

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
of the
CITY OF TREASURE ISLAND, FLORIDA
for the**

**Fiscal Year Ended
September 30, 2014**



Prepared by the Department of Finance

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CITY OF TREASURE ISLAND, FLORIDA

COMMISSION-MANAGER FORM OF GOVERNMENT

CITY COMMISSION

ROBERT MINNING, Mayor

PHIL COLLINS, District 1

CAROL COWARD, District 3

TIM RAMSBERGER, District 2

ALAN BILDZ, District 4

CITY MANAGER
Reid Silverboard

FINANCE DIRECTOR
Christine Trovato

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City of Treasure Island Florida
Comprehensive Annual Financial Report
Table of Contents
For the Fiscal Year Ended September 30, 2014

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	3
Certificate of Achievement	9
Organizational Chart	11
List of Elected and Appointed Officials	13
 FINANCIAL SECTION	
Independent Auditor's Report	19
Management's Discussion and Analysis (MD&A)	25
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	37
Statement of Activities	38
Fund Financial Statements	
Balance Sheet - Governmental Funds	40
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	41
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	43
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	44
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Local Option Sales Tax Fund	45
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - County Gas Tax Fund	46
Statement of Net Position - Proprietary Funds	47
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	48
Statement of Cash Flows - Proprietary Funds	49
Notes to the Financial Statements	53
Required Supplementary Information	
Schedule of Funding Progress - Post-Employment Health Benefits	77
Combining Financial Statements	
Combining Balance Sheet - Nonmajor Government Funds	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	84
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Transportation Trust Fund	87
Police Contraband Forfeiture Fund	88
Capital Projects Fund	89

City of Treasure Island Florida
Comprehensive Annual Financial Report
Table of Contents (Continued)
For the Fiscal Year Ended September 30, 2014

STATISTICAL SECTION

Statistical Section Cover Page	93
Financial Trends	
Net Position by Component - Last Ten Fiscal Years	97
Changes in Net Position - Last Ten Fiscal Years	98
Governmental Activities Tax Revenue by Source (Accrual basis of accounting)	99
Fund Balances of Government Funds - Last Ten Fiscal Years	100
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	101
General Government Tax Revenues by Source - Last Ten Fiscal Years	102
Revenue Capacity	
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	105
Property Tax Rates and Tax Levies - Direct and Overlapping Governments - Last Ten Fiscal Years	106
Principal Taxpayers - Current Year and Ten Years Ago	107
Property Tax Levies and Collections - Last Ten Fiscal Years	108
Debt Capacity	
Ratios or Outstanding Debt by Type - Last Ten Fiscal Years	111
Direct and Overlapping Governmental Activities Debt	112
Legal Debt Margin Informaton - Last Ten Fiscal Years	113
Pledged Revenue Coverage - Water Pollution Control Fund - Last Ten Fiscal Years	114
Demographic and Economic Information	
Demographic and Economics Statistics - Last Ten Fiscal Years	117
Principal Employers - Current Year and Eight Years Ago	118
Operating Information	
City Employees by Function - Last Ten Fiscal Years	121
Operating Indicators by Function - Last Ten Fiscal Years	122
Capital Asset Statistics by Function - Last Eight Fiscal Years	123
Other Auditor's Reports	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	127
Management Letter	129
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes, Local Government Investment Policies	131

I. INTRODUCTORY SECTION

This section contains the following:

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATIONAL CHART

LIST OF ELECTED AND APPOINTED OFFICIALS

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City of
Treasure Island

Florida 33706
Incorporated 1955

120 - 108th Avenue

Phone (727) 547-4575

Fax (727) 547-4584

April 29, 2015

Honorable Mayor and
City Commissioners
City of Treasure Island
Treasure Island, Florida 33706

Dear Mayor and Commissioners:

The Comprehensive Annual Financial Report (CAFR) of the City of Treasure Island for the fiscal year ended September 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City on a Government-wide and a Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Treasure Island's financial statements have been audited by Carr, Riggs & Ingram, LLC, Certified Public Accountants. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The City of Treasure Island was incorporated in 1955. The City is located on the west coast of Florida on the Gulf of Mexico at the heart of Florida's finest beaches. The City provides a full range of services. These services include police and fire protection; sanitation services; the construction and/or maintenance of bridges, streets, a wastewater collection system and City parks and facilities; general governmental services; and recreational activities and cultural events.

ECONOMIC CONDITION AND OUTLOOK

The City of Treasure Island is an affluent barrier island community just off the mainland on the west central coast of Florida. With tourism being the major industry, most of the City's businesses are service oriented with accommodation and restaurant businesses, small retail establishments, and financial related services rounding out the largest three types of industries in Treasure Island.

Treasure Island has long enjoyed a strong viable economic and tax base, being affected, only slightly, by the cyclical fluctuations in the national economy. However, the recovery from the Great Recession where cities across the nation experienced high unemployment rates and reduced real estate values has been slow. There has been little or no growth in many of the City's revenue streams, therefore, resulting in resources to remain stretched to cover the City's on-going operational and infrastructure needs.

All indicators, however, show that tourism is rebounding strongly, unemployment continues to decline and the real estate values are starting to increase. These indicators allow for an optimistic view of the near future. Even though the City is "built out", continued renovation and renewal of the housing stock and improvements to the business community will enable the City to preserve and potentially increase the value of its tax base.

Treasure Island property owners and residents enjoy one of the lower tax rates in the County and user fees for services have remained competitive.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the general fund remained the same as the prior year, at 21% of total general fund revenues. This percentage of unassigned fund balance falls below the target set by the Commission for a minimum of 25% General Fund fund balance. The City is a barrier island and susceptible to storm damage. In the case of a major storm the City would need funds to begin to repair or rebuild while waiting for the possible FEMA recovery funds to be distributed. The future availability of Federal and State recovery funds is not as certain as it may have been prior to Hurricanes Katrina and Sandy.

Beginning in FY 2014, the City is able to assign General Fund fund balance through an increase in the property tax rate towards Causeway Bridge and city infrastructure and facility renewal and replacement. This action has provided a small funding source for the City's current and future infrastructure needs.

MAJOR INITIATIVES

During the fiscal year, the City has continued its efforts to maintain its infrastructure. A major investment was the re-construction of the Capri and Palms bridges which were completed January 2014. The Causeway Bascule Bridge underwent significant repairs and maintenance replacing the hydraulic cylinders that raise and lower the bascule bridge spans. In addition, the three Causeway Bridges were repainted, rusted areas were removed and repaired and concrete was repaired. All of the decorative street lights on 107th Avenue in the Downtown were upgraded to LED fixtures. Another significant project was the preliminary design for the northern Gulf Boulevard Undergrounding and Beautification project.

On-going investments continued with the relining of Waste Water collection lines to both increase the life of the lines as well as reduce Inflow and Infiltration and the refurbishment of Lift Station #4. Stormwater improvements leading to flood protection and resurfacing several thousand feet of City streets were completed.

Some significant projects that will continue into next year include the completion of the Gulf Boulevard Undergrounding and Beautification project and the continuation of many infrastructure projects such as; lift station refurbishing, sewer main relining, stormwater improvements, street resurfacing, repairs to City facilities and repairs to the Beach Trail. Street light change-out will also continue. The major ten-year maintenance on the Causeway bridges, which require overhaul of the hydraulic systems, filters and hoses; replacement of street lights, pedestrian lights and uplighting; and replacement of the hardware and software that operates the bascule bridge will be on-going. The City will continue its consideration of reinstating tolls for use of the Causeway Bridges and roadway to provide a funding source to support the maintenance, operation and eventual replacement for the bridges.

The City will continue updating its comprehensive capital improvement plan. The long-term capital needs of the City show taxpayers what the City's capital needs are for funding consideration as it moves into the future.

The City will continue its comprehensive rewrite of its Land Development Regulations in order to stimulate redevelopment and provide the flexibility needed for investment into the community. The Planned Development Ordinance will be modified and reintroduced for consideration.

FINANCIAL INFORMATION

Reporting Entity: The City of Treasure Island is a Florida Municipal Corporation providing a full range of municipal services, which includes general government, public safety, public works, and recreation. In addition to these governmental functions which are funded within the General Fund, the City operates a sewer, solid waste collection and disposal system, and a stormwater management program within its Enterprise Funds. In accordance with GASB Statement 14 "The Financial Reporting Entity", the City has addressed its potential component units and has determined that no other governmental organizations are includable within the City's reporting entity.

Accounting and Budgetary System: The City has a fully integrated accounting and budgetary system, which provides for on-line entry of data and control for such entry. The Uniform Accounting System, a manual released by the State of Florida in 1978, as updated, has been used as the basic guide for coding accounting transactions. The basis of accounting and budgeting is set forth in detail in the Notes to the Financial Statements.

Management of the City is responsible for establishing and maintaining the City's accounting system with consideration being given to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Consideration is also given to the internal control structure, which is designed to give reasonable, but not absolute, assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition, and (2) reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. Key controls are tested and evaluated continually.

Budget Controls: In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the annually appropriated budget approved by the City's governing body. Activities of the general fund, special revenue funds and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are re-appropriated as part of the following year's budget.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. MD&A can be found beginning on page 25. MD&A summarizes the Statement of Net Assets and Statement of Activities. These are the Government-wide statements and are intended to present the City in a more corporate-style basis and provide a view of the larger picture. Additionally, the Fund Financial Statements (the remainder of the statements in the Basic Financial Statements section) are designed to address the Major or more significant individual funds by category – governmental and proprietary. All of the Basic Financial Statements should be read in conjunction with the Notes to the Financial Statements, beginning on page 53. Budget to actual comparisons are presented for the General fund and all major special revenue funds. Finally, the Combining Statements provide further detail for the funds that were classified as “non-major” in the Basic Financial Statements.

CHARTER REQUIREMENTS AND INDEPENDENT AUDIT

Article III, Section 305, Paragraph (c) of the City Charter requires an annual audit of the financial statements of the City by a Certified Public Accountant selected by the Commission. This requirement was fulfilled and the accounting firm of Carr, Riggs & Ingram, LLC (CRI) was selected. The Auditor’s report on the basic financial statements and the aggregate remaining fund information is included in the financial section of this report.

AWARDS

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 Treasure Island for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. The Certificate of Achievement recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish a CAFR that is easily readable, efficiently organized and conforms to rigorous program standards. This CAFR must also promote consistency, full disclosure and uniformity and must meet both generally accepted accounting principles and legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Treasure Island has received a Certificate of Achievement for the last thirty-three consecutive years (fiscal years ended 1981-2013). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

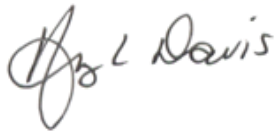
ACKNOWLEDGMENTS

While the majority of the preparation of this report is performed by the staff of the Finance Department, it could not have been accomplished without the assistance from the other City departments that provided information. We would like to express our appreciation to all who assisted the Finance Department, in contributing to its preparation. We would also like to thank the Mayor and City Commission for their interest in the financial operations of the City and for their support in financial planning for the City in a responsible and forward-looking manner.

Respectfully submitted,

A handwritten signature in blue ink that reads "Reid Silverboard".

Reid Silverboard
City Manager

A handwritten signature in black ink that reads "Amy L. Davis".

Amy L. Davis, MPA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Treasure Island
Florida**

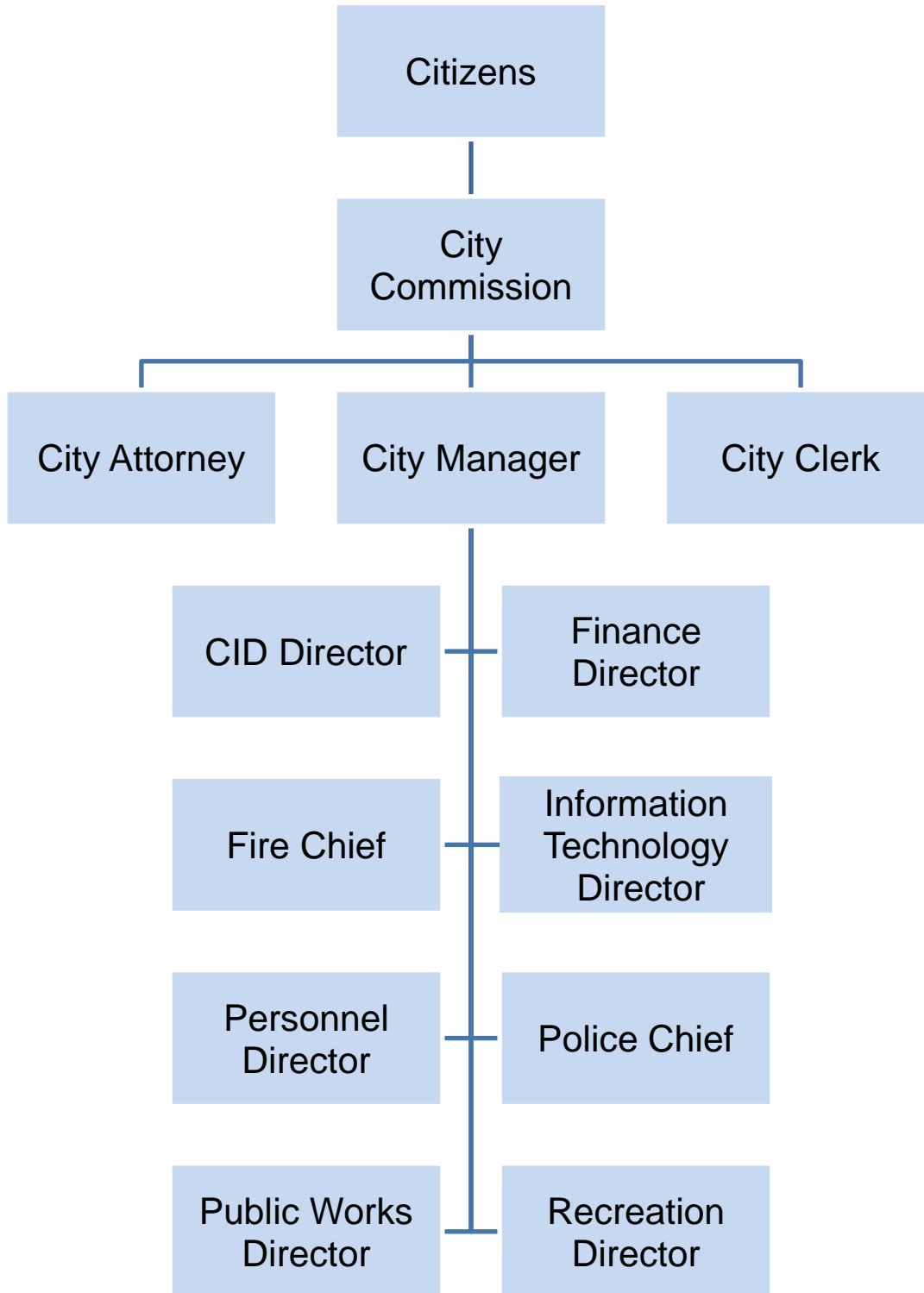
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

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City of Treasure Island, FL Organizational Chart



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City of Treasure Island, Florida
List of Elected and Appointed Officials
As of September 30, 2014

Elected Officials

Mayor	Robert Minning
Commissioner, District 1	Phil Collins
Commissioner, District 2	Tim Ramsberger
Commissioner, District 3	Carol Coward
Commissioner, District 4	Alan Bildz

Appointed Officials

City Manager	Reid Silverboard
City Attorney	Maura Kiefer
City Clerk	Dawn Foss
Community Improvement	Paula Cohen
Finance Director	Christine Trovato
Fire Chief	William Mallory
Information Technology Director	Mark Santos
Personnel Director	Jennifer Poirrier
Police Chief	Tim Casey
Public Works Director	Mike Helfrich
Recreation Director	Cathy Hayduke

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II. FINANCIAL SECTION

This section contains the following subsections:

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

**SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

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

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**INDEPENDENT AUDITOR'S
REPORT**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Commission
City of Treasure Island, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Treasure Island, Florida, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, the Local Option Sales Tax Fund and the County Gas Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 5 to the financial statements, governmental activities accrued liabilities and net position, beginning of the year and general fund accrued liabilities and fund balance, beginning of the year, were restated due to a correction of an error. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

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

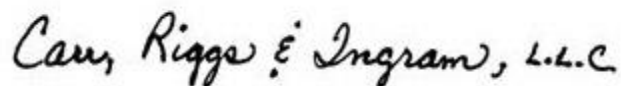
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Treasure Island, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

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



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
April 29, 2015

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**MANAGEMENT'S
DISCUSSION
&
ANALYSIS
(MD&A)**

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City of Treasure Island, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Treasure Island, we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 - 8 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$69,510,315 (*net position*). Of this amount, \$6,291,600 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,161,061. \$2,045,722 is *available for spending* at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,045,722, or 20.98 percent of total general fund expenditures and 20.63 percent of total general fund revenues net of transfers.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

This report was prepared following Government Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Following, is a brief explanation of the sections of this report. Please refer to the Notes to the Financial Statements beginning on page 53 for more detailed information on the provisions of this statement.

The ***Government-wide Financial Statements*** are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These include the ***Statement of Net position*** and the ***Statement of Activities***.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include the Water Pollution Control Fund (for collection and transmission of wastewater), the Solid Waste Fund (for collection and disposal of all solid wastes), and the Stormwater Management Fund (for collecting and managing the City's stormwater). If applicable, the *government-wide financial statements* would include not only the City itself (known as the *primary government*), but also any *component* units. The City has no component units as of September 30, 2014.

The government-wide financial statements can be found on pages 37 – 39 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and/or show operating performance. The City has both governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's short-term funding decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City maintained six individual governmental funds during this fiscal year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the local option sales tax fund, the capital projects and the county gas tax fund, which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement or schedule has been provided for each fund with a legally adopted budget to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 40 - 43 of this report.

The City's *Proprietary funds* are maintained as *Enterprise funds*. They are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water Pollution Control, Solid Waste, and Stormwater Management services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water Pollution Control, Solid Waste and Stormwater Management funds which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 47-50 of this report.

The ***Notes to the Financial Statements*** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 53 of this report.

The ***Combining Statements*** referred to earlier in connection with non-major governmental funds are presented immediately following the *notes to the financial statements*. Combining and individual fund statements and schedules can be found beginning on page 83 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Treasure Island, assets exceeded liabilities by \$69,510,315 at the close of the most recent fiscal year.

A large portion of the City's net position (88 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Below is a summary chart of the City's net position, comparing the current year versus the prior year.

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Current and other assets	\$ 5,613,305	\$ 6,992,149	\$ 4,258,551	\$ 3,743,849
Capital assets	60,682,892	60,312,137	6,514,730	5,633,037
Total assets	66,296,197	67,304,286	10,773,281	9,376,886
Liabilities:				
Long-term	5,686,924	6,014,479	1,141,913	878,576
Other liabilities	452,244	1,239,159	278,082	397,146
Total liabilities	6,139,168	7,253,638	1,419,995	1,275,722
Net position:				
Net investment in capital assets:	55,775,791	55,035,870	5,537,038	4,930,183
Restricted	1,905,886	2,194,764	-	-
Unrestricted	2,475,352	2,820,014	3,816,248	3,170,981
Total net position	\$ 60,157,029	\$ 60,050,648	\$ 9,353,286	\$ 8,101,164

Please refer to the *Statement of Net Position* on page 37 for specific numerical data.

Governmental activities. Governmental activities decreased the City's net position by \$258,600. This relatively same net position was maintained because while investments in assets increased, thereby reducing cash, liabilities were also decreased.

Business-type activities. Business-type activities increased the City's net position by \$1,252,122. Key elements of this increase are the rates for water pollution control and stormwater services were adjusted to continue to fund current operations and major capital projects. Capital projects included refurbishment of a sewer lift station, the re-lining of sewer mains and stormwater system improvements. The net position in the Refuse Fund is relatively the same as the prior year due to little change in revenues and expenditure levels. The City will continue to monitor the financial status in all of the enterprise funds.

Following is a comparative summary chart of the City's statement of activities:

Please refer to the *Statement of Activities* on pages 38 & 39 for specific numerical data or both governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,958,647	\$ 2,619,634	\$6,324,318	\$5,968,129	\$ 9,282,965	\$ 8,587,763
Operating grants and contributions	4,942	42,482	-	-	4,942	42,482
Capital grants and contributions	-	228,852	533,375	144,765	533,375	373,617
General revenues:						
Ad Valorem taxes	4,213,370	3,785,535	-	-	4,213,370	3,785,535
Other taxes	1,728,600	1,626,218	-	-	1,728,600	1,626,218
Other general revenues	1,765,282	1,721,122	31,796	15,644	1,797,078	1,736,766
Total revenues	<u>10,670,841</u>	<u>10,023,843</u>	<u>6,889,489</u>	<u>6,128,538</u>	<u>17,560,330</u>	<u>16,152,381</u>
Expenses:						
General government	3,059,328	2,616,740	-	-	3,059,328	2,616,740
Public safety	4,294,575	4,438,408	-	-	4,294,575	4,438,408
Public works	2,173,996	2,021,674	-	-	2,173,996	2,021,674
Culture and Recreation	1,258,982	1,203,034	-	-	1,258,982	1,203,034
Interest on long-term debt	142,560	201,965	-	-	142,560	201,965
Water Pollution	-	-	3,470,698	3,414,281	3,470,698	3,414,281
Solid Waste	-	-	1,752,275	1,523,329	1,752,275	1,523,329
Stormwater Management	-	-	414,394	368,207	414,394	368,207
Total Expenses	<u>10,929,441</u>	<u>10,481,821</u>	<u>5,637,367</u>	<u>5,305,817</u>	<u>16,566,808</u>	<u>15,787,638</u>
Change in net position	(258,600)	(457,978)	1,252,122	822,721	993,522	364,743
Net position:						
Beginning of year, as restated	<u>60,415,629*</u>	<u>60,508,626</u>	<u>8,101,164</u>	<u>7,278,443</u>	<u>68,516,793*</u>	<u>67,787,069</u>
End of year	<u>\$60,157,029</u>	<u>\$ 60,050,648</u>	<u>\$9,353,286</u>	<u>\$8,101,164</u>	<u>\$69,510,315</u>	<u>\$68,151,812</u>
*Restated Fund Balance (Note 5)	364,981				364,981	

Financial Analysis of the City's Funds

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

General Fund Budgetary Highlights

The General Fund's original budget was \$10,126,156. With supplemental appropriations included, the General Fund's final budget was \$10,468,039. The final budget can be briefly summarized as follows:

Actual General Fund revenues including inter-fund transfers and sale of capital assets are \$10,089,137 and actual expenditures including inter-fund transfers are \$10,620,791.

This resulted in a decrease of \$531,654 to the total General Fund fund balance. This decrease is largely due to drawing on the assigned fund balance for causeway bridge maintenance and capital renewal and replacement for the completion of the painting and concrete repairs to the causeway bridges in FY 2013-2014. Even though the total General Fund fund balance decreased, the unassigned fund balance slightly increased to \$2,045,722.

Please refer to the *Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund* on page 44 for specific numerical data.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,161,061, a decrease of \$956,910 in comparison with the prior year. \$1,905,886 of this balance constitutes *restricted fund balance*, which is restricted for capital or infrastructure projects funded within Special Revenue Funds as well as funds earned by the City's building division for the enforcement of the Florida Building Code. The *unassigned fund balance* of \$2,045,722 is available for spending at the government's discretion. The remainder of fund balance \$85,298 is *nonspendable* for inventory and prepaid balances, and \$1,124,155 *assigned* for beach improvements, bridge and facilities renewal and replacement.

The general fund is the primary operating fund of the City to provide services. At the end of FY 2013-2014 the unassigned fund balance of the general fund was \$2,045,722 while total fund balance was \$3,391,553. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 20.98 percent of total general fund expenditures, while total fund balance represents 34.77 percent of that same amount.

The total fund balance of the City's general fund decreased \$531,654 during the current fiscal year.

Below is a summary chart of the general fund's revenues, expenditures and changes in fund balance.

**General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Fiscal Year Ended September 30, 2014**

Revenues:		
Ad Valorem Taxes	\$ 4,213,370	
Other Taxes	1,728,600	
Licenses and Permits	579,822	
Intergovernmental	947,559	
Charges for Services	2,279,237	
Fines and Forfeitures	99,588	
Investment Earnings	14,644	
Contributions and Donations	18,429	
Miscellaneous Revenues	<u>34,708</u>	
Total Revenues		9,915,957
Expenditures:		
General Government	1,709,359	
Public Safety	4,240,007	
Public Works	2,007,034	
Culture and Recreation	1,148,905	
Debt Service:		
Principal Retirement	369,166	
Interest	142,560	
Capital	<u>136,104</u>	
Total Expenditures		9,753,135
Other Financing Sources (Uses):		
Transfer In	169,940	
Transfers Out	(867,656)	
Sale of Capital Assets	<u>3,240</u>	
Total Other Financing Sources (Uses)		<u>(694,476)</u>
Net Change in Fund Balance		(531,654)
Fund Balance - Beginning		<u>3,923,207</u>
Fund Balance - Ending		<u><u>\$ 3,391,553</u></u>

Key factors in this change are as follows:

- Total General fund revenues increased by \$825,879, or 9.09 percent, from the prior year representing stabilization of revenue streams.
- Ad valorem tax revenues increased by \$427,835, or by 11.3 percent, from the prior year. This is as a result of an increase in the property tax rate by .20 mills or from 3.1368 mills to 3.3368 mills to fund for the renewal and replacements of City bridges and facilities.
- An increase in building activity throughout the City generated higher than anticipated building permit revenue, which increased by \$173,100, or 56 percent.
- General Fund expenditures were less than revenues by \$162,822, net interfund-transfers and sale of capital assets. This is a positive sign that the budget is closer to being structurally balanced. The projected use of unassigned fund balance to balance the budget was not needed.
- The appropriation (transfer) of \$654,406 assigned General Fund fund balance to the County Gas Tax Fund with the approval of Resolution 14-78 for the painting and concrete repairs to the causeway bridges reduced the overall fund balance available.
- The appropriation (transfer) of \$213,250 unassigned General Fund fund balance for the design of the Gulf Boulevard Undergrounding and Beautification project reduced the unassigned fund balance, however, it is anticipated that Pinellas County through the Big-C will reimburse the City's expenditures towards this project in FY 2014-2015.

The City's other major governmental fund, the Local Option Sales Tax Fund, has a total fund balance of \$490,779, a decrease of \$133,567. The Capital Projects Fund has a total fund balance of \$130,529, a decrease of \$897,067 due to the completion of the Capri and Palms bridges. The County Gas Tax Fund has a total fund balance of \$1,055,592, an increase of \$611,792 due to the transfer from assigned General Fund fund balance for the painting and concrete repairs to the causeway bridges.

Please refer to the *Balance Sheet – Governmental Funds* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* on pages 40 & 42 for specific numerical data.

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

Following is a summary chart of the City’s enterprise funds revenues, expenses and changes in fund net position.

	Water Pollution Control	Solid Waste	Stormwater Management	Total
Operating Revenue	\$ 3,915,615	\$ 1,769,030	\$ 643,715	\$ 6,328,360
Operating Expenses	3,430,845	1,752,275	414,394	5,597,514
Operating Income (Loss)	484,770	16,755	229,321	730,846
Nonoperating Revenues	2,274	29,492	6,742	38,508
Nonoperating Expenses	(50,607)	-	-	(50,607)
Income before capital contributions	436,437	46,247	236,063	718,747
Capital contributions	528,206	5,169	-	533,375
Change in net position	964,643	51,416	236,063	1,252,122
Total Net Assets-Beginning	4,377,318	1,976,734	1,747,112	8,101,164
Total Net Assets-Ending	<u>\$ 5,341,961</u>	<u>\$ 2,028,150</u>	<u>\$ 1,983,175</u>	<u>\$ 9,353,286</u>

Please refer to the *Statement of Net position – Proprietary Funds* and the *Statement of Revenues, Expenses and Changes in Fund Net position – Proprietary Funds* on pages 47 & 48 for specific numerical data.

Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets for its governmental and business type activities as of September 30, 2014, amounts to \$61,312,829 (net of related debt). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and construction in progress.

Additional information on the City’s capital assets can be found in the Notes on pages 62 & 63 of this report.

Long-term debt. The City entered into a loan agreement with the Florida Department of Environmental Protection Clean Water State Revolving Fund and received draws totaling \$1,023,512 as of the fiscal year ending September 30, 2014. The first principal payment was made on this loan for \$36,640 in FY 2013-2014. The City entered into two loan agreements for Capital Improvements on November 30, 2011, the first for Palm & Capri Bridges for \$4,024,407, the second for the Central Beach Trail for \$1,561,659, principal payments were made on these loans in the amounts of \$225,255 and 143,911, respectively, during the fiscal year ending September 30, 2014. Information on these loan agreements can be found as part of Note 3 in the Notes to the Financial Statements on pages 64 - 66.

Economic Factors and Next Year's Budgets & Rates

Treasure Island has begun to recover from the "great recession" and revenues appear to be stabilizing. The City's tax base experienced a modest (4.48%) increase during the fiscal year; however, the taxable value of the City's tax base is approximately 30 percent less than it was in 2008, at the start of the housing decline. Property Taxes levied in FY 2013-2014 was less than taxes levied in FY 2007-2008. This places more dependence on the City's other revenues, of which in FY 2013-2014 showed some stabilization with the improvement in the overall economy. City Tourism continued to perform well during FY 2013-2014 which helped sustain our hotel, motels, food service and retail establishments. Generally, the City is optimistic about the economic recovery, albeit slow, is finally starting to have a positive impact on the City's revenue streams.

At September 30, 2014, unassigned fund balance in the general fund was \$2,045,722. It is intended that the use of available fund balance can help offset revenue shortfalls and unanticipated expenditures. As part of the regular budget monitoring process, the Finance department prepares a monthly financial report that the City Manager and City Commission can use to follow the actual performance of revenue and expenditure estimates.

At the end of July, an analysis of the budget estimates versus the actual expenditures is performed to assess the need for any supplemental appropriations. If necessary, the City Commission may consider passing a supplemental appropriations resolution prior to the end of the fiscal year.

The City will continue to monitor the financial status and current performance in all its funds. A rate increase was implemented in the Water Pollution Control (Sewer) (3%) and Stormwater (10%) Funds in October 2013. Increases in the rates in these funds were deemed necessary to continue to fund current operations and to build future reserves for capital equipment replacements.

Contacting the City's Finance Department

This comprehensive annual financial report is designed to provide a general overview of the City of Treasure Island's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Treasure Island Finance Department, 120 108th Avenue, Treasure Island, Florida 33706. You may visit the City's website at www.mytreasureisland.org or send email to Finance@mytreasureisland.org.

BASIC FINANCIAL STATEMENTS

The basic financial statements include the government-wide financial statements, fund financial statements and notes to the financial statements. The government-wide financial statements present financial information about the reporting government as a whole. The fund financial statements present financial information about major funds individually and non-major funds in the aggregate. The notes to the financial statements present information essential for a fair presentation of the financial statements not displayed on the face of the financial statements.

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City of Treasure Island, Florida
Statement of Net Position
September 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,061,197	\$ 2,769,428	\$ 7,830,625
Receivables	466,810	1,480,610	1,947,420
Prepaid items	66,265	8,513	74,778
Inventory	19,033	-	19,033
Capital assets (net of accumulated depreciation)			
Land	4,068,129	13,885	4,082,014
Buildings and system Improvements	1,583,594	-	1,583,594
Machinery and equipment	63,664,801	11,475,904	75,140,705
Capitalized leases	2,462,703	2,019,461	4,482,164
Construction in Progress	-	2,075,614	2,075,614
Accumulated depreciation	554,183	39,439	593,622
	<u>(11,650,518)</u>	<u>(9,109,573)</u>	<u>(20,760,091)</u>
Total assets	<u>66,296,197</u>	<u>10,773,281</u>	<u>77,069,478</u>
LIABILITIES			
Accounts payable	226,656	270,271	496,927
Accrued liabilities	225,588	7,811	233,399
Noncurrent liabilities:			
Due within one year	557,620	69,168	626,788
Due in more than one year	5,129,304	1,072,745	6,202,049
Total liabilities	<u>6,139,168</u>	<u>1,419,995</u>	<u>7,559,163</u>
NET POSITION			
Net investment in capital assets	55,775,791	5,537,038	61,312,829
Restricted:			
Building division	136,378	-	136,378
Infrastructure improvements	490,779	-	490,779
Capital projects	130,529	-	130,529
Road improvements	1,055,592	-	1,055,592
Police education and protection	92,608	-	92,608
Unrestricted	2,475,352	3,816,248	6,291,600
Total net position	<u>\$ 60,157,029</u>	<u>\$ 9,353,286</u>	<u>\$ 69,510,315</u>

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Statement of Activities
September 30, 2014

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,059,328	\$ 1,080,323	\$ -	\$ -
Public Safety	4,294,575	992,829	4,942	-
Public Works	2,173,996	373,516	-	-
Culture and recreation	1,258,982	511,979	-	-
Interest on long-term debt	142,560	-	-	-
Total governmental activities	10,929,441	2,958,647	4,942	-
Business-type activities:				
Water Pollution Control	3,470,698	3,915,615	-	528,206
Solid Waste	1,752,275	1,764,988	-	5,169
Stormwater Management	414,394	643,715	-	-
Total business-type activities	5,637,367	6,324,318	-	533,375
Total primary government	\$ 16,566,808	\$ 9,282,965	\$ 4,942	\$ 533,375

General Revenues:

- Property taxes
- Utility taxes
- Franchise fees
- Unrestricted Intergovernmental Revenues:
 - State revenue sharing
 - Communications services tax
 - Half-cent sales tax
 - Local option gas tax
 - Infrastructure sales surtax
 - Other taxes
- Unrestricted investment earnings
- Miscellaneous

Total General Revenues

Change in net position

Net Position - beginning of year, as restated

Net Position - end of year

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Statement of Activities (Continued)
September 30, 2014

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (1,979,005)	\$ -	\$ (1,979,005)
(3,296,804)	-	(3,296,804)
(1,800,480)	-	(1,800,480)
(747,003)	-	(747,003)
(142,560)	-	(142,560)
(7,965,852)	-	(7,965,852)
-	973,123	973,123
-	17,882	17,882
-	229,321	229,321
-	1,220,326	1,220,326
\$ (7,965,852)	\$ 1,220,326	\$ (6,745,526)
\$ 4,213,370	\$ -	\$ 4,213,370
1,018,239	-	1,018,239
710,361	4,042	714,403
183,605	-	183,605
352,080	-	352,080
387,375	-	387,375
98,332	-	98,332
646,122	-	646,122
19,557	-	19,557
21,835	7,281	29,116
56,376	20,473	76,849
7,707,252	31,796	7,739,048
(258,600)	1,252,122	993,522
60,415,629	8,101,164	68,516,793
\$ 60,157,029	\$ 9,353,286	\$ 69,510,315

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Balance Sheet
Governmental Funds
September 30, 2014

	Major Governmental Funds				Non Major Governmental Funds	Total Governmental Funds
	General	Local Option Sales Tax	County Gas Tax	Capital Projects		
ASSETS						
Cash and cash equivalents	\$ 3,422,526	\$ 364,851	1,031,941	\$ 149,271	\$ 92,608	\$ 5,061,197
Receivables						
Taxes:						
Utility	176,802	-	-	-	-	176,802
Franchise Fees	81,624	-	-	-	-	81,624
Accounts	8,949	-	-	-	-	8,949
Intergovernmental:						
State	571	155,839	-	-	-	156,410
County	18,353	-	24,672	-	-	43,025
Prepaid items	66,265	-	-	-	-	66,265
Inventories	19,033	-	-	-	-	19,033
Total assets	\$ 3,794,123	\$ 520,690	\$ 1,056,613	\$ 149,271	\$ 92,608	\$ 5,613,305
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 176,982	\$ 29,911	1,021	\$ 18,742	\$ -	\$ 226,656
Accrued liabilities	216,608	-	-	-	-	216,608
Due to other governments	8,980	-	-	-	-	8,980
Total liabilities	402,570	29,911	1,021	18,742	-	452,244
Fund balances:						
Nonspendable	85,298					85,298
Restricted	136,378	490,779	1,055,592	130,529	92,608	1,905,886
Assigned	1,124,155	-	-	-	-	1,124,155
Unassigned	2,045,722	-	-	-	-	2,045,722
Total fund balances	3,391,553	490,779	1,055,592	130,529	92,608	5,161,061
Total liabilities and fund balances	\$ 3,794,123	\$ 520,690	\$ 1,056,613	\$ 149,271	\$ 92,608	\$ 5,613,305

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position
September 30, 2014

Fund balances - total governmental funds.	\$	5,161,061
Capital assets used in governmental activities are not financial resources and are therefore not reported in governmental funds.		60,682,892
Long term debt not due and payable in current period and, therefore; not reported the in governmental funds.		(4,907,101)
Some liabilities, compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(713,318)
The liability for other post employment benefits is not due and payable in the current period and, therefore, is not reported in the governmental funds.		<u>(66,505)</u>
Net position of governmental activities.	\$	<u>60,157,029</u>

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Statement of Revenue, Expenditures, and Changes in Fund Balances -
Governmental Funds
September 30, 2014

	Major Governmental Funds				Non Major Governmental Funds	Total Governmental Funds
	General	Local Option Sales Tax	County Gas Tax	Capital Projects		
REVENUES						
Taxes:						
Ad Valorem Taxes	\$ 4,213,370	\$ -	\$ -	\$ -	\$ -	\$ 4,213,370
Franchise Fees	710,361	-	-	-	-	710,361
Utility Services Taxes	1,018,239	-	-	-	-	1,018,239
Business Fees and Permits	579,822	-	-	-	-	579,822
Intergovernmental	947,559	646,122	98,332	-	-	1,692,013
Charges for Services	2,279,237	-	-	-	-	2,279,237
Fines and Forfeitures	99,588	-	-	-	-	99,588
Investment Earnings	14,644	5,306	1,148	470	267	21,835
Contributions and Donations	18,429	-	-	-	-	18,429
Miscellaneous Revenues	34,708	-	-	-	-	34,708
Total Revenues	9,915,957	651,428	99,480	470	267	10,667,602
EXPENDITURES						
Current:						
General Government	1,709,359	-	-	-	-	1,709,359
Public Safety	4,240,007	-	1,350	-	6,681	4,248,038
Public Works	2,007,034	-	-	-	-	2,007,034
Culture and Recreation	1,148,905	-	-	-	-	1,148,905
Debt Service:						
Principal Retirement	369,166	-	-	-	-	369,166
Interest	142,560	-	-	-	-	142,560
Capital Outlay	136,104	615,055	140,744	1,110,787	-	2,002,690
Total Expenditures	9,753,135	615,055	142,094	1,110,787	6,681	11,627,752
Excess (deficiency) of revenues over expenditures	162,822	36,373	(42,614)	(1,110,317)	(6,414)	(960,150)
Other Financing Sources (Uses)						
Transfers In	169,940	-	654,406	213,250	-	1,037,596
Transfers Out	(867,656)	(169,940)	-	-	-	(1,037,596)
Sale of capital assets	3,240	-	-	-	-	3,240
Total other financing sources (uses)	(694,476)	(169,940)	654,406	213,250	-	3,240
Net Change in Fund Balances	(531,654)	(133,567)	611,792	(897,067)	(6,414)	(956,910)
Fund Balances - Beginning, as restated	3,923,207	624,346	443,800	1,027,596	99,022	6,117,971
Fund Balances - Ending	\$ 3,391,553	\$ 490,779	\$ 1,055,592	\$ 130,529	\$ 92,608	\$ 5,161,061

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances -
Governmental Funds to Statement of Activities
Year ended September 30, 2014

Net change in fund balances - total governmental funds	\$	(956,910)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction is not reported on the government-wide financial statements.		369,166
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays, \$1,712,113, exceeded depreciation expense, (\$1,341,358), in the current period.		370,755
Other post employment benefit costs are not reported as expenditures in governmental funds.		(15,005)
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(26,606)
		(258,600)
Change in net position of governmental activities	\$	(258,600)

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual – General Fund
Year ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Ad Valorem Taxes	\$ 4,223,920	\$ 4,223,920	\$ 4,213,370	\$ (10,550)
Franchise Fees	708,000	708,000	710,361	2,361
Utility Services Taxes	968,000	968,000	1,018,239	50,239
Licenses and Permits	432,500	432,500	579,822	147,322
Intergovernmental	1,001,590	1,001,590	947,559	(54,031)
Charges for Services	2,190,049	2,190,049	2,279,237	89,188
Fines and Forfeitures	163,500	163,500	99,588	(63,912)
Investment Earnings	20,500	20,500	14,644	(5,856)
Contributions and Donations	15,000	15,000	18,429	3,429
Miscellaneous Revenues	31,000	44,429	34,708	(9,721)
Total Revenues	9,754,059	9,767,488	9,915,957	148,469
EXPENDITURES				
Current:				
General Government	1,613,646	1,774,530	1,709,359	65,171
Public Safety	4,635,414	4,647,094	4,240,007	407,087
Public Works	1,896,223	2,059,941	2,007,034	52,907
Culture and Recreation	1,124,527	1,167,985	1,148,905	19,080
Debt Service:				
Principal Retirement	369,166	369,166	369,166	-
Interest	144,000	144,000	142,560	1,440
Capital outlay:				
General Government	180,135	180,770	25,275	155,495
Public Safety	15,180	33,284	32,234	1,050
Public Works	145,790	89,194	78,595	10,599
Culture and Recreation	2,075	2,075	-	2,075
Total Expenditures	10,126,156	10,468,039	9,753,135	714,904
Excess (deficiency) of revenues over expenditures	(372,097)	(700,551)	162,822	863,373
Other Financing Sources (Uses)				
Transfers In	169,940	169,940	169,940	-
Transfers Out	-	(867,656)	(867,656)	-
Sale of capital assets	15,000	15,000	3,240	(11,760)
Total other financing sources (uses)	184,940	(682,716)	(694,476)	(11,760)
Net change in fund balances	(187,157)	(1,383,267)	(531,654)	851,613
Fund Balance - Beginning, as restated	3,923,207	3,923,207	3,923,207	-
Fund Balance - Ending	\$ 3,736,050	\$ 2,539,940	\$ 3,391,553	\$ 851,613

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Local Option Sales Tax Fund
Year ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Option Sales Tax	\$ 680,700	\$ 680,700	\$ 646,122	\$ (34,578)
Investment Earnings	500	500	5,306	4,806
Total Revenues	681,200	681,200	651,428	(29,772)
EXPENDITURES				
Capital Outlay:				
Public Works	616,807	1,054,775	615,055	439,720
Total Expenditures	616,807	1,054,775	615,055	439,720
Excess of revenues over expenditures	64,393	(373,575)	36,373	409,948
Other Financing Sources (Uses)				
Transfers Out	(169,940)	(169,940)	(169,940)	-
Total other financing sources (uses)	(169,940)	(169,940)	(169,940)	-
Net change in fund balances	(105,547)	(543,515)	(133,567)	409,948
Fund Balance - Beginning	624,346	624,346	624,346	-
Fund Balance - Ending	\$ 518,799	\$ 80,831	\$ 490,779	\$ 409,948

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
**Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 County Gas Tax Fund
 Year ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
County Gas Tax	\$ 90,000	\$ 90,000	\$ 98,332	\$ 8,332
Miscellaneous:				
Investment Earnings	1,100	1,100	1,148	48
Total Revenues	91,100	91,100	99,480	8,380
EXPENDITURES				
Current:				
Public Safety	-	4,600	1,350	3,250
Capital outlay	225,000	1,117,087	140,744	976,343
Total Expenditures	225,000	1,121,687	142,094	979,593
Excess (deficiency) of revenues over (under) expenditures	(133,900)	(1,030,587)	(42,614)	987,973
Other Financing Sources (Uses)				
Transfers in	-	-	654,406	654,406
Total other financing sources (uses)	-	-	654,406	654,406
Net change in fund balances	(133,900)	(1,030,587)	611,792	1,642,379
Fund Balance - Beginning	443,800	443,800	443,800	-
Fund Balance - Ending	\$ 309,900	\$ (586,787)	\$ 1,055,592	\$ 1,642,379

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Statement of Net Position -
Proprietary Funds
Year ended September 30, 2014

	Business-type Activities - Enterprise Funds			
	Major Enterprise Funds			
	Water Pollution Control	Solid Waste	Stormwater Management	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,365,612	\$ 1,201,289	\$ 202,527	\$ 2,769,428
Prepaid items	3,595	2,552	2,366	8,513
Receivables:				
Accounts receivable	662,648	291,230	98,757	1,052,635
Due from other governments	423,004	-	4,971	427,975
Total current assets	<u>2,454,859</u>	<u>1,495,071</u>	<u>308,621</u>	<u>4,258,551</u>
Noncurrent Assets:				
Capital assets:				
Land	13,885	-	-	13,885
Improvements	9,522,050	-	1,953,854	11,475,904
Machinery and equipment	675,597	1,242,844	101,020	2,019,461
Capitalized leases-treatment plant	2,075,614	-	-	2,075,614
Construction in progress	-	39,439	-	39,439
Less accumulated depreciation	<u>(8,080,246)</u>	<u>(652,467)</u>	<u>(376,860)</u>	<u>(9,109,573)</u>
Total capital assets (net of accumulated depreciation)	<u>4,206,900</u>	<u>629,816</u>	<u>1,678,014</u>	<u>6,514,730</u>
Total noncurrent assets	<u>4,206,900</u>	<u>629,816</u>	<u>1,678,014</u>	<u>6,514,730</u>
Total assets	<u>\$ 6,661,759</u>	<u>\$ 2,124,887</u>	<u>\$ 1,986,635</u>	<u>\$ 10,773,281</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and other accrued expenses	\$ 225,760	\$ 43,552	\$ 959	\$ 270,271
State Revolving Loan Fund	42,552	-	-	42,552
Accrued compensated absences	15,575	11,041	-	26,616
Accrued interest SRF	4,052	-	-	4,052
Accrued wages payable	1,557	1,647	555	3,759
Total current liabilities	<u>289,496</u>	<u>56,240</u>	<u>1,514</u>	<u>347,250</u>
Noncurrent liabilities:				
State Revolving Loan Fund	977,692	-	-	977,692
Accrued compensated absences	46,726	33,122	-	79,848
OPEB liability	5,884	7,375	1,946	15,205
Total noncurrent liabilities	<u>1,030,302</u>	<u>40,497</u>	<u>1,946</u>	<u>1,072,745</u>
Total liabilities	<u>1,319,798</u>	<u>96,737</u>	<u>3,460</u>	<u>1,419,995</u>
NET POSITION				
Net investment in capital assets	3,229,208	629,816	1,678,014	5,537,038
Unrestricted	<u>2,112,753</u>	<u>1,398,334</u>	<u>305,161</u>	<u>3,816,248</u>
Total net position	<u>\$ 5,341,961</u>	<u>\$ 2,028,150</u>	<u>\$ 1,983,175</u>	<u>\$ 9,353,286</u>

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Statement of Revenues, Expenditures and Changes in Fund Net Position -
Proprietary Funds
Year ended September 30, 2014

	Business-type Activities - Enterprise Funds			
	Major Enterprise Funds			
	Water Pollution Control	Solid Waste	Stormwater Management	Total
OPERATING REVENUES				
Licenses and permits	\$ -	\$ 4,042	\$ -	\$ 4,042
Charges for Services	3,915,615	1,764,988	643,715	6,324,318
Total operating revenues	3,915,615	1,769,030	643,715	6,328,360
OPERATING EXPENSES				
Personal Services	435,128	589,081	152,385	1,176,594
Contractual Services	2,571,576	700,458	167,073	3,439,107
Materials, Supplies, Repairs and Utilities	161,540	335,678	40,119	537,337
Depreciation	262,601	127,058	54,817	444,476
Total operating expense	3,430,845	1,752,275	414,394	5,597,514
Operating income (loss)	484,770	16,755	229,321	730,846
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	2,274	3,361	1,646	7,281
Interest and fees on bonds	(39,853)	-	-	(39,853)
Miscellaneous	(10,754)	26,131	5,096	20,473
Total nonoperating revenues (expenses)	(48,333)	29,492	6,742	(12,099)
Income (loss) before capital contributions	436,437	46,247	236,063	718,747
Capital contributions (Grants)	528,206	5,169	-	533,375
Change in net position	964,643	51,416	236,063	1,252,122
Net position - beginning	4,377,318	1,976,734	1,747,112	8,101,164
Net position - ending	\$ 5,341,961	\$ 2,028,150	\$ 1,983,175	\$ 9,353,286

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Statement of Cash Flows –
Proprietary Funds
Year ended September 30, 2014

Business-type Activities - Enterprise Funds

	Major Enterprise Funds			
	Water		Stormwater	
	Pollution Control	Solid Waste	Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 3,454,774	\$ 1,775,926	\$ 643,715	\$ 5,874,415
Payments to suppliers	(2,860,275)	(1,027,537)	(207,481)	(4,095,293)
Payments to employees	(461,864)	(583,858)	(151,835)	(1,197,557)
Other receipts (payments)	-	-	(4,971)	(4,971)
Net cash provided by operating activities	132,635	164,531	279,428	576,594
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(228,862)	(259,321)	(837,986)	(1,326,169)
Grant proceeds	528,206	5,169	-	533,375
Loan proceeds	283,311	-	-	283,311
Other receipts (payments)	(10,754)	26,131	5,096	20,473
Interest paid on long-term debt	(39,853)	-	-	(39,853)
Net cash provided by (used in) capital and related financing activities	532,048	(228,021)	(832,890)	(528,863)

This statement continues on the following page

The accompanying notes are an integral part of these financial statements.

City of Treasure Island, Florida
Statement of Cash Flows
Proprietary Funds (Continued)
Year ended September 30, 2014

	Major Enterprise Funds			Total
	Water Pollution Control	Solid Waste	Stormwater Management	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment Earnings	2,274	3,361	1,646	7,281
Net cash provided by investing activities	2,274	3,361	1,646	7,281
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	666,957	(60,129)	(551,816)	55,012
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	698,655	1,261,418	754,343	2,714,416
END OF YEAR	\$ 1,365,612	\$ 1,201,289	\$ 202,527	\$ 2,769,428
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 484,770	\$ 16,755	\$ 229,321	\$ 730,846
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	262,601	127,058	54,817	444,476
Change in assets and liabilities:				
(Increase) Decrease in prepaid items	(315)	(239)	(220)	(774)
(Increase) Decrease in accounts receivable	(37,837)	6,896	(4,971)	(35,912)
(Increase) Decrease in due from other governments	(423,004)	-	-	(423,004)
Increase (Decrease) in accts payable	(101,689)	8,838	(68)	(92,919)
Increase (Decrease) in accrued interest SRF	(25,155)	-	-	(25,155)
Increase (Decrease) in accrued salaries payable	17	(1,047)	40	(990)
Increase (Decrease) in accrued compensated absences	(28,288)	4,250	-	(24,038)
Increase (Decrease) in OPEB liability	1,535	2,020	509	4,064
Total adjustments	(352,135)	147,776	50,107	(154,252)
Net cash provided by operating activities	\$ 132,635	\$ 164,531	\$ 279,428	576,594

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE
FINANCIAL STATEMENTS**

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Treasure Island, Florida (the "City") maintains its accounting in accordance with generally accepted accounting principles (GAAP), as applied to governmental units, which are promulgated by the Governmental Accounting Standards Board (GASB). A summary of the City's significant accounting policies applied in the preparation of the accompanying financial statements follows.

The Reporting Entity

The City of Treasure Island is a municipal corporation created by the Laws of Florida, 1955-31322. An elected mayor and a four-member commission govern the City. As required by generally accepted accounting principles, these financial statements present the City of Treasure Island (the primary government). The City has no component units as of September 30, 2014.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government and its component units, if any. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditure, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the government receives cash.

The City reports the following major governmental funds:

The *General* fund is the City's primary operating fund. It accounts for all financial resources except those accounted for in another fund.

The *Local Option Sales Tax* fund accounts for the additional, voter approved, countywide one-cent local option sales tax designated to provide funds for capital items and infrastructure improvements. This tax is commonly referred to as the "Penny for Pinellas."

The *County Gas Tax* fund, a special revenue fund, accounts for the 6-cent countywide gas tax that is legally restricted to expenditure for transportation items. By local policy, the City has chosen to use this funding source for the community's roadway maintenance, especially street asphalt overlays.

The *Capital Projects* fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition of capital assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following proprietary funds:

Major:

The *Water Pollution Control* fund accounts for the operation that collects and treats all wastewater generated within the City.

The *Solid Waste* fund accounts for the operation that collects and disposes of all refuse, recyclable materials and yard waste generated within the City.

The *Stormwater Management* fund accounts for the operation that manages the City's Municipal Separate Storm Sewer System.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deposits and Investments (Continued)

Florida Statutes authorize the City to invest in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration, obligations of the U.S. Treasury and Agencies, and interest-bearing time deposits and savings accounts held in Federal or State chartered banks and savings and loan associations doing business in Florida provided that such deposits are secured by collateral as may be prescribed.

The City's investments are carried at fair value.

Receivables and Payables

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

The City considers all receivables at September 30, 2014 to be collectible; accordingly, no allowance for doubtful accounts is required. If any amounts are subsequently determined to be uncollectible, they are considered immaterial to the financial statements and will be charged to operations when that determination is made.

Inventories

Inventories of expendable supplies held for consumption are priced at average cost, which approximates first-in, first-out. Reported inventories are determined by physical count. Inventories are recorded as expenditures under the consumption method when they are used.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or donated. Donated capital assets are recorded at fair value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land	-
Buildings and structures	7-75
Improvements	20-33
Machinery and equipment	4-20

Capital leases are amortized over the lives of the respective leases or the service lives of the leased equipment, whichever is shorter.

Compensated Absences

Employees earn annual leave at various rates up to a maximum of 200 hours per year after 24 years of service. The maximum permissible accumulation is 80 hours per year. At termination, employees are paid for any accumulated annual leave.

Employees earn sick leave at the rate of 8 hours per month with up to six months accumulation for those employees working a regular workweek. Employees on a 56 hour workweek accumulate sick leave at the rate of 11.2 hours per month with up to six months accumulation.

Employees who retire from the service of the City with ten or more years of service will be paid a percentage of their accrued sick leave according to their length of continuous service as follows: 25% of accrued sick hours for 10 years of service and an additional 2.5% for each additional year of service up to 20.

The governmental activities liability for accumulated annual leave and vested sick leave at September 30, 2014 is \$713,318 as reported in the Government-wide financial statements. Governmental funds report a liability for unused leave only in connection with terminated employees.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-term Obligations

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

Fund Balances

The City follows the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

In accordance with GASB Statement No. 54, the City classified governmental fund balances as follows:

- Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the City’s highest level of decision-making authority, which is an ordinance. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of action.
- Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the City Commissioners or (b) a body or official to which the City Commissioners have delegated the authority to assign amounts to be used for specific purposes. The City Commission has enacted a policy to delegate this authority to the City Manager. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year’s budget.
- Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The City’s policy is to expend resources in the following order: restricted, committed, assigned and unassigned.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in 2015. The statements address:

- Accounting and financial reporting for pensions; and
- Mergers, acquisitions and transfers of operations.

The City is currently evaluating the effects that these statements will have on its 2015 financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. Workshops are held throughout July to finalize a tentative budget.
3. Two public hearings are held to obtain taxpayer comments.
4. Prior to October 1, the budget is legally enacted through the passage of an ordinance.
5. The annual operating budget serves as the legal authorization for expenditures. Unencumbered appropriations in the operating budget lapse at fiscal year-end.
6. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, the City Commission must approve any revisions that alter the total expenditures of any fund.
7. Formal budgeting integration is employed as a management control device during the year for all governmental funds where a formal budget is adopted.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets and Budgetary Accounting (Continued)

8. Budgets are legally adopted for the General, Local Option Sales Tax, County Gas Tax, Transportation Trust, Capital Projects, and Police Contraband Forfeiture Funds. The budgets are adopted on the same basis as GAAP with the exception of accounting for encumbrances as expenditures for all funds with legally adopted budgets.

9. The level of control (at which expenditures may not exceed budget) is the Fund.

Budget amounts are those as adopted by the City Commission on September 2014 plus supplemental appropriation ordinances adopted during the fiscal year ended September 30, 2014.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds. Encumbrances outstanding at year-end are reported as components of fund balances depending on the level of constraints since they do not constitute expenditures or liabilities and carry over to the following year.

There were no significant encumbrances as of September 30, 2014.

NOTE 3: DETAILED NOTES ON ALL FUNDS

Cash Deposits

The City has one cash pool that maintains the deposits of all governmental and enterprise funds of the City. Formal accounting records detail the individual equities of the participating funds. The cash deposits are held by a bank that qualifies as a public depository under the Florida Security and Public Deposits Act, as required by Chapter 280, Florida Statutes, and are considered fully insured.

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Investments

Florida Statutes authorize the City to invest in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration, obligations of the U.S. Treasury and Agencies, and interest-bearing time deposits and savings accounts held in Federal or State chartered banks and savings and loan associations doing business in Florida provided that such deposits are secured by collateral as may be prescribed. It is the City’s policy to only invest funds in vehicles specifically authorized by Florida Statutes. The City does not have formal policies relating to credit risk or interest rate risk aside from the policy of only investing in funds administered by the State Board of Administration and obligations of the U.S. government.

The City’s investments carried at fair value as of September 30, 2014, are as follows:

	Fair Value	Weighted Average Maturity	Credit Rating
Florida Safe Investment Pool	\$ 7,028,154	236 Days	AAAm

Interest Rate Risk – The City manages its exposure to fair value losses arising from increasing interest rates through its adopted investment policies. The City limits the effective duration of its investment portfolio through the adoption of nationally recognized risk measure benchmarks.

Credit Risk – The City has limited its credit risk by limiting investments to the safest types of securities, primarily government investment pools. The City’s investment objectives are prioritized by safety, liquidity and yield. Time Deposits, including Certificates of Deposit, are collateralized under the State of Florida Qualified Public Depository Program, whereby member institutions are collectively responsible for any individual member’s default.

City of Treasure Island, Florida
Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

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

	Balance 9/30/2013	Increases	Decreases	Balance 9/30/2014
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,068,129	\$ -	\$ -	\$ 4,068,129
Construction in progress	3,587,915	194,587	(3,228,319)	554,183
Total capital assets, not being depreciated	7,656,044	194,587	(3,228,319)	4,622,312
Capital assets, being depreciated				
Buildings	1,583,594	-	-	1,583,594
Building improvements	58,999,700	4,665,101	-	63,664,801
Machinery and equipment	2,402,364	80,744	(20,405)	2,462,703
Total capital assets, being depreciated	62,985,658	4,745,845	(20,405)	67,711,098
Less accumulated depreciation for:				
Buildings	(295,548)	(63,798)	-	(359,346)
Building improvements	(8,635,681)	(1,081,621)	-	(9,717,302)
Machinery and equipment	(1,398,336)	(195,939)	20,405	(1,573,870)
Total accumulated depreciation	(10,329,565)	(1,341,358)	20,405	(11,650,518)
Total capital assets being depreciated, net	52,656,093	3,404,487	-	56,060,580
Governmental activities capital assets, net	\$ 60,312,137	\$ 3,599,074	\$ (3,228,319)	\$ 60,682,892

City of Treasure Island, Florida
Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	Balance 9/30/2013	Increases	Decreases	Transfers	Balance 9/30/2014
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 13,885	\$ -	\$ -	\$ -	\$ 13,885
Construction in progress	31,667	39,439	(31,667)	-	39,439
Total capital assets, not being depreciated	45,552	39,439	(31,667)	-	53,324
Capital assets, being depreciated:					
Improvements other than buildings	10,450,579	1,025,325	-	-	11,475,904
Machinery and equipment	3,925,491	293,072	(123,488)	-	4,095,075
Total capital assets, being depreciated	14,376,070	1,318,397	(123,488)	-	15,570,979
Less accumulated depreciation for:					
Improvements other than buildings	(5,623,417)	(238,602)	-	-	(5,862,019)
Machinery and equipment	(3,165,168)	(205,874)	123,488	-	(3,247,554)
Capitalized leases	-	-	-	-	-
Total accumulated depreciation	(8,788,585)	(444,476)	123,488	-	(9,109,573)
Total capital assets being depreciated, net	5,587,485	873,921	-	-	6,461,406
Business-type activities capital assets, net	\$5,633,037	\$ 913,360	\$ (31,667)	\$ -	\$6,514,730

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,050,071
Public safety	28,012
Public works	158,210
Culture and recreation	105,065
Total depreciation expense - governmental activities	\$ 1,341,358
Business-type activities:	
Water pollution control	\$ 262,601
Solid waste	127,058
Stormwater management	54,817
Total depreciation expense - business-type activities	\$ 444,476

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Transfers

	Transfers In			Total
	General Fund	Gas Tax Fund	Capital Projects Fund	
<u>Tranfers out:</u>				
Local Option Sales Tax Fund	\$ 169,940	\$ -	\$ -	\$ 169,940
General Fund	-	654,406	213,250	867,656
Totals	\$ 169,940	\$ 654,406	\$ 213,250	\$ 1,037,596

The transfer from the Local Option Sales Tax Fund to the General Fund in the amount \$ 169,940 was payment to the Local Option Sales Tax in FY 2013-2014 per Resolution 13-12. The transfer to the Capital Project Fund in the amount of \$213,250 from the General Fund is per Resolution 14-31 and 14-30 for the completion of the engineering and design work for the Gulf Boulevard Undergrounding and Beautification Project. The transfer to the Gas Tax Fund in the amount of \$654,406 from the General Fund Assigned Fund Balances is per Resolution 14-78 to complete the painting and for concrete repairs to the Causeway Bridges.

Long-Term Debt

State Revolving Loan Fund

The City entered into a loan agreement with the Florida Department of Environmental Protection Clean Water State Revolving Fund during a previous fiscal year for the purpose of construction of a major sewer rehabilitation and inflow/infiltration correction project. The principal amount of the loan will be \$1,452,976. The agreement calls for pledged revenue as security for repayment of the loan, defined as gross revenues derived from the operation of the sewer system after payment of the operation and maintenance expense. The loan shall be repaid in 40 semi-annual loan payments in the sum of \$34,250 beginning on June 15, 2014. The interest rate is 2.62%.

BB&T Loans

The City has two general obligation revenue bonds outstanding, Series Note 2011A and Series Note 2011B. These bonds were issued in 2011 in order to construct capital improvements to the Isle of Palms and Isle of Capri bridges and the Central Beach Trail. Providing for the payment of said loans from the City's Public Service Tax Revenues and Communication Services Tax Revenues. Repayment for the aforementioned Series Note 2011A will be repaid over 15 years and Series Note 2011B will be repaid over 10 years. The interest rate for the Series Note 2011A and Series Note 2011B is 2.98% and 2.3%, respectively.

City of Treasure Island, Florida
Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt (Continued)

Long-term liability activity for the fiscal year ended September 30, 2014 as follows:

	Balance 10/1/2013	Additions	Reductions	Balance 9/30/2014	Due within One Year
Governmental Activities:					
OPEB costs	\$ 51,500	\$ 15,005	\$ -	\$ 66,505	\$ -
BB&T Beach Trail	1,420,965	-	(143,911)	1,277,054	147,221
BB&T Capri & Palms Bridges	3,855,302	-	(225,255)	3,630,047	232,069
Compensated absences	686,712	489,742	(463,136)	713,318	178,330
<hr/>					
Governmental activities long-term liabilities	\$ 6,014,479	\$ 504,747	\$ (832,302)	\$ 5,686,924	\$ 557,620
<hr/>					
Business-type Activities:					
OPEB costs	\$ 11,167	\$ 4,038	\$ -	\$ 15,205	\$ -
Due to other governments	-	-	-	-	-
State Revolving loan	736,933	319,951	(36,640)	1,020,244	42,552
Compensated absences	130,503	418,452	(442,491)	106,464	26,616
<hr/>					
Business-type activities long-term liabilities	\$ 878,603	\$ 742,441	\$ (479,131)	\$ 1,141,913	\$ 69,168

Compensated absences are generally liquidated by the general fund for governmental activities. OPEB liabilities will be liquidated by the general fund for governmental activities and the water pollution control fund, solid waste fund and stormwater management fund for business-type activities.

The following tables indicate future debt service requirements for Governmental Activities:

<u>Capital Improvement Revenue Note, Series 2011A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 232,069	\$ 104,718	\$ 336,787
2016	239,090	97,698	336,788
2017	246,322	90,466	336,788
2018	253,774	83,014	336,788
2019	261,451	67,425	328,876
2020-2024	1,430,784	183,727	1,614,511
2025-2029	966,557	43,778	1,010,335
	<u>\$3,630,047</u>	<u>\$670,826</u>	<u>\$4,300,873</u>

City of Treasure Island, Florida
Notes to Financial Statements

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt (Continued)

Capital Improvement Revenue Note, Series 2011B	Principal	Interest	Total
2015	\$ 147,221	\$ 27,680	\$ 174,901
2016	150,608	24,255	174,863
2017	154,072	20,751	174,823
2018	157,615	17,166	174,781
2019	161,240	13,500	174,740
2019-2021	506,298	17,645	523,943
	<u>\$1,277,054</u>	<u>\$120,997</u>	<u>\$1,398,051</u>

The following table represents debt service of business-type activities:

State Revolving Loan Fund	Principal	Interest	Total
2015	\$ 42,552	\$ 25,948	\$ 68,500
2016	43,652	24,848	68,500
2017	44,781	23,719	68,500
2018	45,939	22,561	68,500
2019	47,127	21,373	68,500
2020-2024	254,565	84,935	339,500
2025-2029	289,235	53,265	342,500
2030-2034	252,393	14,499	266,892
	<u>\$1,020,244</u>	<u>\$271,148</u>	<u>\$1,291,392</u>

NOTE 4: OTHER INFORMATION

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of property and other assets; errors and omissions by employees; and natural disasters, particularly during the hurricane season of June through November. The City has purchased various types of insurance to protect itself. There have been no changes in insurance coverage during the current fiscal year. There were no changes in insurance coverage from the previous year and there were no instances in which settlements were in excess of insurance coverage in any of the prior three fiscal years. The City does not participate in a risk pool and does not retain any of the risks of loss.

NOTE 4: OTHER INFORMATION (Continued)

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Fund Balance Classification

The fund balances are classified as follows:

General Fund	
Nonspendable:	
Inventories	\$ 19,033
Prepaid items	66,265
Total nonspendable	85,298
Restricted	
Building division	136,378
Assigned:	
Beach improvements	500,000
Capital renewal and replacement	162,284
.10 Mill for Facilities renewal and replacement	126,285
2014/2015 budget appropriations	335,586
Total assigned	1,124,155
Unassigned	2,045,722
Total General Fund fund balance	\$ 3,391,553
 Local Option Sales Tax	
Restricted for infrastructure improvements	\$ 490,779
 Capital Projects	
Restricted for capital projects	\$ 130,529
 County Gas Tax	
Restricted for road improvements	\$ 1,055,592
 Nonmajor Governmental Funds	
Restricted:	
Police education and protection	\$ 92,608
TOTAL	\$ 5,161,061

NOTE 4: OTHER INFORMATION (Continued)

Employee Retirement Systems and Pension Plans

The City participates in two pension programs: First, for qualified public safety employees, the City participates in the Florida Retirement System’s defined benefit plan. For all other employees, the City has a defined contribution pension plan which consists of a 401(A) qualified plan. Employees contribute five (5) percent of their gross earnings and the City contributed 8.0 percent for the fiscal year ending September 30, 2014. The City makes these contributions to the plan as a part of the regular weekly payroll process.

Florida Retirement System

Certain Public Safety employees are eligible to participate in the Florida Retirement System (the System), a defined benefit, cost-sharing multiple-employer public retirement system, which is controlled by the State Legislature and administered by the State Division of Retirement. The plan was employer contributory only until June 30, 2011. Effective July 2, 2011, employees contribute three (3) percent of their gross earnings to the system. The plan covers full-time employees of various governmental units within the State.

The System provides for vesting of benefits after 6 years of credited service. Normal retirement benefits are available to public safety employees at or after age 55 with 6 or more years of service or 25 years of service at any age. Benefits are based on years of service and average compensation, computed using the individual’s five highest yearly earnings. Benefits are established by Chapter 121, Florida Statutes and Chapter 22B, Florida Administrative Code. The City’s contributions include 1.20% for a post-retirement health insurance subsidy.

Employer contributions are based upon rates established by the State. These rates for “special risk” employees were 19.06% from October 1, 2013 through June 30, 2014 and 19.82% from July 1, 2014 through September 30, 2014. The City’s contribution to the System during the last ten fiscal years was as follows, which were equal to the required contributions for each year:

Fiscal year ending	Employer Required Contribution	Employee
September 30, 2014	\$ 392,106	\$ 61,130
September 30, 2013	340,400	62,786
September 30, 2012	291,905	60,421

NOTE 4: OTHER INFORMATION (Continued)

Employee Retirement Systems and Pension Plans (Continued)

Florida Retirement System (Continued)

The System publishes an unaudited annual report that provides ten-year historical trend information about progress made in accumulating sufficient assets to pay benefits when due. The most recent available report is for the plan year ended June 30, 2012. That report may be obtained by writing the Division of Retirement, Research, Education & Policy Section, 2639-C North Monroe Street, Tallahassee FL 32399-1560, calling (850) 488-5706 or via the Internet at www.frs.state.fl.us.

Deferred Retirement Option Program – The FRS Deferred Retirement Option Program (DROP) is available to a member when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. During DROP participation, the member’s retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the FRS Trust Fund and earn monthly interest equivalent to an annual rate of 6.5%. The member must cease employment after a maximum of 60 months, must satisfy the termination requirements for retirement, and is subject reemployment restrictions thereafter. The member’s DROP accumulation may be paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. Employers must pay contributions at a rate of 12.84% from October 1, 2013 through June 30, 2014 and 12.28% from July 1, 2014 through September 30, 2014 of salary for all DROP participants. FRS also provides disability and survivors’ benefits. Benefits are established by Florida State Statute.

401 (A) Pension Plan

The City offers a Section 401(A) Money Purchase Plan as a defined contribution retirement plan for all of its employees not eligible to participate in the Florida Retirement System.

The plan provides for employees to contribute five percent of their earnings, with the City contributing eight percent. Employee contributions are made through payroll deduction and remitted to the Plan Administrator, the ICMA Retirement Trust, along with the City's contribution, for deposit and investment. The authority responsible for establishing or amending plan provisions and contribution requirements is the City Commission.

Employees choose from several investment options, ranging from aggressive to conservative, to invest both their contribution and the City's. At September 30, 2014, those options included five (5) classifications as follows:

- Stable / Money Market Funds
- Bond Funds
- U. S. Stock Funds
- International Stock Funds
- Balanced Funds

NOTE 4: OTHER INFORMATION (Continued)

Employee Retirement Systems and Pension Plans (Continued)

401 (A) Pension Plan (Continued)

For the current fiscal year, employee contributions totaled \$128,135 and the City's contributions totaled \$205,013 for a grand total of \$333,147.

Employees are fully vested with the City's contribution after five years. If the employee terminates with the City with less than five years of service, the City's contribution reverts back to the City. All contributions to the 401(A) Plan are tax deferred for the purposes of federal income tax. All employees are still eligible to participate in the City's Section 457 Deferred Compensation Plan.

The City's total payroll in fiscal year ended September 30, 2014 was \$5,735,791. The City's contributions were calculated using the participant's salary amount of \$2,217,117. The City made its required contribution of \$205,013.

Post-Employee Health Care Benefits

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefits (OPEB) cost is calculated based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The annual required contribution (ARC) of the employer is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The City's annual OPEB cost for its plan for the current year is as follows:

	Annual OPEB Cost
Annual required contribution (ARC)	\$ 18,627
Interest on net OPEB obligation	2,505
Adjustment to ARC	(2,089)
Annual OPEB cost	19,043
Contributions made (pay-as-you-go basis)	-
Increase in net OPEB obligation	19,043
Net OPEB obligation, beginning of year	62,667
Net OPEB obligation, end of year	\$ 81,710

NOTE 4: OTHER INFORMATION (Continued)

Post-Employee Health Care Benefits (Continued)

Membership Information

Retirees and others receiving benefits	1
Terminated employees entitled to receive benefits in the future	-
Current active plan members	100

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage of Contributed	Net OPEB Obligation
9/30/2014	\$ 19,043	\$ -	0.0%	\$ 81,710
9/30/2013	18,641	10,045	53.9%	62,667
9/30/2012	18,516	-	0.0%	54,071

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll (b-a) / (c)
10/1/2012	\$ -	\$ 209,282	\$ 209,282	0.0%	\$4,740,741	4.4%

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing to the actuarial accrued liability for benefits over time.

NOTE 4: OTHER INFORMATION (Continued)

Actuarial Methods and Assumptions

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actually determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEN plan reflect a long-term perspective. Certain assumptions are made regarding population, future employment, termination, mortality, the healthcare cost trend, investment discount rate and the benefits provided far into the future. The actuarial assumptions included an inflation rate of 3%, discount rate of 4%, payroll growth rate of 3% and healthcare inflation of 10%, reduced annually to an ultimate rate of 5% after ten years. The remaining amortization period as of September 30, 2014 was 27 years. The projected unit credit cost method was used, with amortization of the UAAL as a level percent of pay over 30 years based on an open group. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

Contingency

The City was named a defendant in the case Tahitian, et. al. v. City of Treasure Island, Florida. This case involves a declaratory relief action filed by three motel owners that the City was permitting unlawful driving and parking on the public beach relating to Special Events (July 4th Fireworks, Community Events, etc.). In October 2014, the Plaintiffs were granted a Summary Judgement in their favor, prohibiting vehicles on the beach that were not engaged in either cleanup, repair or public safety. Further, the judgement would allow the prevailing party reasonable attorneys' fees and costs. The City timely appealed the Judgement to the Second District Court of Appeals. That appeal is presently pending. The City believes it has strong legal issues for consideration on appeal. If the City prevails on appeal, then the City would be awarded Attorneys' fees and costs. If the Plaintiffs prevail they could be seeking an estimated \$600,000 for attorneys' fees and costs.

Subsequent Events

The City has adopted the provisions set forth in GASB Statement No. 56 and considered subsequent events through the date of the audit report which is the date that the financial statements were available to be issued.

City of Treasure Island, Florida
Notes to Financial Statements

NOTE 5: RESTATEMENT

The City has restated previously issued balances of governmental activities accrued liabilities and net position and general fund accrued liabilities and fund balance, due to a correction of an error, relating to timing of debt service payments. The previously reported balances and balances, as restated, is as follows:

	2013, as previously reported	Restatements	2013, as restated
<u>Governmental activities:</u>			
Accrued liabilities	\$ 551,449	\$ (364,981)	\$ 186,468
Net position - beginning of the year	60,050,648	364,981	60,415,629
<u>General fund:</u>			
Accrued liabilities	543,159	(364,981)	178,178
Fund balance - beginning of the year	\$3,558,226	\$ 364,981	\$3,923,207

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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**City of Treasure Island, Florida
Required Supplementary Information
Schedule of Funding Progress –
Post-Employment Health Benefits**

Schedule of Funding Progress - Post-Employment Health Benefits

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll (b-a) / (c)
10/1/2012	\$ -	\$ 209,282	\$ 209,282	0.0%	\$4,740,741	4.4%
10/1/2009	-	150,451	150,451	0.0%	4,794,155	3.1%

* The City has only had two valuations to date.

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COMBINING FINANCIAL STATEMENTS

The combining financial statements provide a more detailed view of the non-major funds that were combined in the basic financial statements.

A description of these non-major funds follows on the next page.

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The ***Transportation Trust Fund*** accounts for revenues received from the Transportation Impact Fee established by Pinellas County and are restricted to expenditure for capital improvements and expansion of transportation facilities.

The ***Police Contraband Forfeiture Fund*** is financed through the sale of property confiscated by the Police department and is to be expended for police equipment and facilities.

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City of Treasure Island, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2014

	Transportation Trust	Police Contraband Forfeiture	Total
ASSETS			
Cash and cash equivalents	\$ 83,415	\$ 9,193	\$ 92,608
Total assets	\$ 83,415	\$ 9,193	\$ 92,608
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
FUND BALANCES:			
Restricted	83,415	9,193	92,608
Total fund balances	83,415	9,193	92,608
Total liabilities and fund balances	\$ 83,415	\$ 9,193	\$ 92,608

City of Treasure Island, Florida
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Non-Major Governmental Funds
Year ended September 30, 2014

	Transportation Trust	Police Contraband Forfeiture	Total
REVENUES			
Investment Earnings	\$ 238	\$ 29	\$ 267
Total Revenues	238	29	267
EXPENDITURES			
Current:			
Public Safety	-	6,681	6,681
Total Expenditures	-	6,681	6,681
Excess (deficiency) of revenues over expenditures	238	(6,652)	(6,414)
Net change in fund balances	238	(6,652)	(6,414)
Fund Balances - Beginning	83,177	15,845	99,022
Fund Balances - Ending	\$ 83,415	\$ 9,193	\$ 92,608

**SCHEDULES OF REVENUES,
EXPENDITURES AND CHANGES IN
FUND BALANCES
– BUDGET AND ACTUAL**

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City of Treasure Island, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Transportation Trust Fund
Year ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous:				
Investment Earnings	\$ 500	\$ 500	\$ 238	\$ (262)
Total Revenues	500	500	238	(262)
EXPENDITURES				
Capital Outlay	-	44,000	-	44,000
Total Expenditures	-	44,000	-	44,000
Net change in fund balances	500	(43,500)	238	43,738
Fund Balance - Beginning	83,177	83,177	83,177	-
Fund Balance - Ending	\$83,677	\$39,677	\$83,415	\$ 43,738

City of Treasure Island, Florida
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
 Budget and Actual
 Police Contraband Forfeiture Fund
 Year ended September 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures:				
Sale of seized property	\$ 7,000	\$ 7,000	\$ -	\$ (7,000)
Contraband forfeitures	-	-	-	-
Intergovernmental:				
Grant revenue	-	-	-	-
Miscellaneous:				
Investment Earnings	-	-	29	29
Total Revenues	7,000	7,000	29	(6,971)
EXPENDITURES				
Current:				
Public safety	-	-	6,681	(6,681)
Capital outlay	-	-	-	-
Total Expenditures	-	-	6,681	(6,681)
Excess (deficiency) of revenues over (under) expenditures	7,000	7,000	(6,652)	(13,652)
Other Financing Sources (Uses)				
Transfers Out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	7,000	7,000	(6,652)	(13,652)
Fund Balance - Beginning	15,845	15,845	15,845	-
Fund Balance - Ending	\$ 22,845	\$ 22,845	\$ 9,193	\$ (13,652)

City of Treasure Island, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Capital Projects Fund
Year ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 110,716	\$ -	\$ (110,716)
Interest	500	500	470	(30)
Total Revenues	500	111,216	470	(110,746)
EXPENDITURES				
Capital Outlay	2,000	1,383,445	1,110,787	272,658
Total Expenditures	2,000	1,383,445	1,110,787	272,658
Excess (deficiency) of revenues over (under) expenditures	(1,500)	(1,272,229)	(1,110,317)	161,912
Other Financing Sources (Uses)				
Transfers in	-	213,250	213,250	-
Total other financing sources (uses)	-	213,250	213,250	-
Net change in fund balances	(1,500)	(1,058,979)	(897,067)	161,912
Fund Balance - Beginning	1,027,596	1,027,596	1,027,596	-
Fund Balance - Ending	\$ 1,026,096	\$ (31,383)	\$ 130,529	\$ 161,912

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Treasure Island’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends	97 - 102
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	105 - 108
<i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	
Debt Capacity.....	111 - 114
<i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information.....	117 - 118
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information.....	121 - 123
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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FINANCIAL TRENDS

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City of Treasure Island, Florida
Net Position by Component -
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net investment in capital assets	\$55,775,791	\$55,035,870	\$56,222,960	\$55,654,875	\$56,075,896	\$56,927,929	\$57,024,177	\$56,453,820	\$7,091,751	\$7,076,632
Restricted	1,905,886	2,194,764	-	-	-	-	-	-	-	-
Unrestricted	2,475,352	2,820,014	4,285,666	4,547,630	4,831,451	3,514,398	2,535,118	2,747,630	3,799,138	3,485,626
Total governmental activities net assets	60,157,029	60,050,648	60,508,626	60,202,505	60,907,347	60,442,327	59,559,295	59,201,450	10,890,889	10,562,258
Business-type activities:										
Invested in capital assets net of related debt	5,537,038	4,930,183	4,370,006	3,757,145	3,373,848	2,828,331	2,966,074	2,836,079	55,270,892	34,374,953
Restricted	-	-	-	-	-	-	-	-	46,714	45,054
Unrestricted	3,816,248	3,170,981	2,908,439	2,792,710	2,645,688	2,938,972	2,496,669	2,130,452	409,312	667,271
Total business-type activities net assets	9,353,286	8,101,164	7,278,445	6,549,855	6,019,536	5,767,303	5,462,743	4,966,531	55,726,918	35,087,278
Primary government:										
Invested in capital assets net of related debt	61,312,829	59,966,053	60,592,966	59,412,020	59,449,744	59,756,260	59,990,251	59,289,899	62,362,643	41,451,585
Restricted	1,905,886	2,194,764	-	-	-	-	-	-	46,714	45,054
Unrestricted	6,291,600	5,990,995	7,194,105	7,340,340	7,477,139	6,453,370	5,031,787	4,878,082	4,208,450	4,152,897
Total primary government net assets	\$ 69,510,315	\$ 68,151,812	\$ 67,787,071	\$ 66,752,360	\$ 66,926,883	\$ 66,209,630	\$ 65,022,038	\$ 64,167,981	\$ 66,617,807	\$ 45,649,536

Note: GASB 34 was implemented in the fiscal year ended September 30, 2003.

City of Treasure Island, Florida Changes in Net Position - Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EXPENSES										
Governmental activities:										
General government	\$3,059,328	\$2,616,740	\$3,233,294	\$2,626,350	\$2,531,746	\$2,358,447	\$1,817,631	\$1,814,951	\$1,648,415	\$1,567,679
Public Safety	4,294,575	4,438,408	4,437,898	4,619,128	4,556,728	4,415,753	4,298,618	4,262,445	3,997,991	3,839,912
Public Works	2,173,996	2,021,674	1,803,930	1,904,503	1,877,358	1,776,428	3,420,037	2,574,767	1,932,809	1,937,454
Culture and recreation	1,258,982	1,203,034	1,113,669	1,049,834	977,776	927,540	479,706	1,253,153	700,859	579,131
Interest on Long-term Debt	142,560	201,965								
Total governmental activities expenses	10,929,441	10,481,821	10,588,791	10,199,815	9,943,608	9,478,168	10,015,992	9,905,316	8,280,074	7,924,176
Business-type activities:										
Causeway	-	-	-	-	-	-	-	625,171	1,096,602	1,752,242
Water Pollution Control	3,470,698	3,414,281	3,475,736	2,974,115	3,133,637	2,879,778	2,747,915	2,276,008	2,136,245	2,082,454
Solid Waste	1,752,275	1,523,329	1,587,639	1,604,151	1,564,125	1,537,815	1,637,202	1,408,343	1,342,105	1,302,000
Transit System	-	-	-	-	-	-	-	-	-	-
Stormwater Management	414,394	368,207	392,716	355,452	323,335	320,644	120,199	108,244	135,263	108,706
Recreation Center	-	-	-	-	-	-	-	-	447,851	373,252
Total business-type activities expenses	5,637,367	5,305,817	5,456,091	4,933,718	5,021,097	4,738,237	4,505,316	4,417,766	5,158,066	5,618,654
Total primary government expenses	\$ 16,566,808	\$ 15,787,638	\$ 16,044,882	\$ 15,133,533	\$ 14,964,705	\$ 14,216,405	\$ 14,521,308	\$ 14,323,082	\$ 13,438,140	\$ 13,542,830
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 1,080,323	\$ 929,436	\$ 932,103	\$ 831,014	\$ 834,500	\$ 831,580	\$ 581,403	\$ 528,000	\$ 802,790	\$ 3,589
Public Safety	992,829	887,987	1,072,246	1,037,434	1,071,882	1,028,029	975,991	1,078,730	1,287,280	1,204,936
Public Works	373,516	308,578	282,757	274,631	188,579	122,951	85,664	155,876	125,068	79,214
Culture and recreation	511,979	493,634	508,511	402,588	383,793	403,220	377,315	360,660	100,664	132,228
Operating Grants and Contributions	4,942	42,482	49,696	94,752	222,063	136,966	73,219	430	98,616	33,659
Capital Grants and Contributions		228,852	497,371	113,714	-	495,750	985,502	-	-	-
Total Governmental Activities Program Revenues	2,963,589	2,890,969	3,342,684	2,754,133	2,700,817	3,018,496	3,079,094	2,123,696	2,414,418	1,453,626
Business-type activities:										
Capital Grants and Contributions	533,375	144,765	486,825	-	-	-	5,652	12,538,360	20,993,356	15,520,570
Charges for services:										
Causeway	-	-	-	-	-	-	-	2,680	284,563	1,279,200
Water Pollution Control	3,915,615	3,620,957	3,357,131	3,195,693	3,127,320	3,000,025	2,934,514	2,674,476	1,999,655	1,986,085
Solid Waste	1,764,988	1,754,570	1,795,841	1,812,956	1,789,364	1,707,335	1,706,665	1,527,666	1,362,260	1,325,580
Transit System	-	-	-	-	-	-	-	-	-	-
Stormwater Management	643,715	592,602	538,998	432,692	362,495	328,367	261,268	266,163	168,537	150,716
Recreation Center	-	-	-	-	-	-	-	-	213,312	214,348
Total business-type activities Program Revenues	6,857,693	6,112,894	6,178,795	5,441,341	5,279,179	5,035,727	4,908,099	17,009,345	25,021,683	20,476,499
Total Primary Government Program Revenues	\$ 9,821,282	\$ 9,003,863	\$ 9,521,479	\$ 8,195,474	\$ 7,979,996	\$ 8,054,223	\$ 7,987,193	\$ 19,133,041	\$ 27,436,101	\$ 21,930,125
NET (EXPENSE) REVENUE										
Governmental Activities	(7,965,852)	(7,590,852)	(7,246,107)	(7,445,682)	(7,242,791)	(6,459,672)	(6,936,898)	(7,781,620)	(5,865,656)	(6,470,550)
Business-type Activities	1,220,326	807,077	722,704	507,623	258,082	297,490	402,783	12,591,579	19,863,617	14,857,845
Total Primary Government Net Expense	\$ (6,745,526)	\$ (6,783,775)	\$ (6,523,403)	\$ (6,938,059)	\$ (6,984,709)	\$ (6,162,182)	\$ (6,534,115)	\$ 4,809,959	\$ 13,997,961	\$ 8,387,295

City of Treasure Island, Florida
Governmental Activities Tax Revenue by Source –
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Ad Valorem Taxes	\$ 4,213,370	\$ 3,785,535	\$ 3,885,358	\$ 3,388,803	\$ 3,960,550	\$ 4,019,708	\$ 4,293,760	\$ 4,590,962	\$ 3,652,597	\$ 2,981,384
Franchise Fees	710,361	665,446	698,360	730,504	779,042	738,816	653,011	660,459	652,430	602,151
Utility Taxes	1,018,239	960,772	919,930	973,997	1,008,406	834,438	506,227	495,583	482,439	478,976
Unrestricted Intergovernmental Revenues:										
Communications Services Tax	352,080	366,088	371,048	374,584	386,481	342,020	176,142	176,555	216,711	234,764
Half-cent Sales Tax	387,375	369,364	353,047	373,761	361,491	334,788	394,917	415,559	439,588	456,598
Infrastructure Sales Surtax	646,122	605,417	572,983	541,308	559,173	629,152	781,642	741,370	763,478	771,173
State Shared Revenues	183,605	182,375	182,767	181,956	180,788	179,975	183,370	179,061	227,302	720,308
Other	117,889	106,492	122,880	107,404	126,139	117,943	125,631	107,990	110,051	601,508
Gain on Sale of Machinery & Equipment	-	-	-	-	-	-	1,350	12,408	-	10,350
Miscellaneous Revenues	56,376	78,280	82,780	43,508	321,483	122,965	90,430	142,341	381,434	15,064
Unrestricted investment earnings	21,835	13,105	15,432	25,015	24,258	22,899	104,311	180,596	-	-
Transfers	-	-	-	-	-	-	(16,048)	63,515,305	(731,743)	(597,720)
Total governmental activities	7,707,252	7,132,874	7,204,585	6,740,840	7,707,811	7,342,704	7,294,743	71,218,189	6,194,287	6,274,556
Business-type activities:										
Capital Contributions	-	-	-	-	-	-	-	-	-	-
Unrestricted Investment Earnings	7,281	2,844	4,534	16,544	12,958	7,035	56,127	51,993	27,474	13,995
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	24,515	12,800	1,350	6,152	(18,807)	35	21,254	111,346	16,806	10,605
Transfers	-	-	-	-	-	-	16,048	(63,515,305)	731,743	597,720
Total business-type activities	31,796	15,644	5,884	22,696	(5,849)	7,070	93,429	(63,351,966)	776,023	622,320
Total primary government revenues	7,739,048	7,148,518	7,210,469	6,763,536	7,701,962	7,349,774	7,388,172	7,866,223	6,970,310	6,896,876
CHANGE IN NET ASSETS										
Governmental activities:	(258,600)	(457,978)	(41,522)	(704,842)	465,020	883,032	357,845	63,436,569	328,631	(195,994)
Business-type activities:	1,252,122	822,721	728,588	530,319	252,233	304,560	496,212	(50,760,387)	20,639,640	15,480,165
Total primary government	\$ 993,522	\$ 364,743	\$ 687,066	\$ (174,523)	\$ 717,253	\$ 1,187,592	\$ 854,057	\$ 12,676,182	\$ 20,968,271	\$ 15,284,171

City of Treasure Island, Florida
Fund Balances of Government Funds –
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Nonspendable	\$ 85,298	\$ 150,447	\$ 43,714	\$ 62,731						
Restricted	136,378	-	-	-						
Committed	-	-	-	729,963						
Assigned	1,124,155	1,467,556	1,735,738	1,020,970						
Unassigned	2,045,722	1,940,223	2,442,390	2,325,468						
Reserved					704,682	781,738	83,637	148,379	156,527	43,046
Unreserved					3,471,459	2,199,710	1,877,660	1,509,688	1,686,307	1,314,827
Total General Fund	3,391,553	3,558,226	4,221,842	4,139,132	4,176,141	2,981,448	1,961,297	1,658,067	1,842,834	1,357,873
All Other Governmental Funds:										
Nonspendable	-	-	-	-						
Restricted	1,769,508	2,194,764	6,331,534	1,099,900						
Committed	-	-	-	-						
Assigned	-	-	-	-						
Unassigned	-	-	-	-						
Reserved					873,482	788,269	819,591	98,881	-	-
Unreserved, reported in:										
Special Revenue Funds					311,217	364,839	329,256	576,858	1,443,258	1,598,407
Capital Projects Funds					166,586	16,655	3,169	709,622	668,554	649,894
Total all other Governmental Funds	\$ 1,769,508	\$ 2,194,764	\$ 6,331,534	\$ 1,099,900	\$ 1,351,285	\$ 1,169,763	\$ 1,152,016	\$ 1,385,361	\$ 2,111,812	\$ 2,248,301

Note: GASB 54 was implemented in the fiscal year ended September 30, 2011.

City of Treasure Island, Florida
Changes in Fund Balances of Government Funds –
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
REVENUES:										
Ad Valorem Taxes	\$ 4,213,370	\$ 3,785,535	\$ 3,885,358	\$ 3,388,803	\$ 3,960,550	\$ 4,019,708	\$ 4,293,760	\$ 4,590,962	\$ 3,652,597	\$ 2,981,384
Franchise Fees	710,361	665,446	698,360	730,504	779,042	738,816	653,011	660,459	652,430	602,151
Utility Services Taxes	1,018,239	960,772	919,930	973,997	1,008,406	834,438	506,227	495,583	482,439	478,976
Business Taxes & Permits	579,822	394,422	535,814	480,078	412,003	366,244	337,815	583,964	778,577	601,508
Intergovernmental	1,692,013	1,722,078	2,138,804	1,778,613	1,836,135	2,236,594	2,090,252	1,620,965	1,847,840	2,186,159
Charges for Service	2,279,237	2,077,507	2,065,467	1,852,223	1,880,937	1,814,222	1,524,907	1,420,467	1,435,762	1,281,598
Fines & Forfeitures	99,588	140,968	160,206	208,343	185,814	205,314	159,800	118,835	101,463	138,369
Miscellaneous Revenue	74,972	294,226	131,295	82,077	330,171	145,864	824,113	337,857	389,340	55,757
Total Revenues	10,667,602	10,040,954	10,535,234	9,494,638	10,393,058	10,361,200	10,389,885	9,829,092	9,340,448	8,325,902
EXPENDITURES:										
General Government	1,709,359	1,474,024	1,801,207	1,441,732	1,363,363	1,332,997	1,509,867	1,532,163	1,365,513	1,175,996
Public Safety	4,248,038	4,387,786	4,434,693	4,618,976	4,470,788	4,336,124	4,345,419	4,387,309	3,936,036	3,797,767
Public Works	2,007,034	1,899,133	1,715,575	1,812,659	1,801,417	1,711,360	3,216,308	2,426,743	1,778,902	1,812,267
Culture & Recreation	1,148,905	1,106,800	1,035,824	990,124	926,843	877,739	807,943	1,147,193	603,722	488,121
Debt Service:										
Principal retirement	369,166	309,799	-	-	-	-	-	-	-	-
Interest	142,560	201,965	-	-	-	-	-	-	-	-
Capital Outlay	2,002,690	5,489,993	1,831,691	921,790	470,002	1,245,045	424,415	155,169	464,157	214,562
Total Expenditures	11,627,752	14,869,500	10,818,990	9,785,281	9,032,413	9,503,265	10,303,952	9,648,577	8,148,330	7,488,713
Excess of Revenues over (under) Expenditures	(960,150)	(4,828,546)	(283,756)	(290,643)	1,360,645	857,935	85,933	180,515	1,192,118	837,189
OTHER FINANCING SOURCES (USES)										
Debt proceeds (payments)	-	-	5,586,066	-	-	-	-	-	-	-
Transfers in	1,037,596	255,740	289,000	197,750	236,600	132,584	858,536	23,775	48,290	49,400
Transfers out	(1,037,596)	(255,740)	(289,000)	(197,750)	(236,600)	(132,584)	(874,584)	(1,115,508)	(891,936)	(647,120)
Sale of capital assets	3,240	28,160	12,034	2,250	15,570	179,963	-	-	-	-
Total other financing sources (uses)	3,240	28,160	5,598,100	2,250	15,570	179,963	(16,048)	(1,091,733)	(843,646)	(597,720)
Net change in fund balances	\$ (956,910)	\$ (4,800,386)	\$ 5,314,344	\$ (288,393)	\$ 1,376,215	\$ 1,037,898	\$ 69,885	\$ (911,218)	\$ 348,472	\$ 239,469
Debt Service as a percentage of non-capital expenditures, excluding transfers, special items and prior period adjustments.	4%	3%	0%	0%	0%	0%	0%	0%	0%	0%

City of Treasure Island, Florida
General Government Tax Revenues by Source –
Last Ten Fiscal Years

	TOTAL TAXES ¹	AD VALOREM TAXES	FRANCHISE TAXES	UTILITY SERVICE TAXES ²
2005	\$ 4,297,275	\$ 2,981,384	\$ 602,151	\$ 713,740
2006	4,787,466	3,652,597	652,430	482,439
2007	5,747,004	4,590,962	660,459	495,583
2008	5,452,998	4,293,760	653,011	506,227
2009	5,592,962	4,019,708	738,816	834,438
2010	5,747,998	3,960,550	779,042	1,008,406
2011	5,093,304	3,388,803	730,504	973,997
2012	5,503,648	3,885,358	698,360	919,930
2013	5,411,753	3,785,535	665,446	960,772
2014	5,941,970	4,213,370	710,361	1,018,239

(1) Includes the General Fund and all Special Revenue Funds.

(2) Prior to 2006, Communications Service Tax was included in the Utility Service Tax totals. From 2006 forward, the Communications Service Tax is not included in the Utility Service Tax totals, but rather is classified as Intergovernmental Revenue.

REVENUE CAPACITY

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City of Treasure Island, Florida
Assessed and Estimated Actual Value of Taxable Property –
Last Ten Fiscal Years

City's Fiscal Year ¹	Real Property		Personal Property	Less:	Total Taxable Value	Total Assessed Value	Property Tax Rate ²	Estimated Actual Taxable Value
	Residential Property	Commercial Property		Tax Exempt Property				
2005	\$ 1,317,338	\$ 252,550	\$ 17,476	\$ 415,431	\$ 1,171,933	\$ 1,587,364	2.6272	\$ 1,867,487
2006	1,690,536	286,607	19,511	560,467	1,436,187	1,996,654	2.6272	2,349,005
2007	2,163,052	371,201	18,061	752,940	1,799,374	2,552,314	2.6272	3,002,723
2008	2,010,668	353,385	17,822	624,453	1,757,422	2,381,875	2.3878	2,802,206
2009	1,820,933	324,580	19,867	510,867	1,654,513	2,165,380	2.4999	2,547,506
2010	1,598,324	284,938	19,987	410,098	1,493,151	1,903,249	2.6868	2,239,116
2011	1,301,619	291,761	20,920	295,123	1,319,177	1,614,300	2.6868	1,899,176
2012	1,269,831	275,476	20,236	293,368	1,272,175	1,565,544	3.1368	1,841,816
2013	1,283,389	266,735	19,438	324,585	1,244,977	1,505,711	3.1368	1,771,425
2014	1,317,130	269,451	19,404	305,286	1,300,699	1,605,985	3.3388	1,889,394

(1) City's fiscal year taxes are based on County's prior calendar year assessments.

(2) Property Tax Rate (millage) is per \$1,000 of taxable value

SOURCE: Tax Roll Certification Recapitulation
Pinellas County Property Appraiser's Office

Note: GASB Statement No. 44 was implemented for the fiscal year ended September 30, 2006.

**City of Treasure Island, Florida
Property Tax Rates and Tax Levies –
Direct and Overlapping Governments –
Last Ten Fiscal Years**

FISCAL YEAR	CITY OF TREASURE ISLAND			OVERLAPPING RATES					TOTAL DIRECT & OVERLAPPING RATES
	OPERATING MILLAGE	DEBT	TOTAL	COUNTY			TOTAL SCHOOL MILLAGE	SPECIAL DISTRICTS	
		SERVICE MILLAGE	CITY MILLAGE	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL COUNTY MILLAGE			
2005	2.6272	0	2.6272	6.1410	0	6.1410	8.1220	2.3157	19.2059
2006	2.6272	0	2.6272	6.1410	0	6.1410	8.3900	2.3155	19.4737
2007	2.6272	0	2.6272	5.4700	0	5.4700	8.2100	2.2678	18.5750
2008	2.3878	0	2.3878	4.8730	0	4.8730	7.7310	2.0953	17.0871
2009	2.4999	0	2.4999	4.8730	0	4.8730	8.0610	2.1383	17.5722
2010	2.6868	0	2.6868	4.8730	0	4.8730	8.3460	2.0938	17.9996
2011	2.6868	0	2.6868	4.8730	0	4.8730	8.3400	2.0242	17.9240
2012	3.1368	0	3.1368	4.8730	0	4.8730	8.3850	2.0896	18.4844
2013	3.1368	0	3.1368	5.0727	0	5.0727	8.3020	2.2192	18.7307
2014	3.3368	0	3.3368	5.3377	0	5.3377	8.0600	2.2117	18.9462

SOURCE: Pinellas County Tax Collector

City of Treasure Island, Florida Principal Taxpayers – Current Year and Ten Years Ago

TAXPAYER	Fiscal Year 2013-14			Fiscal Year 2004-05		
	2013 TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	2004 TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Treasure Res LLC	\$ 14,928,061	1	1.01%	-	-	-
Which Treasure Island Owner, LLC	10,568,843	2	0.72%	\$ 7,309,100	4	0.62%
Publix Super Markets Inc	7,405,827	3	0.50%	-	-	-
King, Henry G. TRE	5,335,000	4	0.36%	-	-	-
Sunset Bay Properties LLC	5,335,000	5	0.36%	-	-	-
Treas Island LLC	5,282,556	6	0.36%	-	-	-
Gulf Golf Development LLC	4,249,763	7	0.29%	-	-	-
Treasure Island Palms LLC	3,850,000	8	0.26%	-	-	-
Sand Pebble Resort of TI	3,792,440	9	0.26%	8,473,500	2	0.72%
Treas Island Yacht & Tennis	3,614,598	10	0.25%	-	-	-
Bilmar Hotel	-	-	-	10,630,500	1	0.91%
Treasure Island Prop Devel	-	-	-	7,969,400	3	0.68%
Holiday Inn	-	-	-	6,934,900	5	0.59%
Tahitian Treasure Island	-	-	-	5,290,900	6	0.45%
Buccaneer Beach Resort	-	-	-	4,559,200	7	0.39%
Slezak, Richard M. Trust	-	-	-	4,218,400	8	0.36%
Trails End Motel Inc	-	-	-	4,174,800	9	0.36%
Thunderbird	-	-	-	3,900,000	10	0.33%
SUB-TOTAL:	64,362,088		4.37%	63,460,700		5.42%
ALL OTHERS:	1,409,344,534		95.63%	1,108,472,300		94.58%
TOTAL:	\$ 1,473,706,622		100.00%	\$ 1,171,933,000		100.00%

NOTES: The 2013 assessment roll was the basis for ad valorem tax receipts received during 2013-2014. The 2004 assessment roll was the basis for ad valorem tax receipts received during 2004-2005.

SOURCE: Pinellas County Property Appraiser

Note: GASB Statement No. 44 was implemented for the fiscal year ended September 30, 2006.

City of Treasure Island, Florida
Property Tax Levies and Collections –
Last Ten Fiscal Years

FISCAL YEAR ENDING	TAX LEVY	COLLECTIONS WITHIN THE FISCAL YEAR OF LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENT OF LEVY		AMOUNT	PERCENT OF CURRENT LEVY
2005	\$ 3,078,903	\$ 2,975,460	96.6%	5,924	\$ 2,981,384	96.8%
2006	3,773,151	3,561,034	94.4%	1,563	3,652,597	96.8%
2007	4,727,314	4,584,247	97.0%	6,715	4,590,962	97.1%
2008	4,432,529	4,097,803	92.4%	195,957	4,293,760	96.9%
2009	4,136,117	4,007,242	96.9%	12,466	4,019,708	97.2%
2010	4,011,797	3,934,108	98.1%	26,442	3,960,550	98.7%
2011	3,544,363	3,377,162	95.3%	11,641	3,388,803	95.6%
2012	3,993,339	3,871,296	96.9%	14,062	3,885,358	97.3%
2013	3,905,244	3,781,450	96.8%	4,085	3,785,535	96.9%
2014	4,340,171	4,210,245	97.0%	3,125	4,213,370	97.1%

DEBT CAPACITY

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City of Treasure Island, Florida
Ratios or Outstanding Debt by Type –
Last Ten Fiscal Years

Fiscal Year	Governmental	Business-Type Activities			Total	Total	Percentage of Personal Income	Government	Business-Type	Total Debt Per Capita
	Activities Revenue Bonds	State Revolving Loan Fund	Revenue Bonds	Capital Leases	Business-Type Activities	Primary Government		Activities Debt Per Capita	Activities Debt Per Capita	
2005	\$ -	\$ -	\$ 60,000	\$ 494,817	\$ 554,817	\$ 554,817	0.17%	\$ -	\$ 73.89	\$ 73.89
2006	-	60,515	30,000	333,231	423,746	423,746	0.12%	-	56.04	56.04
2007	-	60,515	-	158,233	218,748	218,748	0.06%	-	28.79	28.79
2008	-	60,515	-	-	60,515	60,515	0.02%	-	8.07	8.07
2009	-	60,515	-	-	60,515	60,515	0.02%	-	7.96	7.96
2010	-	60,515	-	-	60,515	60,515	0.02%	-	8.14	8.14
2011	-	60,515	-	-	60,515	60,515	0.02%	-	8.19	8.19
2012	5,586,066	613,726	-	-	613,726	6,199,792	1.87%	836.11	91.86	927.97
2013	5,276,267	736,933	-	-	736,933	6,013,200	1.92%	787.15	109.94	897.09
2014	4,907,101	1,020,244	-	-	1,020,244	5,927,345	1.88%	723.55	150.43	873.98

Note: GASB Statement No. 44 was implemented for the fiscal year ended September 30, 2006.

SOURCE: Pinellas County Tax Collector

City of Treasure Island, Florida
Direct and Overlapping Governmental Activities Debt

GOVERNMENTAL UNIT	NET DEBT OUTSTANDING	APPLICABLE TO CITY OF TREASURE ISLAND	
		PERCENT ¹	AMOUNT
Bonded Debt:			
Pinellas County School Board	\$ 19,075,000	2.32%	\$ 442,349
Pinellas County Government	8,713,566	2.32%	202,068
Capital Leases:			
Pinellas County School Board	5,494,786	2.32%	127,424
Pinellas County Government	116,446	2.32%	2,700
Total overlapping debt ²	\$ 33,399,798		\$ 774,541
Total direct debt			4,907,101
Total direct and overlapping debt			\$ 5,681,642
Overall debt to 2013 ³ taxable value			2.5678%
Overall debt to per capita ⁴			\$ 837.75

(1) Applicable net debt percentage is based on ratio of City to County taxable values.

(2) The City of Treasure Island is not responsible for the debt of the County or School Board.

(3) 2013 taxable value was used to compute the 2013-2014 budget.

(4) 2014 permanent Treasure Island population is estimated at 6782.

City of Treasure Island, Florida Legal Debt Margin Information – Last Ten Fiscal Years

LEGAL DEBT MARGIN - TOTAL DEBT¹	09/30/14	9/30/13	09/30/12	09/30/11	9/30/10	9/30/09	9/30/08	9/30/07	9/30/06	9/30/05
Assessed Taxable Valuation ²	\$ 1,300,698,703	\$ 1,244,977,194	\$ 1,272,175,299	\$ 1,319,176,519	\$ 1,493,150,720	\$ 1,654,512,887	\$ 1,838,501,095	\$ 1,781,438,781	\$ 1,436,187,331	\$ 1,171,933,000
Debt Limit-3.5% of Assessed Valuation	45,524,455	43,574,202	44,526,135	46,171,178	52,260,275	57,907,951	64,347,538	62,350,357	50,266,557	41,017,655
Amount of Debt Applicable to Debt Limit:										
State of Florida (SRL)/Sewer Revenue Bond	5,927,345	736,933	613,726	60,515	60,515	60,515	60,515	218,748	423,746	554,817
LEGAL DEBT MARGIN	\$ 39,597,110	\$ 42,837,269	\$ 43,912,409	\$ 46,110,663	\$ 52,199,760	\$ 57,847,436	\$ 64,287,023	\$ 62,131,609	\$ 49,842,811	\$ 40,462,838

LEGAL DEBT MARGIN - ANNUAL DEBT¹										
Revenues Applicable to Debt Limit										
Total City Revenues	\$ 17,560,330	\$ 19,637,181	\$ 16,227,204	\$ 14,935,979	\$ 15,672,237	\$ 15,396,927	\$ 15,292,332	\$ 26,760,590	\$ 34,314,703	\$ 28,777,039
Less: State Revenue Sharing	183,605	182,375	182,767	181,956	180,788	179,975	183,370	179,061	227,302	213,892
Causeway Revenue	-	-	-	-	-	-	-	12,675,827	21,223,248	16,807,503
Total Revenues Applicable to Debt Limit:	17,376,725	19,454,806	16,044,437	14,754,023	15,491,449	15,216,952	15,108,962	13,905,702	12,864,153	11,755,644
Debt Limit: 20% of Total Revenues	3,475,345	3,890,961	3,208,887	2,950,805	3,098,290	3,043,390	3,021,792	2,781,140	2,572,831	2,351,129
Amount of Debt Applicable to Debt Limit:										
Debt Service Fund Appropriations	559,533	-	-	-	-	-	-	31,780	33,460	29,860
LEGAL DEBT MARGIN	\$ 2,915,812	\$ 3,890,961	\$ 3,208,887	\$ 2,950,805	\$ 3,098,290	\$ 3,043,390	\$ 3,021,792	\$ 2,749,360	\$ 2,539,371	\$ 2,321,269

(1) Article IV, Section 4.10, Paragraph (b) (1) and (b) (2) of the City Charter specifically excludes Causeway debt from the Legal Debt Margin Computations.

(2) All ad valorem tax receipts during City's fiscal year were based on the assessment roll for prior year.

Note: GASB Statement No. 44 was implemented for the fiscal year ended September 30, 2006.

City of Treasure Island, Florida
Pledged Revenue Coverage –
Water Pollution Control Fund -
Last Ten Fiscal Years

	GROSS REVENUE	EXPENSE ¹	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS ²			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2005	\$ 1,997,889	\$ 1,701,133	\$ 296,756	\$ 25,000	\$ 4,760	\$ 29,760	9.97
2006	2,092,491	1,754,543	337,948	30,000	3,360	33,360	10.13
2007	2,526,071	1,902,413	623,658	-	-	-	n/a
2008	2,934,514	2,403,474	531,040	-	-	-	n/a
2009	3,000,025	2,723,263	276,762	-	-	-	n/a
2010	3,127,320	2,948,925	178,395	-	-	-	n/a
2011	3,195,693	2,757,752	437,941	-	-	-	n/a
2012	3,357,131	3,251,010	106,121	-	-	-	n/a
2013	3,620,957	3,161,795	459,162	-	-	-	n/a
2014	3,915,615	3,168,244	747,371	36,640	11,166	47,806	15.63

(1) Exclusive of Depreciation, Bond Interest and Transfers to Other Funds.

(2) The State Revolving Fund required repayment beginning in June 2014

DEMOGRAPHIC AND ECONOMIC INFORMATION

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City of Treasure Island, Florida Demographic and Economic Statistics – Last Ten Fiscal Years

	Population ¹	Personal Income ²	Per Capita Personal Income ²	Median Age ³	Education Level in Years of Formal Schooling ⁴	School Enrollment ⁵	Unemployment Rate ⁶
2005	7,509	\$ 330,358,455	\$ 43,995	56.1	13.88	326	3.8
2006	7,561	341,689,151	45,191	56.9	13.88	293	3.2
2007	7,597	356,929,851	46,983	57.3	13.88	268	5.0
2008	7,501	370,421,883	49,383	52.4	13.88	268	7.9
2009	7,600	321,328,000	42,280	53.0	13.88	242	10.1
2010	7,430	323,138,130	43,491	55.5	13.88	226	12.4
2011	7,393	300,118,835	40,595	55.3	13.88	241	11.4
2012	6,681	330,963,378	49,538	55.5	13.88	230	9.4
2013	6,703	312,829,010	46,670	56.5	13.88	233	7.4
2014	6,782	316,095,456	46,608	57.9	14.00	217	6.4

Data Sources

- (1) U.S. Census Bureau estimate, the University of Florida, Pinellas County Economic Development.
- (2) U.S. Census Bureau estimate and the University of Florida.
2002-2006 income estimate is provided by the St. Pete Times Research Dept. for zip code 33706.
2007-2014 income estimate is provided by Pinellas County Economic Development.
- (3) St. Pete Times Research Dept. and Pinellas County Economic Development.
- (4) Estimate based on educational attainment figures for population 25 years and over, U.S. Census Bureau and Pinellas County Economic Development.
- (5) Pinellas County School District's demographer, K-12 school counts taken end of Sept each year.
- (6) Florida Research and Economic Database Unemployment Rate for Pinellas County used 2002-2006.
St. Petersburg-Clearwater Metro Area used 2007-2014.

Note: GASB Statement No. 44 was implemented for the fiscal year ended September 30, 2006.

**City of Treasure Island, Florida
Principal Employers -
Current Year and Eight Years Ago**

Employer Name	2014			2006		
	Number of ** Employees	Rank	Percentage of Total City Employment	Number of ** Employees	Rank	Percentage of Top 10 City Employment
TREASURE ISLAND CITY HALL	118	1	14.82%	127	1	15.84%
PUBLIX SUPER MARKETS INC	115	2	14.45%			
GATORS CAFÉ & SALOON	92	3	11.56%	120	3	14.96%
SLOPPY JOE'S	92	3	11.56%	100	4	12.47%
THE CLUB AT TREASURE ISLAND	74	5	9.30%	45	9	5.61%
ALLIED SPECIALTY INSURANCE	68	6	8.54%	85	5	10.60%
MIDDLE GROUNDS GRILL	65	7	8.17%			
CADDY'S	65	7	8.17%			
BILMAR BEACH RESORT	55	9	6.91%	125	2	15.59%
THUNDERBIRD, TAHITIAN & SEA CASTLE	52	10	6.53%	40	10	4.99%
MCDONALDS		n/a	0.00%	45	7	5.61%
STERLING ENTERPRISES GROUP INC		n/a	0.00%	45	8	5.61%
KINGFISH WHARF CORP		n/a	0.00%	70	6	8.73%
TOP 10 CITY EMPLOYMENT TOTAL**	796			802		
TOTAL CITY EMPLOYMENT*	2726			n/a		

* Source : Pinellas County Economic Development

** Source: Research performed by City Staff

Note: GASB Statement No. 44 was implemented for the fiscal year ended September 30, 2006.

Geography: City of Treasure Island, FL

OPERATING INFORMATION

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City of Treasure Island, Florida
City Employees by Function -
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
FUNCTION										
General Government	12.00	11.50	11.50	12.50	11.50	12.00	12.00	12.00	11.50	11.00
Public Safety										
Police	22.50	26.50	26.50	28.50	29.00	28.50	28.50	29.00	29.00	29.50
Fire	14.50	13.50	13.38	13.38	13.38	13.50	13.50	13.50	13.50	13.50
Community Improvement	6.00	6.00	7.00	6.00	6.00	7.00	7.00	7.00	6.50	5.00
Public Works										
Equipment & Vehicle Maint.	2.30	2.30	2.30	2.30	2.55	3.00	3.00	3.00	3.00	2.25
Beautification	0.00	0.00	0.00	0.00	0.00	9.00	9.00	12.00	12.00	12.00
Municipal Facilities	14.65	14.65	14.65	15.15	14.65	9.60	11.50	12.00	11.00	12.00
Causeway	5.05	4.55	4.55	4.55	4.55	7.00	7.00	4.50	13.00	13.75
Water Pollution Control	8.00	8.00	8.25	7.75	7.00	6.30	8.35	8.10	8.10	8.10
Solid Waste	10.35	10.35	10.35	10.35	10.10	10.75	10.75	10.50	10.50	10.50
Stormwater Management	2.65	2.65	2.40	2.40	2.15	2.25	0.40	0.40	0.40	0.40
Culture and recreation	10.51	10.51	11.62	11.62	14.89	10.83	10.20	10.00	10.00	9.50
Total Full-Time Equivalents	108.51	110.51	112.50	114.50	115.77	119.73	121.20	122.00	128.50	127.50

Source: Budget Document

Note: GASB Statement No. 44 was implemented for the fiscal year ended September 30, 2006.

City of Treasure Island, Florida Operating Indicators by Function - Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
FUNCTION										
Police										
Physical arrests	349	385	467	823	822	847	491	653	445	549
Parking violations	2,418	3,013	4,725	4,939	3,216	4,449	4,405	2,552	2,646	3,030
Traffic violations	1,733	1,982	1,726	1,986	1,779	1,949	2,006	1,852	1,653	1,860
Fire										
Incidents/Calls answered	#									
EMS	#	1,197	1,015	1,132	1,269	1,084	1,159	1,093	976	970
Fire		189	366	295	180	147	144	37	134	109
Fire alarm systems		101	107	94	100	117	61	92	87	84
Hazardous conditions		27	63	36	30	15	24	21	24	27
Other incidents		23	66	68	50	46	92	52	62	59
Inspections		152	137	124	128	104	116	121	83	145
Highways and streets										
Street sweeping (miles)	648	648	648	648	648	594	696	760	760	792
Causeway										
Bridge openings	2,237	979	2,424	2,685	2,456	2,564	7,555	3,315	3,211	14,549
Sanitation										
Yard waste collected (tons)	353	211	459	448	337	409	679	1,413	588	989
Recyclables collected (tons)	707	744	600	612	600	392	385	387	522	493
Solid waste collected (tons)	7,446	7,567	7,534	7,611	7,614	6,759	7,234	7,032	8,172	8,333
Culture and recreation										
Number of golfers	10,257	9,658	12,202	9,007	10,178	11,132	11,955	13,047	12,961	15,169
Number of tennis players	9,139	8,148	8,177	7,434	7,418	8,598	8,248	8,524	8,728	9,494
Children's program enrollment:	196	200	236	218	192	204	195	233	185	239
Number paid facilities rentals	66	41	57	74	77	59	84	73	98	137
Wastewater										
Wastewater processed (thousands of gallons)	459,713	372,431	434,627	404,361	473,921	488,086	546,492	539,279	577,776	591,996
Sanitary Sewers/Storm Drains										
Lines Cleaned (lineal feet)	37,553	36,234	40,276	40,484	67,462	32,604	23,099	40,593	59,005	43,258

Sources: Various City Departments

Note: GASB Statement No. 44 was implemented for the fiscal year ended September 30, 2006.

City of Treasure Island, Florida Capital Asset Statistics by Function - Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
FUNCTION										
Public Safety										
Police										
Police station (shared with Fire Dept.)	1	1	1	1	1	1	1	1	1	1
Patrol units	5	5	5	5	5	6	7	8	9	7
Patrol boats	1	1	1	1	1	1	1	1	1	1
Fire										
Fire station (shared with Police Dept.)	1	1	1	1	1	1	1	1	1	1
Pumper trucks	2	2	2	2	2	2	2	2	2	2
Sanitation										
Collection trucks	5	5	5	5	5	5	5	5	4	4
Refuse dumpsters	394	392	392	390	679	679	679	692	692	693
Highways and streets										
Streets (miles)	25	25	25	25	25	25	25	25	25	25
Streetlights ⁽¹⁾	1060	1060	1060	1060	1060	1060	1060	1060	150	150
Traffic signals ⁽²⁾	6	6	5	5	5	5	5	5	5	5
Causeway										
Bascule bridge	1	1	1	1	1	1	1	1	Under construction	Demolished
East/West bridges ⁽³⁾	2	2	2	2	2	2	2	2	2	2
Culture and recreation										
Public beach acreage	181	181	181	181	181	181	181	181	181	181
Parks acreage	24.45	24.45	24.45	24.45	24.45	24.45	24.45	24.45	24.45	24
Parks	8	8	8	8	7	6	6	6	5	5
Golf course	1	1	1	1	1	1	1	1	1	1
Tennis courts	12	12	12	12	12	12	12	12	12	12
Community centers	1	1	1	1	1	1	1	1	1	1
Auditorium	1	1	1	1	1	1	1	1	1	1
Marina (number of slips)	14	14	14	14	14	14	14	14	14	14
Pavillion	1	1	1	1	1	1	1	1	1	0
Sewer										
Gravity lines (miles)	24	24	24	24	24	24	24	24	24	24
Force main (miles)	4	4	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4
Manholes	466	466	466	466	466	466	466	466	466	466
CTI Cleanouts	48	48	48	48	48	48	48	48	48	48
Lift Stations (sewer)	11	11	11	11	11	11	11	11	11	11
Lift Stations (stormwater)	1	1	1	1	1	1	1	1	1	1
Master pump station	1	1	1	1	1	1	1	1	1	1

Sources: Various city departments.

(1) Number of Streetlights were estimated in year 2006.

(2) Addition of Signal at 104th Ave & Gulf Blvd in year 2013.

(3) East/West bridges were replaced 2013

Note: GASB Statement No. 44 was implemented for the fiscal year ended September 30, 2006.

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OTHER AUDITOR'S REPORTS

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

Honorable Mayor and Members of the City Commission
City of Treasure Island, Florida

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

Internal Control over Financial Reporting

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

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

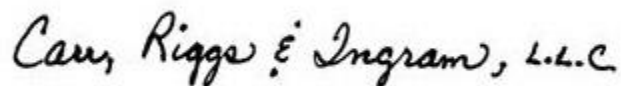
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
April 29, 2015

**MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and Members of the City Commission
City of Treasure Island, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Treasure Island, Florida (the “City”), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated, April 29, 2015.

Auditor’s Responsibility

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

Other Reports

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

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No audit findings or recommendations were noted in the preceding annual financial audit report.

Financial Condition

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

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

Annual Financial Report

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

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, FL
April 29, 2015

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415,
FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES***

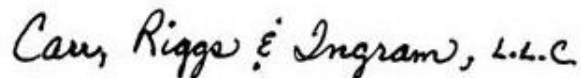
Honorable Mayor and Members of the City Commission
City of Treasure Island, Florida

We have examined City of Treasure Island, Florida's, (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
April 29, 2015

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