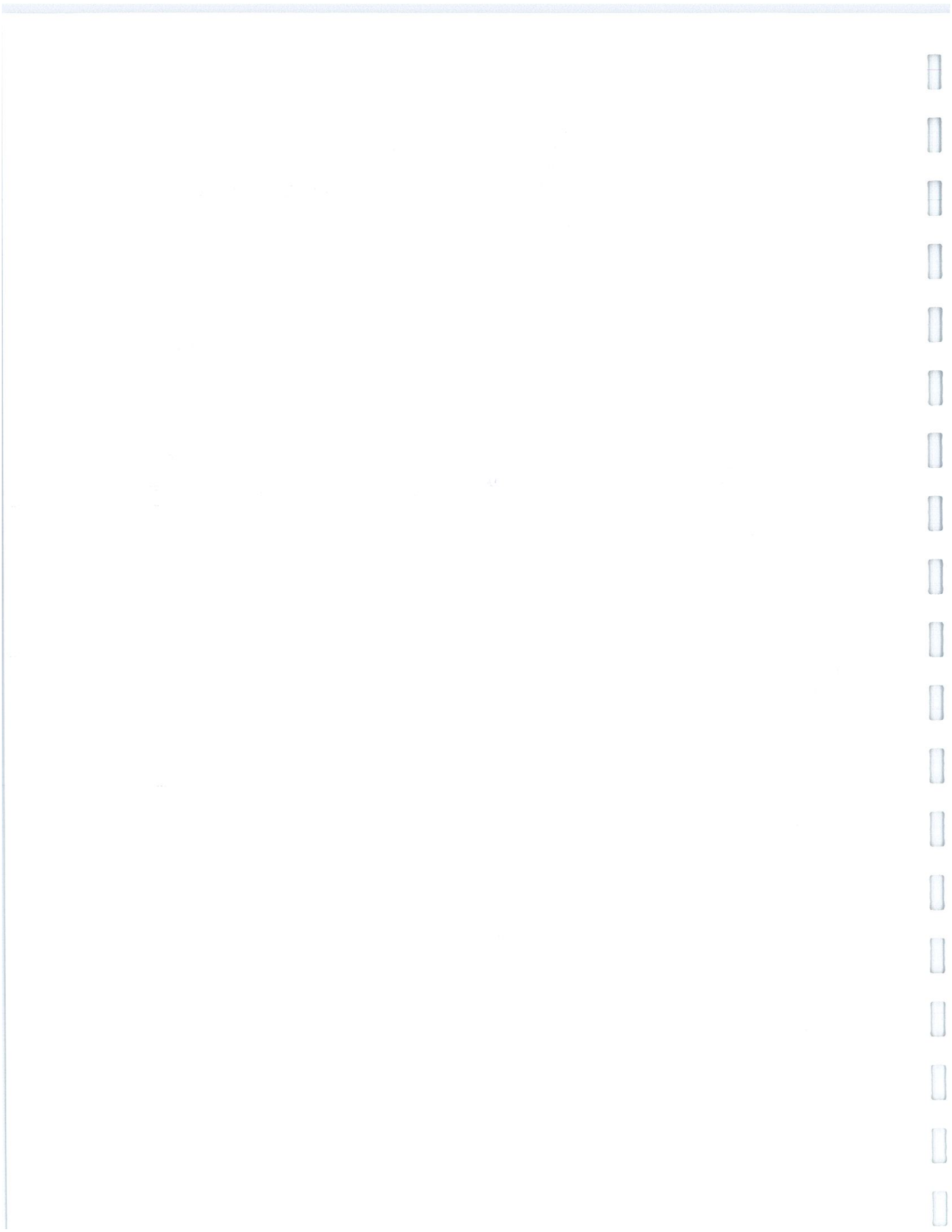
GENERAL FUND

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.



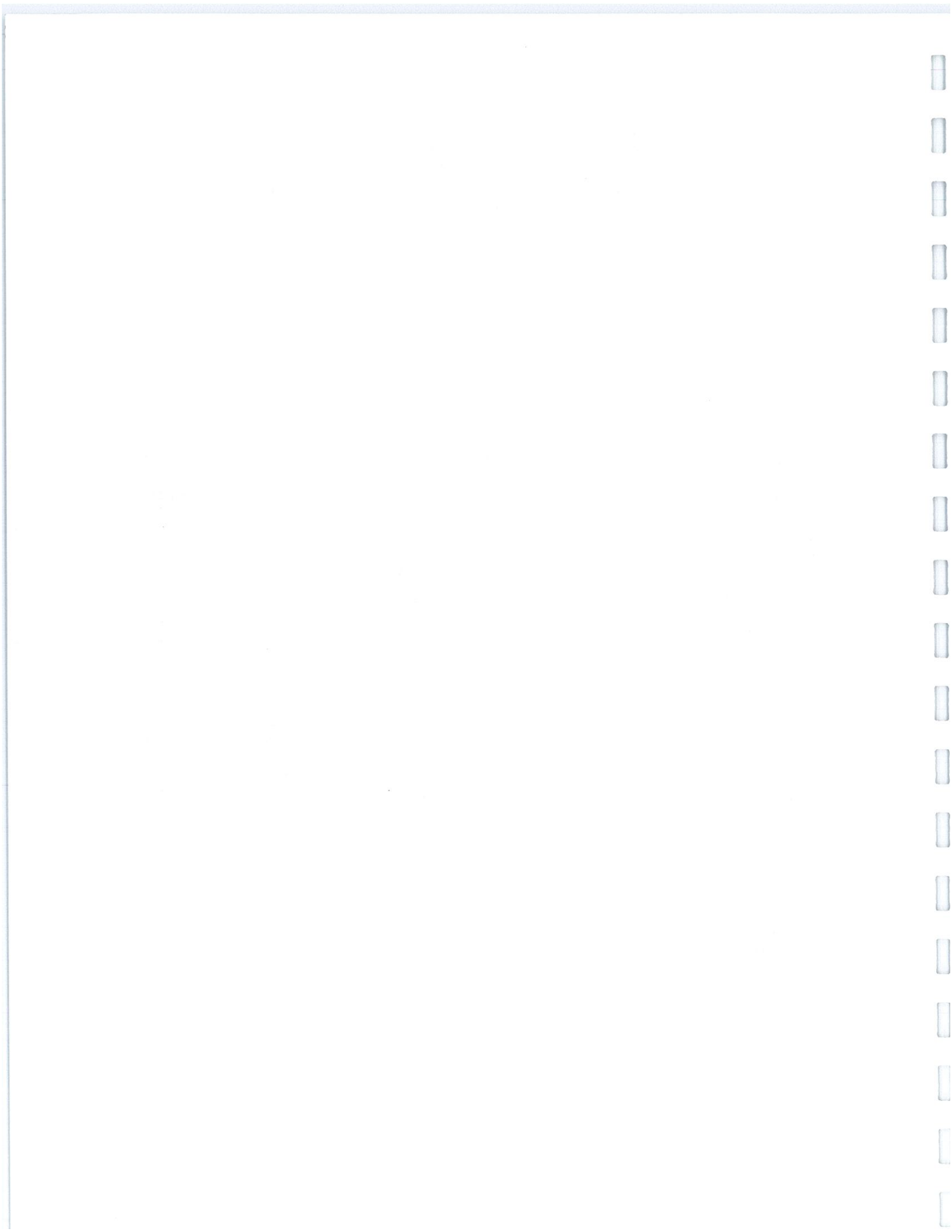
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR 1999
CITY OF MARCO ISLAND, FLORIDA**

	2000		Variance Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Revenues				
Taxes				
Property Taxes - Current	\$ 5,440,642	\$ 5,525,097	\$ 84,455	\$ 6,243,114
Property Taxes - Delinquent	12,200	14,273	2,073	5,461
Local Option Fuel Tax	572,144	619,616	47,472	594,965
Cable Franchise Fees	211,000	213,019	2,019	187,964
Total Taxes	<u>6,235,986</u>	<u>6,372,005</u>	<u>136,019</u>	<u>7,031,504</u>
Licenses and Permits				
County Occupational Licenses	7,500	28,171	20,671	28,970
Beach Vendor Licenses	2,500	3,500	1,000	4,775
Building Permits	900,000	1,115,187	215,187	1,019,985
Special Fire Permits	600	750	150	650
Total Licenses and Permits	<u>910,600</u>	<u>1,147,608</u>	<u>237,008</u>	<u>1,054,380</u>
Intergovernmental				
Grants				
Federal Emergency Management Agency	0	10,491	10,491	2,338
U.S. Department of Justice	40,000	3,000	(37,000)	0
National Urban and Forestry Grant	0	0	0	7,653
Florida DCA - Comprehensive Plan	40,000	40,000	0	40,000
Collier County - Mitigation Grant	0	0	0	7,500
Total Grants	<u>80,000</u>	<u>53,491</u>	<u>(26,509)</u>	<u>57,491</u>
State-Shared Revenues				
Cigarette Tax	108,966	96,480	(12,486)	114,949
Municipal Revenue Sharing	174,546	235,021	60,475	194,370
Half-Cent Sales Tax	1,279,601	1,439,279	159,678	1,299,438
Firefighters' Supplemental	4,800	5,484	684	4,800
Total State-Shared Revenues	<u>1,567,913</u>	<u>1,776,264</u>	<u>208,351</u>	<u>1,613,557</u>
Other Shared Revenues				
Fire Services Contract	56,376	56,376	0	56,376
Total Intergovernmental	<u>1,704,289</u>	<u>1,886,131</u>	<u>181,842</u>	<u>1,727,424</u>



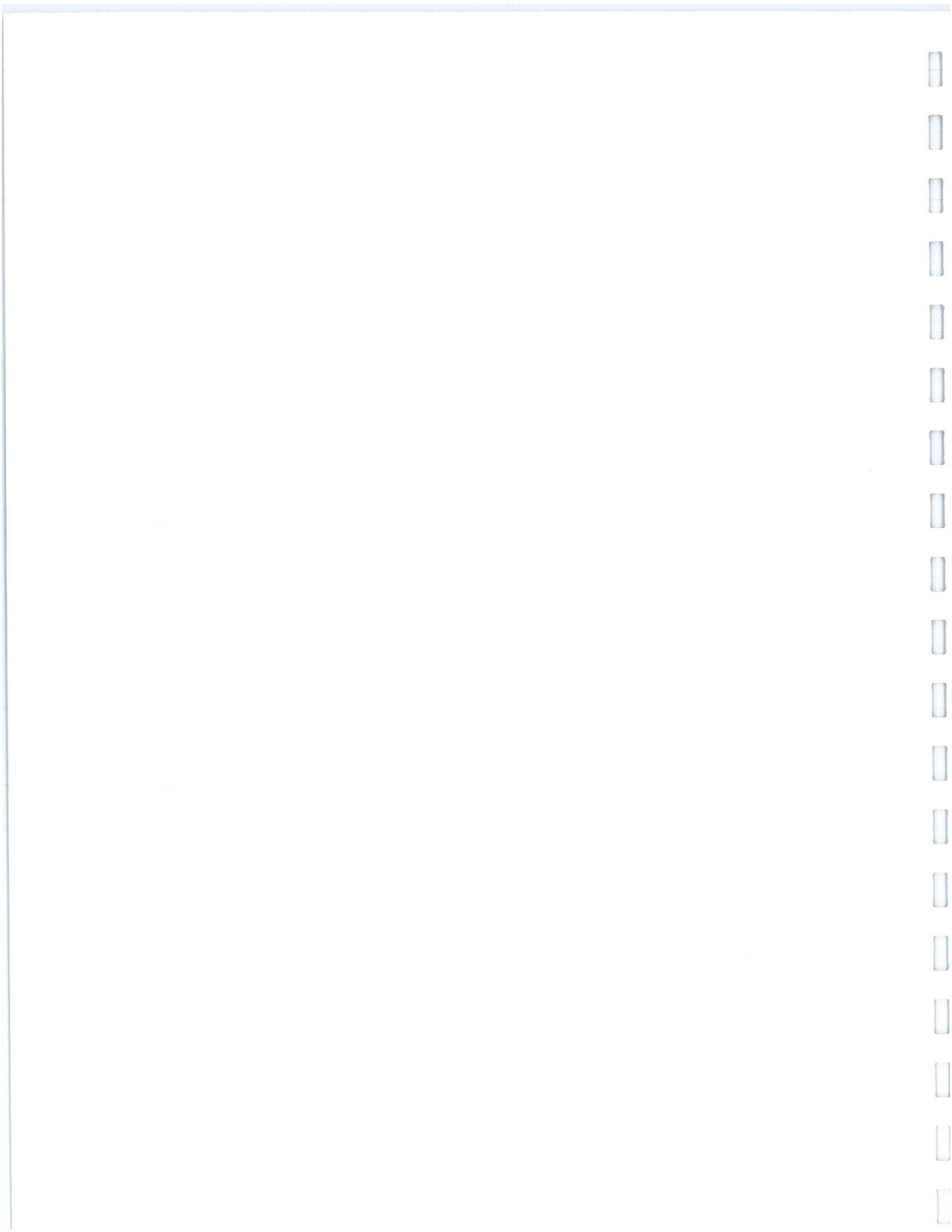
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR 1999
CITY OF MARCO ISLAND, FLORIDA
(Continued)**

	2000		Variance Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Revenues (Concluded)				
Charges For Services				
General Government	\$ 52,000	\$ 68,239	\$ 16,239	\$ 45,244
Public Safety	35,000	63,074	28,074	15,441
Culture and Recreation	90,000	71,408	(18,592)	97,395
Public Education	0	0	0	1,380
Total Charges For Services	<u>177,000</u>	<u>202,721</u>	<u>25,721</u>	<u>159,460</u>
Fines and Forfeitures				
Court Fines	10,000	16,055	6,055	12,627
Other Violations	40,000	63,143	23,143	47,105
Total Fines and Forfeitures	<u>50,000</u>	<u>79,198</u>	<u>29,198</u>	<u>59,732</u>
Interest Income				
Interest Income	519,503	611,434	91,931	370,834
Miscellaneous				
Rents	0	1,438	1,438	1,680
Impact Fees	280,000	250,794	(29,206)	1,465,786
Sale of Fixed Assets	0	16,000	16,000	0
Donations	0	120	120	672
Miscellaneous	31,000	72,416	41,416	48,314
Total Miscellaneous	<u>311,000</u>	<u>340,768</u>	<u>29,768</u>	<u>1,516,452</u>
Total Revenues	<u>9,908,378</u>	<u>10,639,865</u>	<u>731,487</u>	<u>11,919,786</u>
Expenditures				
Current:				
General Government				
Legislative				
Personal Services	48,478	45,137	3,341	48,526
Operating Expenses	50,480	21,867	28,613	24,756
Capital Outlay	0	0	0	800
Total Legislative	<u>98,958</u>	<u>67,004</u>	<u>31,954</u>	<u>74,082</u>



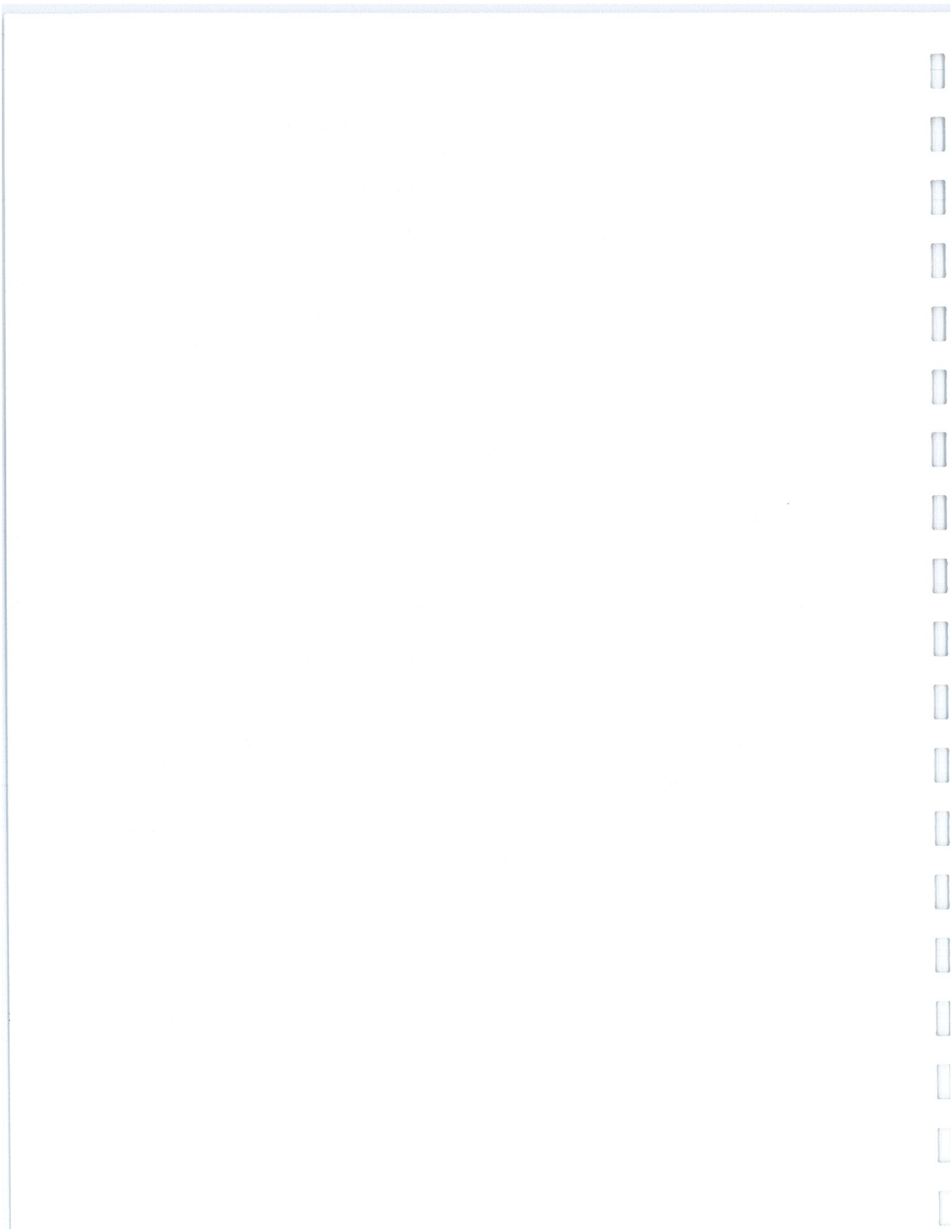
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR 1999
CITY OF MARCO ISLAND, FLORIDA
(Continued)**

	2000		Variance Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Expenditures (Continued)				
Current: (Continued)				
General Government (Continued)				
Executive				
Personal Services	\$ 322,538	\$ 283,909	\$ 38,629	\$ 256,571
Operating Expenses	33,975	7,966	26,009	7,160
Capital Outlay	4,000	1,058	2,942	8,686
Total Executive	<u>360,513</u>	<u>292,933</u>	<u>67,580</u>	<u>272,417</u>
Finance				
Personal Services	170,704	170,152	552	143,361
Operating Expenses	61,597	49,071	12,526	29,298
Capital Outlay	2,701	2,701	0	633
Total Finance	<u>235,002</u>	<u>221,924</u>	<u>13,078</u>	<u>173,292</u>
Legal				
Operating Expenses	180,000	136,062	43,938	211,251
Community Development				
Personal Services	234,146	232,011	2,135	200,448
Operating Expenses	147,256	133,210	14,046	61,942
Capital Outlay	6,000	5,929	71	5,485
Total Community Development	<u>387,402</u>	<u>371,150</u>	<u>16,252</u>	<u>267,875</u>
Other General Government				
Operating Expenses	474,140	465,997	8,143	219,485
Capital Outlay	8,300	7,496	804	12,687
Total Other General Government	<u>482,440</u>	<u>473,493</u>	<u>8,947</u>	<u>232,172</u>
Total General Government	<u>1,744,315</u>	<u>1,562,566</u>	<u>181,749</u>	<u>1,231,089</u>
Public Safety				
Code Compliance				
Personal Services	131,883	121,064	10,819	74,321
Operating Expenses	55,820	43,405	12,415	39,836
Capital Outlay	21,100	21,024	76	4,070
Total Code Compliance	<u>208,803</u>	<u>185,493</u>	<u>23,310</u>	<u>118,227</u>



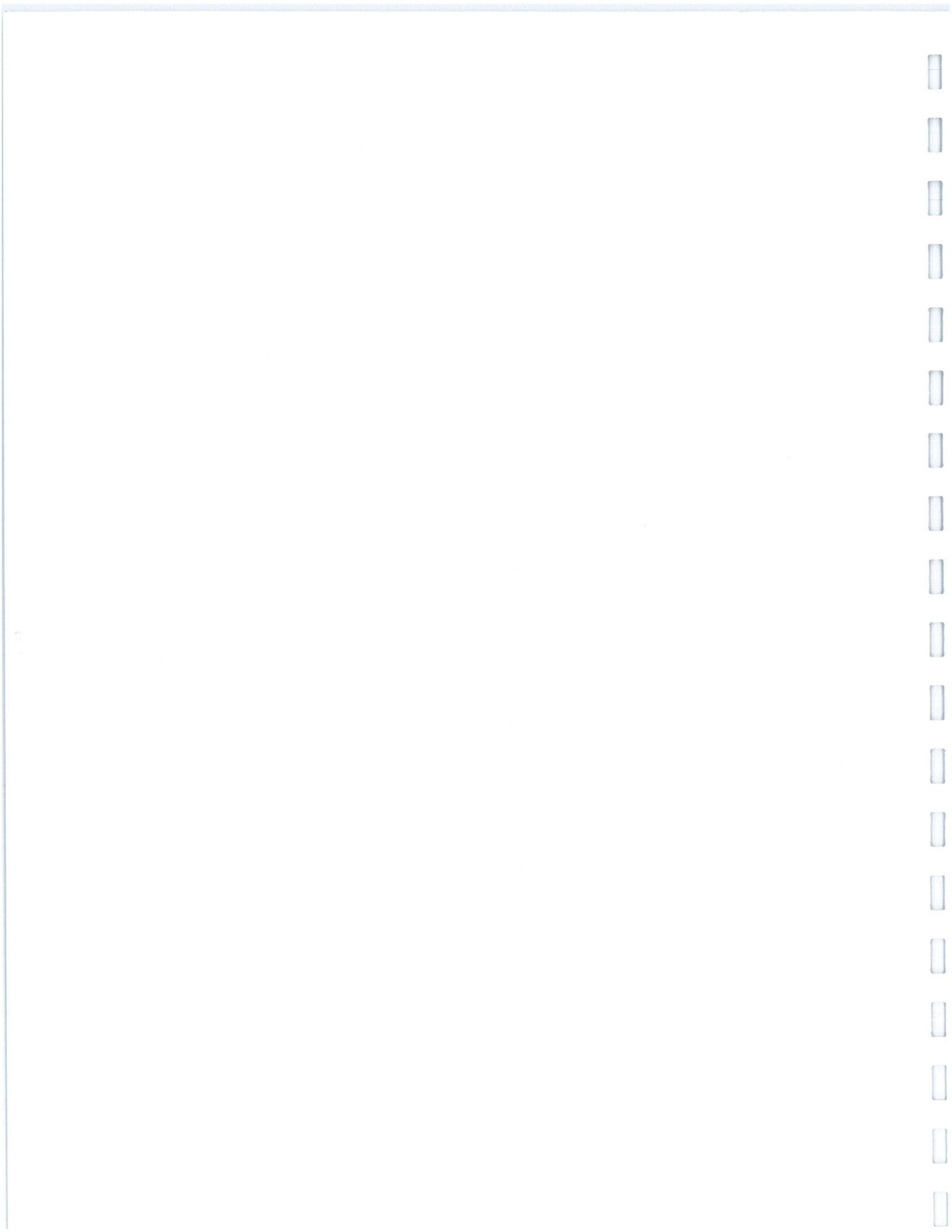
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR 1999
CITY OF MARCO ISLAND, FLORIDA
(Continued)**

	2000		Variance Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Expenditures (Continued)				
Current: (Continued)				
Public Safety (Concluded)				
Police Services				
Personal Services	\$ 1,221,940	\$ 1,221,621	\$ 319	\$ 0
Operating Expenses	352,643	352,224	419	0
Capital Outlay	363,933	363,933	0	0
Total Police Services	<u>1,938,516</u>	<u>1,937,778</u>	<u>738</u>	<u>0</u>
Fire/Rescue				
Personal Services	1,849,660	1,845,873	3,787	0
Operating Expenses	208,472	207,385	1,087	0
Capital Outlay	131,728	136,487	(4,759)	0
Debt Service	146,000	145,953	47	0
Total Fire/Rescue	<u>2,335,860</u>	<u>2,335,698</u>	<u>162</u>	<u>0</u>
Other Public Safety				
Personal Services	0	0	0	1,970,565
Operating Expenses	0	0	0	1,086,202
Capital Outlay	0	0	0	61,620
Debt Service	0	0	0	145,952
Total Other Public Safety	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,264,339</u>
Building Services				
Personal Services	407,764	390,957	16,807	285,993
Operating Expenses	169,695	88,806	80,889	63,694
Capital Outlay	17,789	16,658	1,131	6,983
Total Building Services	<u>595,248</u>	<u>496,421</u>	<u>98,827</u>	<u>356,670</u>
Total Public Safety	<u>5,078,427</u>	<u>4,955,390</u>	<u>123,037</u>	<u>3,739,236</u>
Transportation				
Streets and Drainage				
Personal Services	350,260	338,044	12,216	170,368
Operating Expenses	491,512	449,654	41,858	423,392
Capital Outlay	12,828	7,374	5,454	54,402
Total Transportation	<u>854,600</u>	<u>795,072</u>	<u>59,528</u>	<u>648,162</u>



**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2000, WITH COMPARATIVE
ACTUAL AMOUNTS FOR 1999
CITY OF MARCO ISLAND, FLORIDA
(Concluded)**

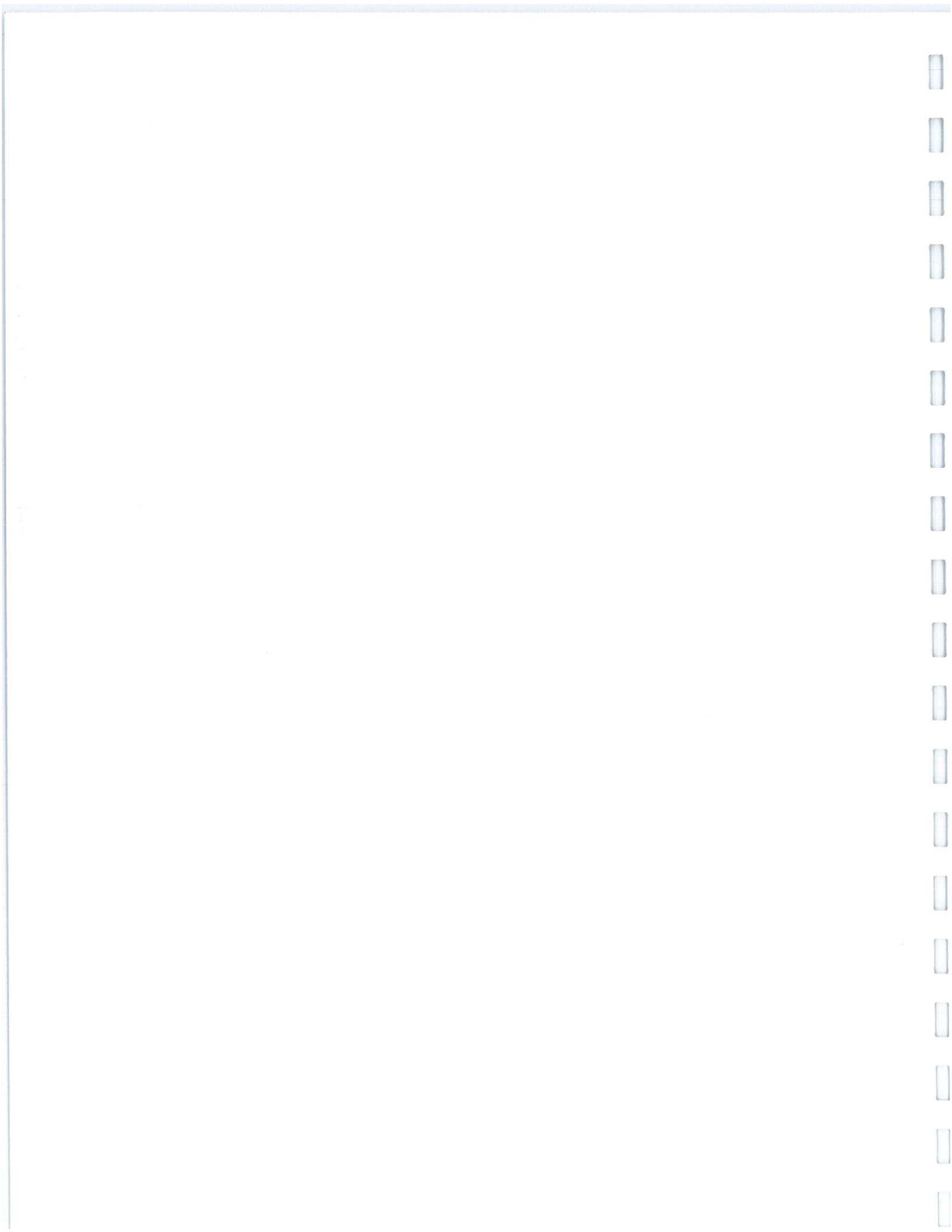
	2000		Variance Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Expenditures (Concluded)				
Current: (Concluded)				
Culture and Recreation				
Parks Maintenance				
Operating Expenses	\$ 328,704	\$ 217,843	\$ 110,861	\$ 197,731
Capital Outlay	76,500	33,652	42,848	19,952
Total Parks Maintenance	<u>405,204</u>	<u>251,495</u>	<u>153,709</u>	<u>217,683</u>
Recreation				
Personal Services	61,311	57,470	3,841	50,974
Operating Expenses	250,612	239,317	11,295	215,233
Capital Outlay	13,743	13,716	27	11,874
Total Recreation	<u>325,666</u>	<u>310,503</u>	<u>15,163</u>	<u>278,081</u>
Beautification				
Operating Expenses	423,157	279,174	143,983	311,208
Capital Outlay	88,000	87,336	664	83,786
Total Beautification	<u>511,157</u>	<u>366,510</u>	<u>144,647</u>	<u>394,994</u>
Total Culture and Recreation	<u>1,242,027</u>	<u>928,508</u>	<u>313,519</u>	<u>890,758</u>
(Total Expenditures)	<u>(8,919,369)</u>	<u>(8,241,536)</u>	<u>677,833</u>	<u>(6,509,245)</u>
Excess of Revenues Over Expenditures	989,009	2,398,329	1,409,320	5,410,541
Other Financing (Uses)				
Operating Transfers (Out)	<u>(1,200,000)</u>	<u>(1,280,472)</u>	<u>(80,472)</u>	<u>(508,368)</u>
Excess of Revenues Over Expenditures and Other Financing Uses	<u>\$ (210,991)</u>	1,117,857	<u>\$ 1,328,848</u>	4,902,173
Fund Balance, October 1		<u>8,128,668</u>		<u>3,226,495</u>
Fund Balance, September 30		<u>\$ 9,246,525</u>		<u>\$ 8,128,668</u>



ACCOUNT GROUP

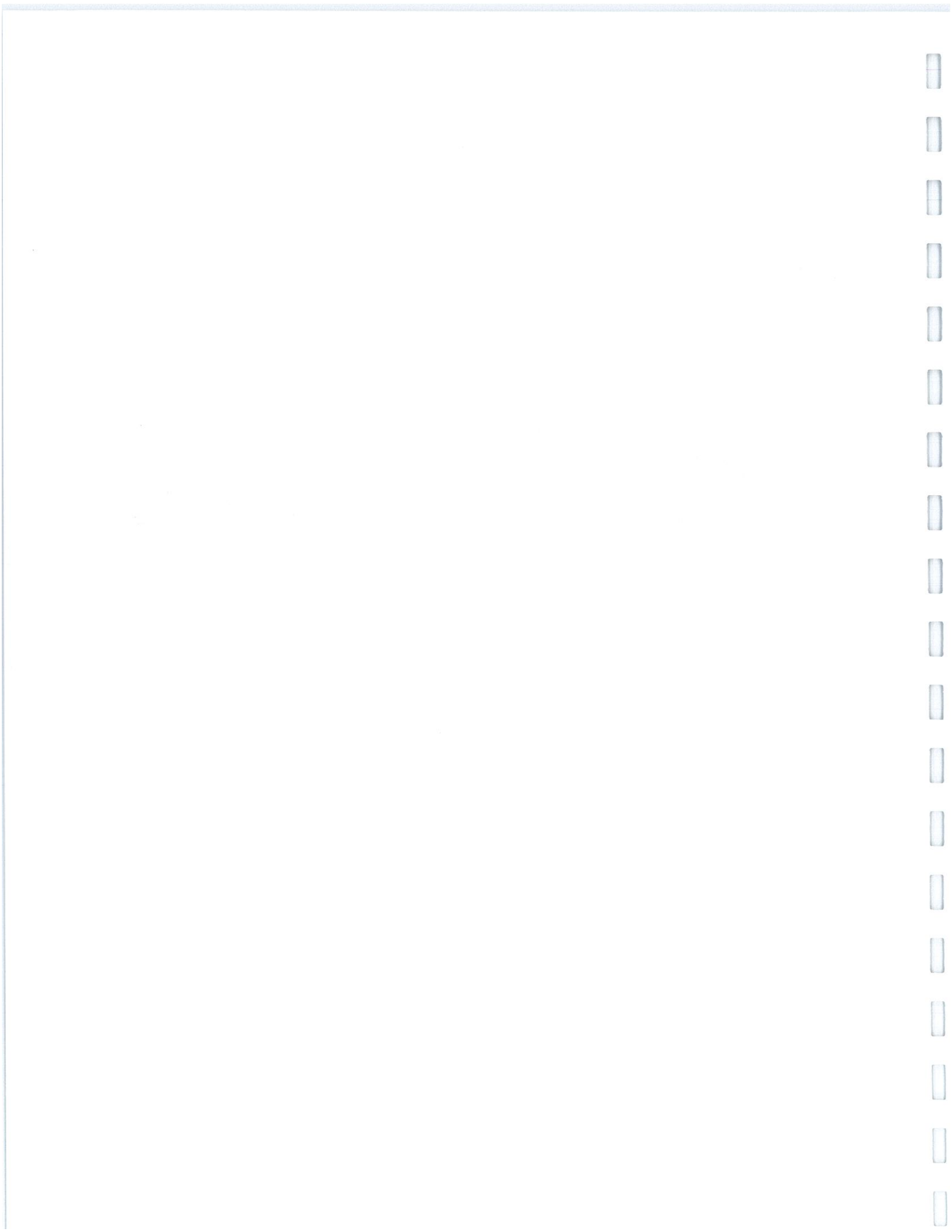
Account groups are not funds; they do not reflect available financial resources and related liabilities, but are accounting records of the general fixed assets and the general long-term obligations, respectively.

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.



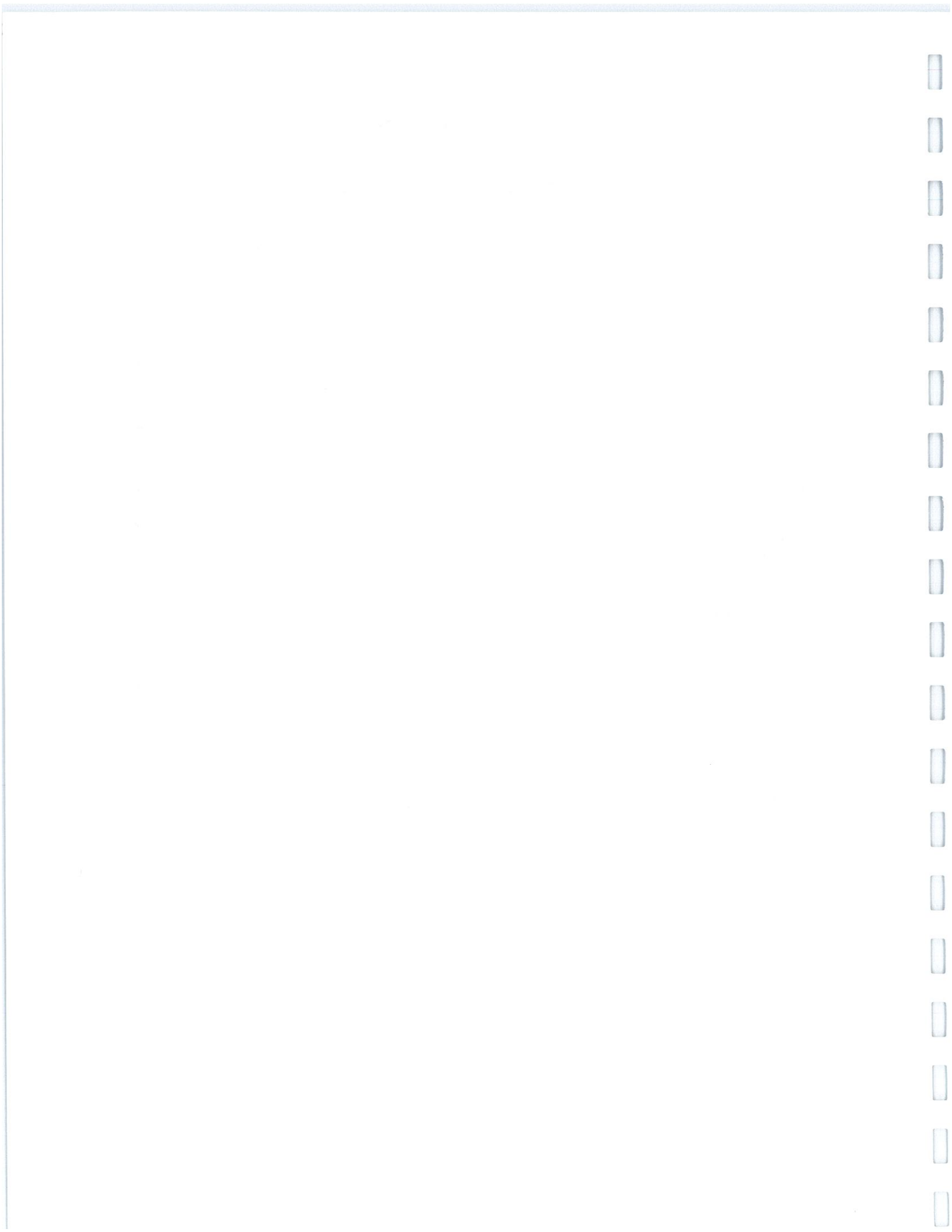
**SCHEDULES OF GENERAL FIXED ASSETS BY SOURCE
 SEPTEMBER 30, 2000 AND 1999
 CITY OF MARCO ISLAND, FLORIDA**

	<u>2000</u>	<u>1999</u>
General Fixed Assets		
Land	\$ 3,897,419	\$ 3,821,020
Buildings and Improvements	1,323,842	1,300,431
Vehicles and Equipment	2,299,757	1,691,951
Property Held Under Capital Lease	1,609,880	1,609,880
Total General Fixed Assets	<u>9,130,898</u>	<u>8,423,282</u>
 Investment in General Fixed Assets By Source		
General Fund Revenue	1,602,666	931,050
Fire District Taxes	2,626,946	2,626,946
Contributions	4,901,286	4,865,286
Total Investment in General Fixed Assets	<u>\$ 9,130,898</u>	<u>\$ 8,423,282</u>



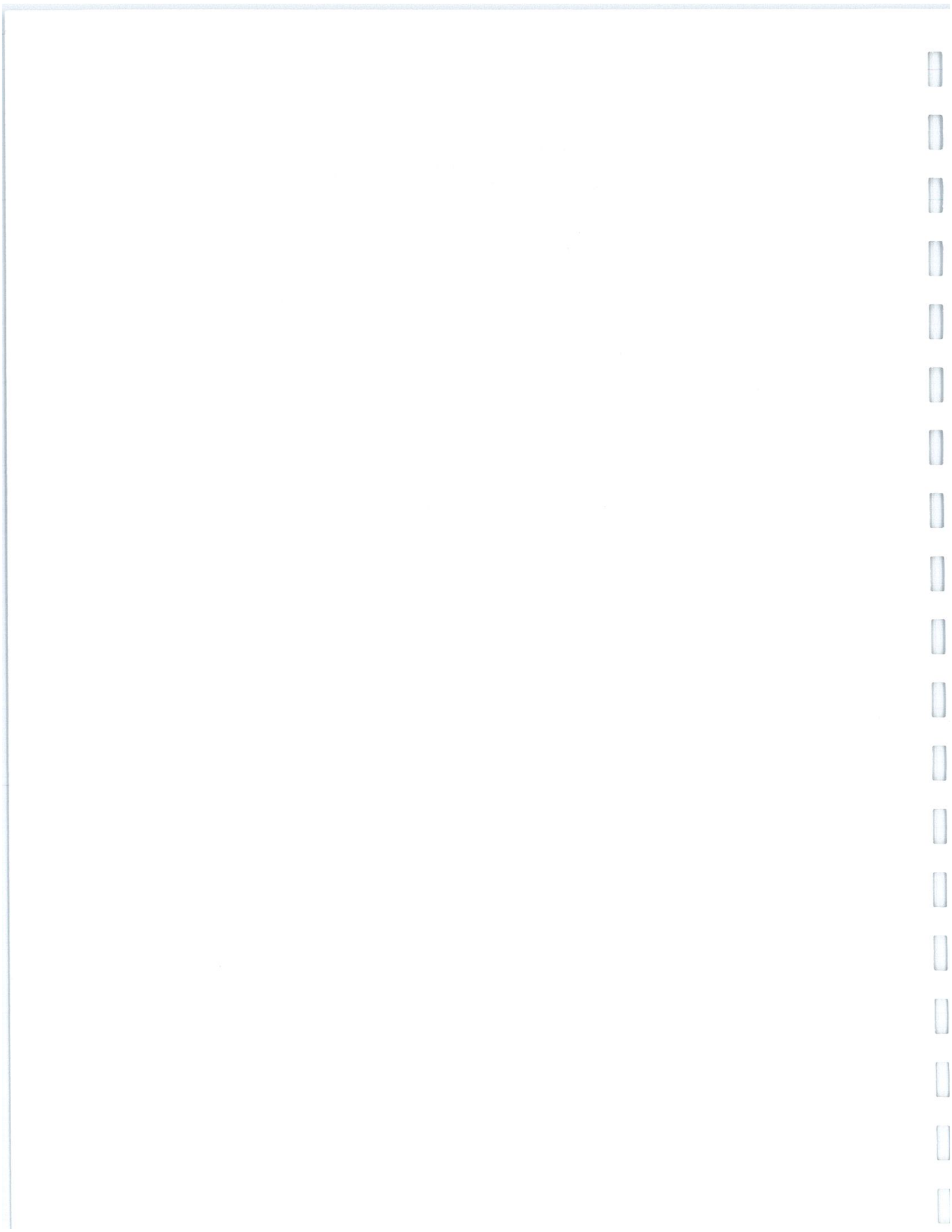
**SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2000
CITY OF MARCO ISLAND, FLORIDA**

	Land	Buildings and Improvements	Vehicles and Equipment	Property Held Under Capital Lease	Total
General Government					
City Council	\$ 0	\$ 0	\$ 24,554	\$ 0	\$ 24,554
Executive	0	0	95,538	0	95,538
Finance	0	0	65,441	0	65,441
Community Development	45,000	0	22,594	0	67,594
Other General Government	0	0	22,977	0	22,977
Total General Government	<u>45,000</u>	<u>0</u>	<u>231,104</u>	<u>0</u>	<u>276,104</u>
Public Safety					
Code Compliance	0	0	25,753	0	25,753
Police Services	0	0	363,933	0	363,933
Fire/Rescue	575,227	159,919	1,478,044	1,609,880	3,823,070
Building Services	0	6,041	32,618	0	38,659
Total Public Safety	<u>575,227</u>	<u>165,960</u>	<u>1,900,348</u>	<u>1,609,880</u>	<u>4,251,415</u>
Culture and Recreation					
Parks Maintenance	39,006	680	9,233	0	48,919
Recreation	3,154,400	1,156,205	10,957	0	4,321,562
Beautification	83,786	0	87,336	0	171,122
Total Culture and Recreation	<u>3,277,192</u>	<u>1,156,885</u>	<u>107,526</u>	<u>0</u>	<u>4,541,603</u>
Transportation					
Public Works	0	997	60,779	0	61,776
Total General Fixed Assets	<u>\$ 3,897,419</u>	<u>\$ 1,323,842</u>	<u>\$ 2,299,757</u>	<u>\$ 1,609,880</u>	<u>\$ 9,130,898</u>

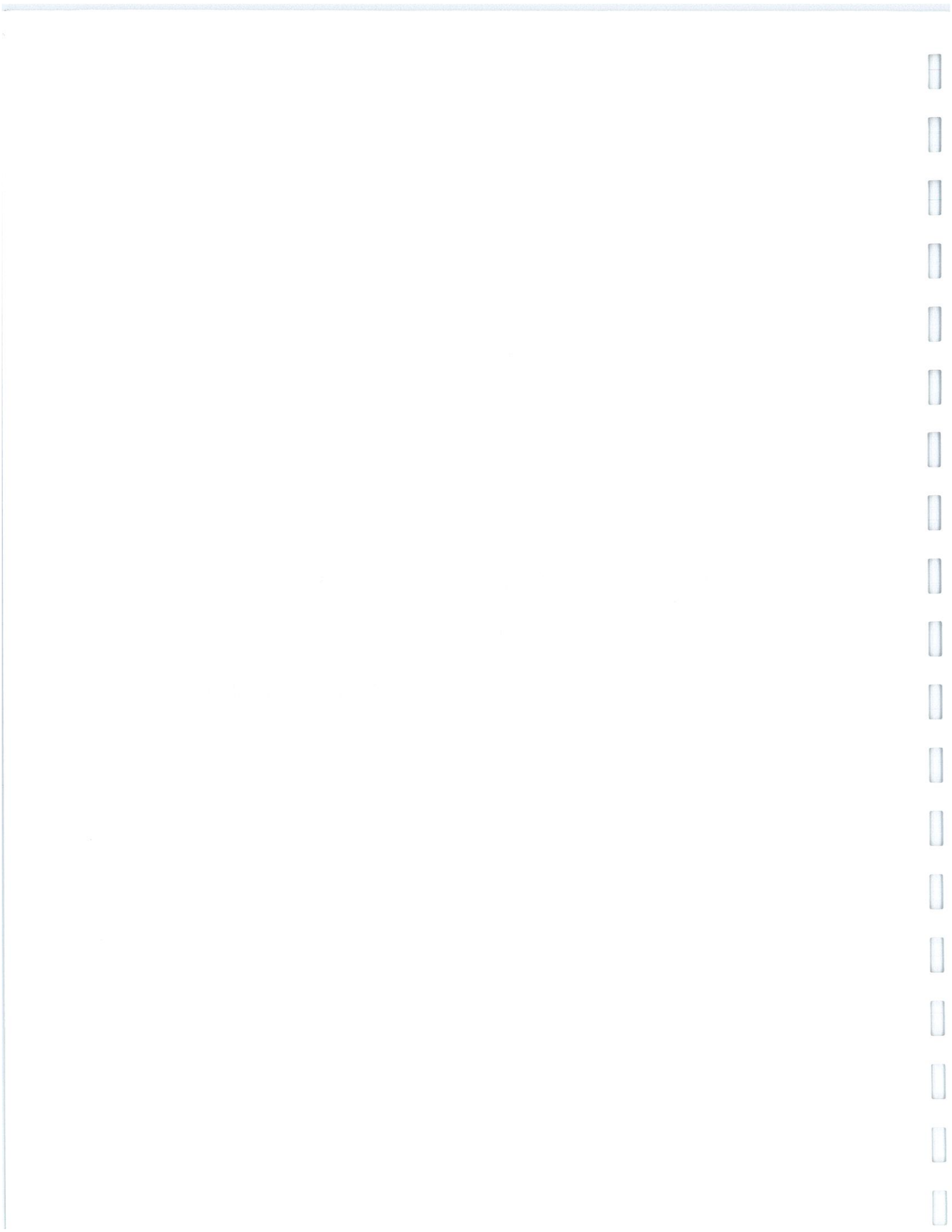


**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2000
CITY OF MARCO ISLAND, FLORIDA**

	General Fixed Assets 10/1/99	Additions	(Deductions)	Transfers In (Out)	General Fixed Assets 9/30/00
General Government					
City Council	\$ 24,554	\$ 0	\$ 0	\$ 0	\$ 24,554
Executive	52,756	1,058	0	41,724	95,538
Finance	70,887	2,701	0	(8,147)	65,441
Community Development	53,385	5,929	0	8,280	67,594
Other General Government	56,463	7,497	(10,748)	(30,235)	22,977
Total General Government	<u>258,045</u>	<u>17,185</u>	<u>(10,748)</u>	<u>11,622</u>	<u>276,104</u>
Public Safety					
Code Compliance	9,846	21,024	0	(5,117)	25,753
Police Services	0	363,933	0	0	363,933
Fire/Rescue	3,686,969	136,486	0	(385)	3,823,070
Building Services	28,121	16,658	0	(6,120)	38,659
Total Public Safety	<u>3,724,936</u>	<u>538,101</u>	<u>0</u>	<u>(11,622)</u>	<u>4,251,415</u>
Culture and Recreation					
Parks Maintenance	8,834	33,652	0	6,433	48,919
Recreation	4,278,279	49,716	0	(6,433)	4,321,562
Beautification	98,786	87,336	(15,000)	0	171,122
Total Culture and Recreation	<u>4,385,899</u>	<u>170,704</u>	<u>(15,000)</u>	<u>0</u>	<u>4,541,603</u>
Transportation					
Public Works	54,402	7,374	0	0	61,776
Total General Fixed Assets	<u>\$ 8,423,282</u>	<u>\$ 733,364</u>	<u>\$ (25,748)</u>	<u>\$ 0</u>	<u>\$ 9,130,898</u>

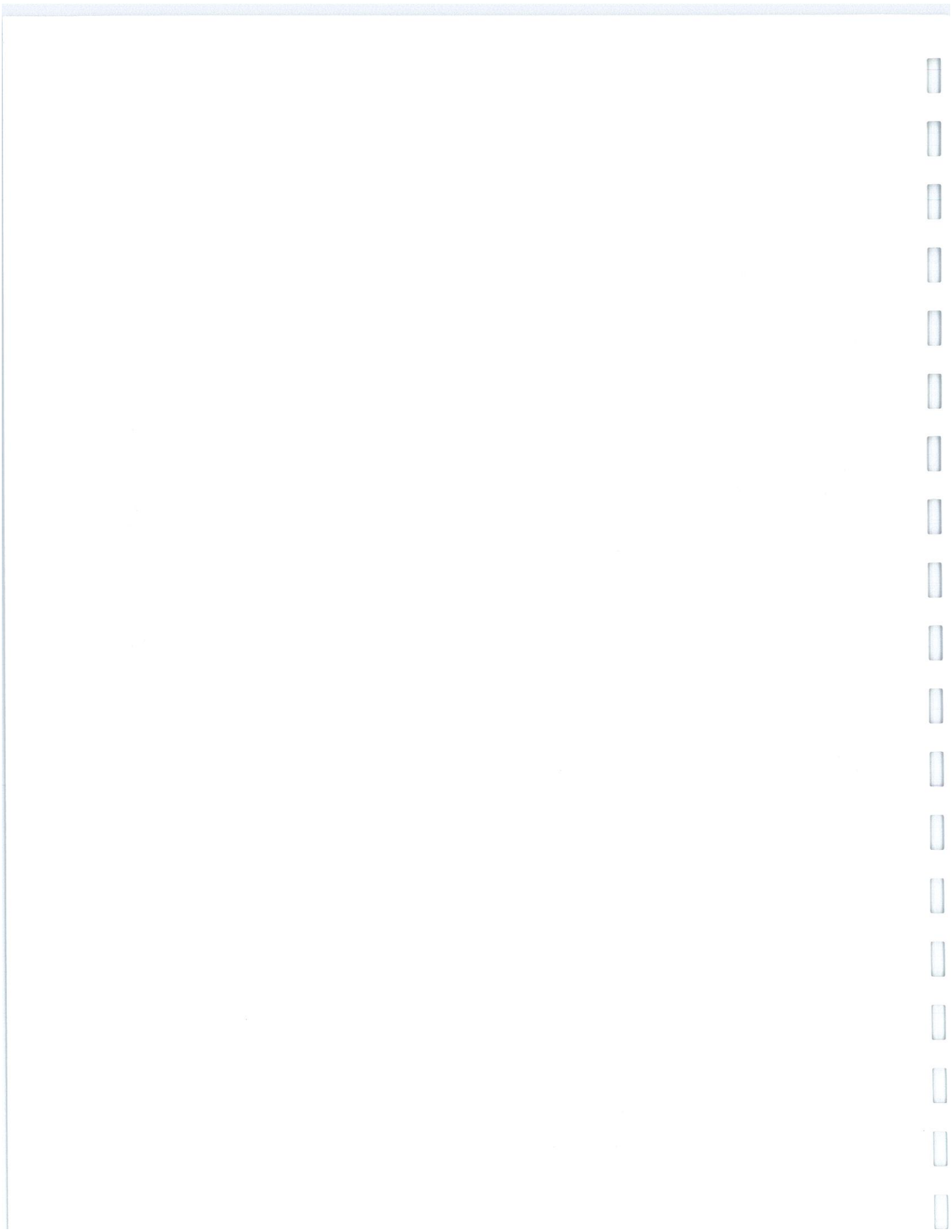


**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*, ISSUED BY THE COMPTROLLER GENERAL
OF THE UNITED STATES; AND THE *RULES OF THE
AUDITOR GENERAL* OF THE STATE OF FLORIDA**



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2000
CITY OF MARCO ISLAND, FLORIDA**

Agency/Program Title	Grant Number	State Grants and Aids	Award Amount	Grant Period	Required Match	Beginning Receivable	Receipts	Expenditures	Ending Receivable
Federal Award									
Bureau of Justice Assistance, U.S. Department of Justice									
Bulletproof Vest Partnership Grant Act of 1998	ID 99002800	No	\$ 3,000	1998-1999	\$ 11,975	\$ 0	\$ 3,000	\$ 8,975	\$ 0
State Financial Assistance									
State of 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	1999-2000	\$ 40,000	\$ 0	\$ 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, 2000, and have issued our report thereon dated November 8, 2000, 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*.

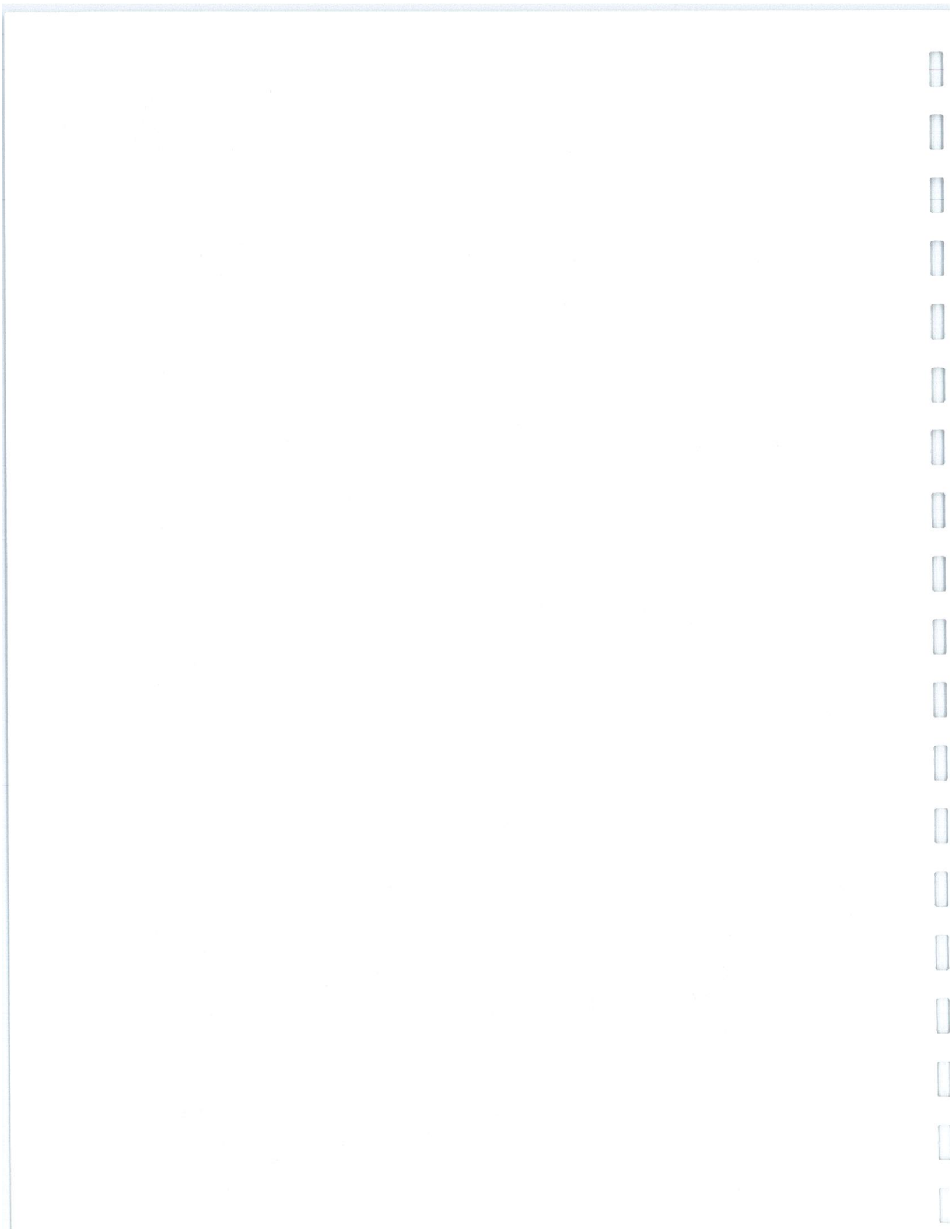
Internal Control Over Financial Reporting

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.

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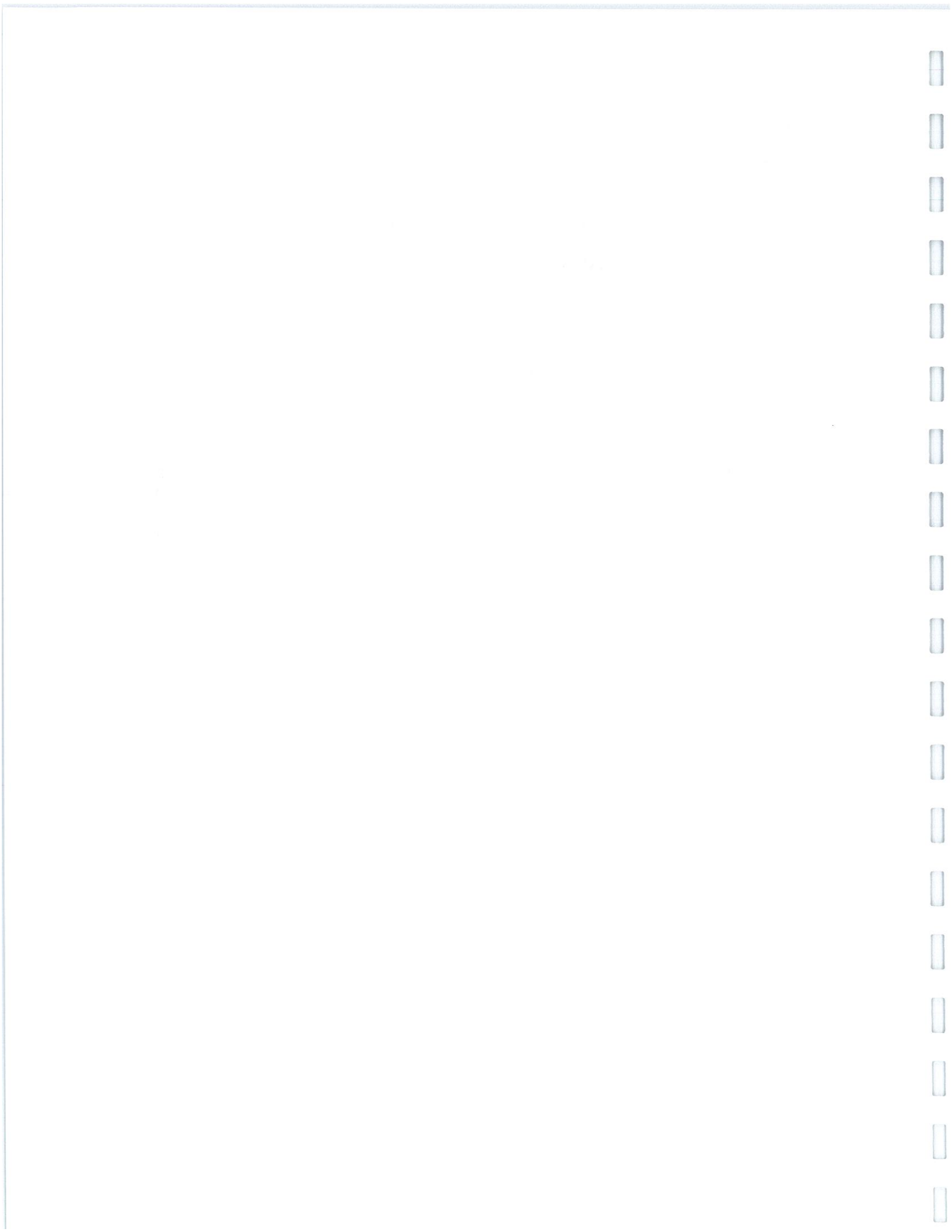
Honorable Chairman and City Council
City of Marco Island
Marco Island, Florida

**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 8, 2000
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, 2000. 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, 2000, 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 8, 2000
Sarasota, Florida

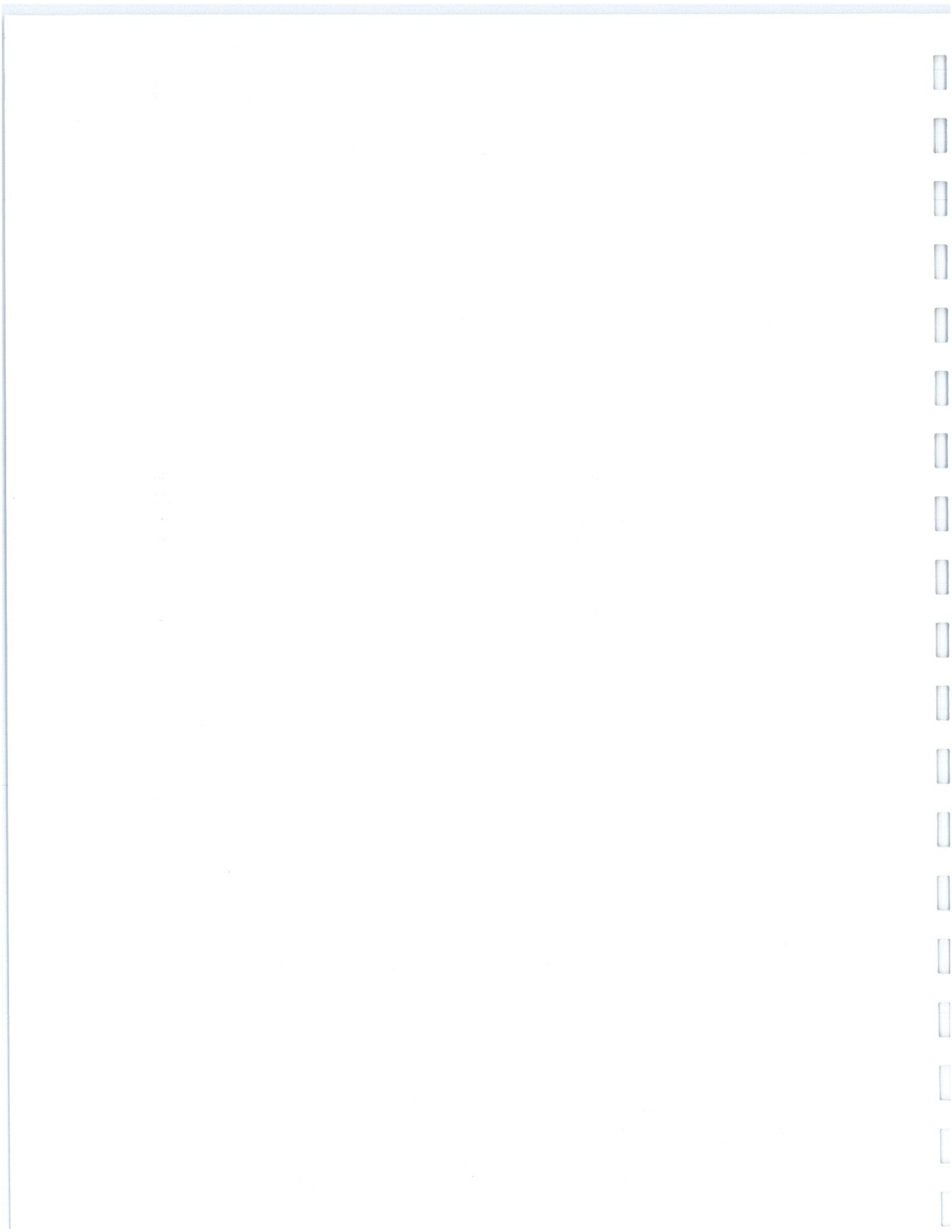
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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS



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, 2000, and have issued our report thereon dated November 8, 2000, which was unqualified.

We have issued our independent auditors' report on compliance and internal control dated November 8, 2000. 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.(a)] require that we comment as to whether or not inaccuracies, shortages, defalcations, fraud, and violations of laws, rules and regulations reported in the preceding annual financial audit report have been corrected. There were no such matters disclosed in the preceding audit report.

The *Rules of the Auditor General* [Section 10.554(1)(e)1.(b)] 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 audit report and they have been followed to our satisfaction.

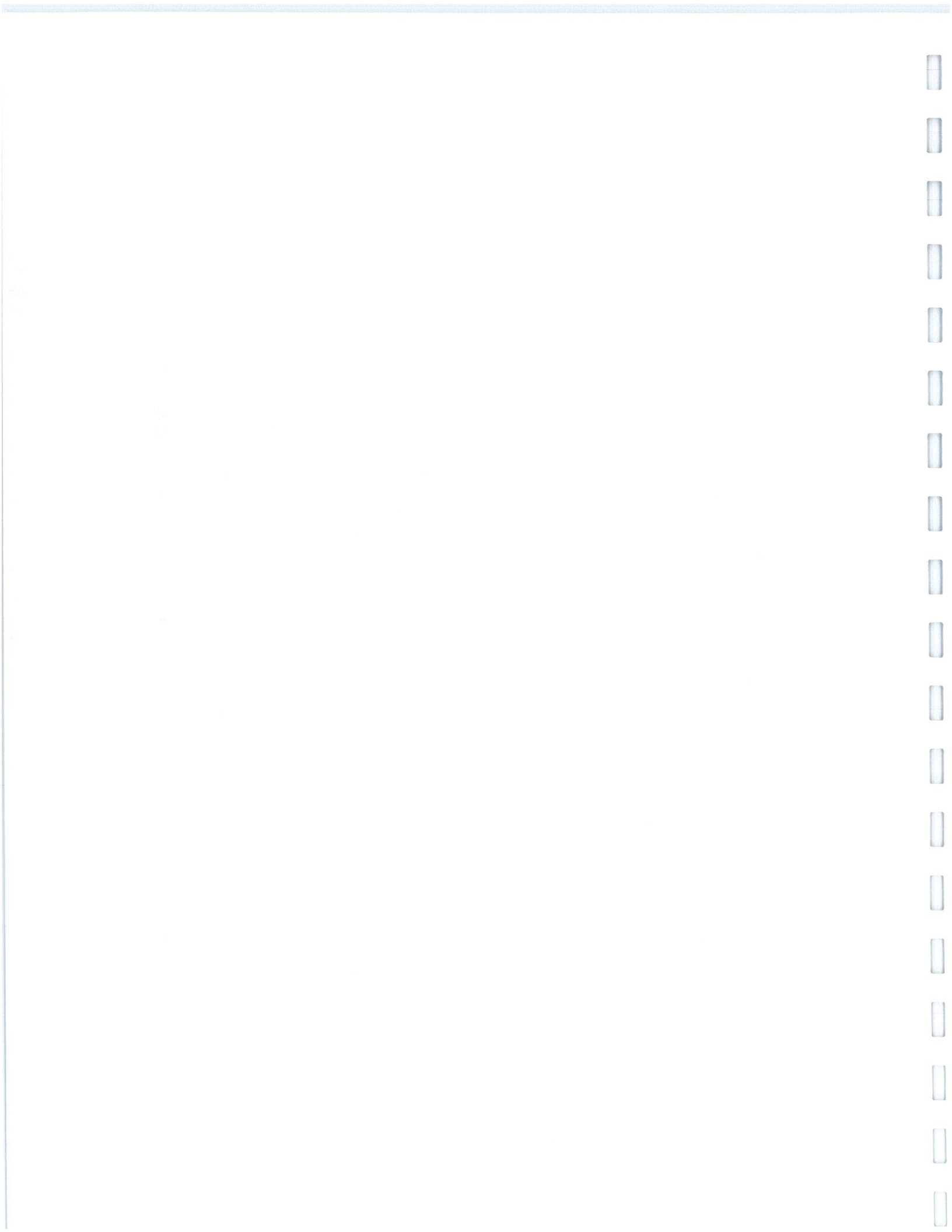
As required by the *Rules of the Auditor General* [Section 10.554(1)(e)2.], the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the City of Marco Island, Florida is 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)3.], we determined that the financial report for the City of Marco Island, Florida for the fiscal year ended September 30, 2000, 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, 2000.

The *Rules of the Auditor General* [Section 10.554(1)(e)4.], require that we determine whether the City complied with Section 218.415, Florida Statutes, regarding investment of public funds. Our audit disclosed no matters requiring comment as outlined in Section 218.415, Florida Statutes.

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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. and 8.(a), (b), and (c)] require disclosure in the management letter of the following matters if not already addressed in the auditors' report on compliance and internal control: 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 that 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, shortages, and defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed the following matter required to be disclosed by *Rules of the Auditor General* [Sections 10.554(1)(e)6., 7. and 8.]:

Current Audit Recommendation

■ **Revenues**

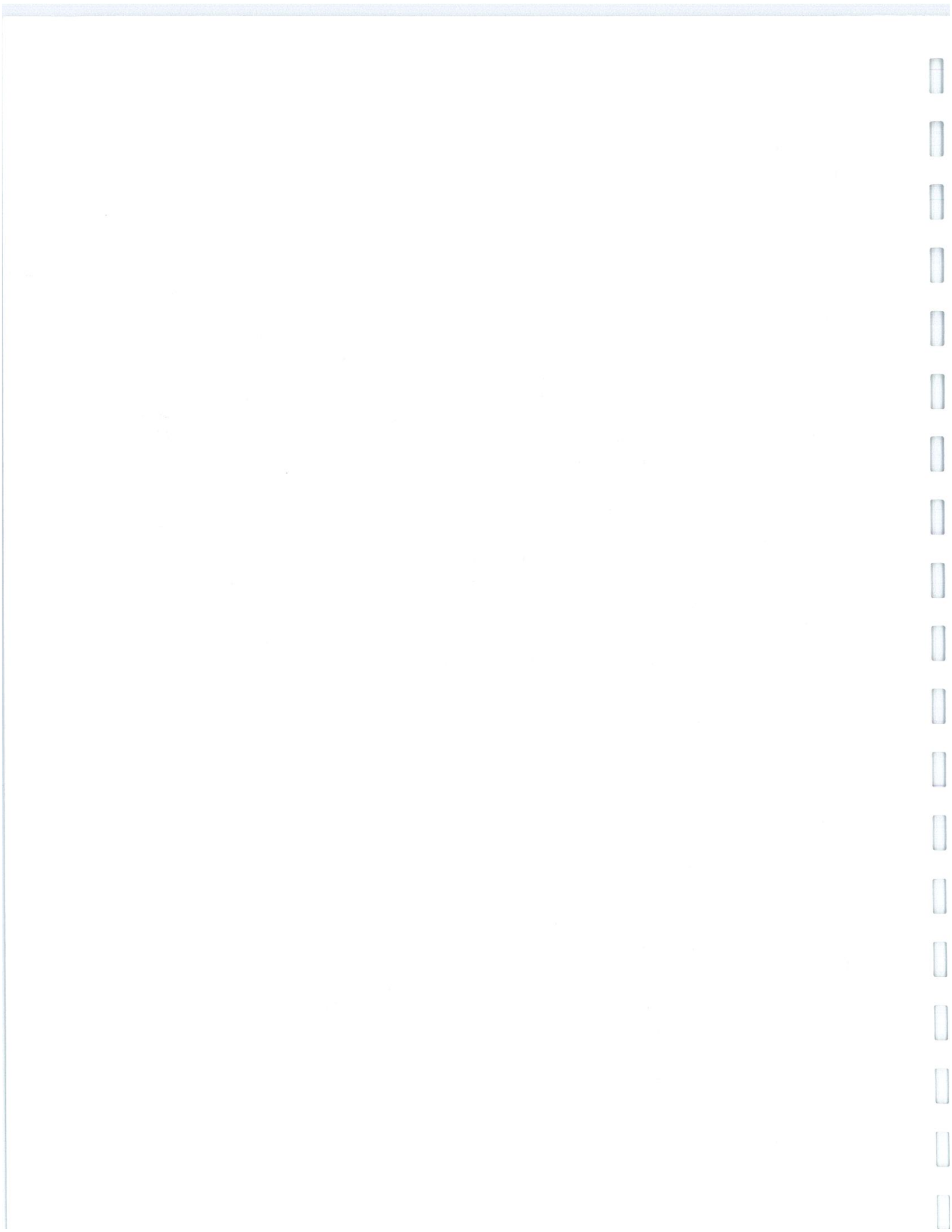
Our review of procedures over the issuance of building permits, indicated that the same City employee was generally responsible for determining the applicability of specific permit and impact fees, calculating and collecting those fees, issuing and recording permits, and depositing cash. For proper accounting 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.

In addition, we recommend the City document the procedures, controls and risk assessment in the following areas:

- Occupational and Special Licenses
- Copying Charges
- Land Use Fees
- Racquet Club Fees
- Miscellaneous Revenues

The *Rules of the Auditor General* [Section 10.554(1)(e)9.] 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 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



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

MANAGEMENT LETTER
(Concluded)

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 8, 2000
Sarasota, Florida

Perris, Gray and Company

